

Cedar Rapids Community School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

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November 28, 2012

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, for the year ending June 30, 2012. 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.

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement of the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Cedar Rapids Community School District's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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. MD&A complements this letter of transmittal and should be read in conjunction with it.

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 a fiscal year 2012 certified enrollment of 16,778 students. The District operates a total of three regular high schools and one alternative high school, six middle schools, twenty-one elementary schools and an alternative education center. 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, 261,530 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 dip when compared to the prior year declining from \$29,438,833 in 2010 to \$20,726,818 in 2011. Permits for 212 new single-family dwellings were issued in Cedar Rapids in 2011 compared to 332 permits issued the previous year. New multi-family housing starts in the City of Cedar Rapids increased from \$6,331,267 (33 permits) in 2010 to \$7,849,210, (64 permits) in 2011.

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 \$216.5 million in 2010 to \$315.4 million in 2011.

Retail sales in the Cedar Rapids metropolitan area (as measured in 2005 dollars) increased from \$3.73 billion in 2011 to \$3.79 billion in 2012. The three largest sectors of retail sales were Non-Store Retailers at \$711.7 million, General Merchandise Stores at \$561.7 million and Motor Vehicles and Parts at \$558.5 million.

Mean household income, (as measured in 2005 dollars) in the Cedar Rapids metropolitan area for 2012 was \$104,024 up from \$101,533 in 2011. Income per capita, (also measured in 2005 dollars) shows an increase as well from \$35,263 in 2011 to \$35,464 in 2012. Total employment in the Cedar Rapids metropolitan area increased from 173,770 in 2011 to 175,550 in 2012. Not surprisingly, information from the Bureau of Labor Statistics, show a corresponding decline in unemployment rates in the Cedar Rapids metropolitan area from 5.7% in 2011 to 5.3% as of June 2012.

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.

Recent District Accomplishments

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 2011-2012 school year. It was a year of notable activities, accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

Harrison and Van Buren Benefit from Zach Johnson Gala and Classic (8-11-11)

The inaugural Zach Johnson Foundation Gala and Classic, held July 31 and August 1, were more successful than anyone had anticipated. A surprise dollar-for-dollar match from Zach and Kim Johnson brought the earnings from the events to more than a million dollars. "Kim and I want to start this Foundation off strong and watch it make a positive impact in this town that's given me so much," said Zach Johnson. The funds will primarily be used to support children in Cedar Rapids, namely through the "Kids on Course" pilot program at Van Buren and Harrison elementary schools.

Sixth Grade Academies Continue to Support Transition (8-19-11)

The District again hosted Sixth Grade Academies in August at all middle schools to help students make a smooth transition from elementary to middle school. During the program, students participated in a variety of events and activities to help them learn the routines and expectations at the secondary level. Participating students were recommended by fifth grade teachers. Specific activities included meeting school administration and office support staff members, working with building counselors, and school tours.

District Students Head Back to Class (8-23-11)

The first day of school includes a lot of 'new' moments – meeting new teachers, making new friends, adjusting new backpacks, breaking in new shoes, and – most obviously – beginning a new start! Students at 31 District schools returned to class on Aug. 23 for the start of the 2011-12 school year. (Polk and Taylor elementary schools – the District's modified calendar schools - began classes in July.)

Football Players Promote Fitness (9-15-11)

Members of the Jefferson High School football team recently visited Truman Elementary School. The J-Hawks teamed with second grade students for a series of outdoor fitness activities. "It was great for the high school students to visit our school to promote wellness with our students," noted Cynthia Haring, teacher.

Bob Brooks Press Box Unveiled (10-4-11)

The District has recognized the 68-year career of area broadcaster Bob Brooks by naming the Kingston Stadium press box in his honor. The "Bob Brooks Press Box" was unveiled September 30 as Brooks was inducted into the Kingston Stadium Hall of Fame. Brooks is the charter member of the new Hall of Fame. September 30 was also proclaimed "Bob Brooks Day" in Cedar Rapids by Mayor Ron Corbett.

District Enrollment Study Underway - Input Survey Planned (10-26-11)

The District is currently engaged in a study of enrollment trends and facilities. A committee made up of parents, teachers, administrators, community members, and consultants is currently meeting to consider possible recommendations to the Board of Education related to enrollment changes. The process is still underway and no final recommendations are expected before 2012.

Kennedy Homeless Night Project Continues (11-18-12)

The 13th annual Kennedy High School "Homeless Night" brought more than 100 students together to spend the night outdoors in support of area homeless. The event raised \$1,100 for local shelters and collected more than 1,200 canned goods to be donated to area Veteran's Affairs food banks. "Several students commented on hard it was to stay warm even though we were lucky to have temps in the thirties," explained Joe Benedict, teacher and event coordinator. "It was tough to sleep and time passes so slowly when you are that uncomfortable."

Happiness Show Choir Honored by Parade (12-16-12)

Kennedy High School's "Happiness, Inc." was recently voted America's favorite show choir 2011 by Parade Magazine. This is the second year Parade has conducted the program. The Kennedy varsity show choir was one of 12 finalists for the nationwide contest. The winning group was determined by online votes. This year's contest received nearly 20,000 votes.

Math Enrichment Program Brings Families to School Early (2-2-12)

Nixon Elementary School families arrived at school early for a "Pastries and Parents" math event last month. During the before school program, parents and students enjoyed breakfast together while rotating through a series of mathematics enrichment activities. "We focused on our Title I math activities and partnered with our PTA to make it happen," explained Dee Crozier, Principal. "Families rotated through the classrooms where students were able to join with their parents in learning and playing math games."

SILO Projects Significantly Impact District (2-29-12)

Since it was approved by voters five years ago, the one-cent School Infrastructure Local Option Tax (SILO) has allowed the District to update and improve efficiencies at school buildings, modernize the shared stadium space, fund classroom technology, and provide for property tax relief. By June 30, 2012, the District will have collected nearly \$83 million in SILO tax revenues. SILO resources have allowed the District to move forward with many capital improvements in buildings, as well as investments in instructional technology that would not be possible otherwise, explained Steve Graham, Executive Director of Business Services. Additionally, in the first five years of the SILO program, over \$18 million in SILO revenues have been used to reduce local property taxes.

District ELS Center Open for Business (4-6-12)

The District is nearing the completion of its flood recovery effort. In March, administration and support departments began moving into the new Educational Leadership and Support Center (ELS Center). The 169,000 square-foot facility replaces several buildings that were badly damaged during the June 2008 flood, including the Educational Service Center (ESC), ESC annex, carpenter/paint shop, main warehouse, and food service warehouse. For the nearly four years since the flood, support staff has worked from leased locations in the community and from a campus of modular FEMA trailers based at Kingston Stadium.

Erskine Students Hatch Chickens (4-24-12)

When Erskine Elementary School staff members discovered a discarded egg incubator stored in the back of a closet, they wasted no time in finding out more about it. It turned out that chicken eggs had been hatched at the school as an enrichment project in past years. So, after determining that the equipment was still in safe working condition, the media secretary contacted a school family to help them put it to use again.

Metro Service Program Recognized by United Way (5-9-12)

The Service Learning Program at Metro High School was recently recognized with the "Volunteer Group of the Year" Award from United Way of East Central Iowa. The program was singled out for the ongoing volunteer involvement by students with Horizon's Meals on Wheels Program. Currently, Metro teachers Bev Grindeman-Adams and Lynette Richards team with students to deliver three routes each week to area homebound seniors.

Congratulations to 2012 Graduates (5-25-12)

The District is recognizing the academic achievements of more than 1,100 students with commencement ceremonies for each of the four high schools. Jefferson High School graduated 342 students; Kennedy High School graduated 416 students; Washington High School graduated 320 students; and Metro High School celebrated the graduation of 63 students (from all terms). Congratulations to all the graduates of 2012!

Franklin Students Combine Curriculum with Service (6-7-12)

Seventh grade students from Franklin Middle School spent a day in May helping to beautify the Czech Village area of Cedar Rapids. The student group had earlier secured a grant to purchase materials and fund their transportation. Working with the Czech Village/New Bohemia Main Street District, students planted an array of flowers. Since seventh grade students study soil and plants each year, the project both supported the curriculum and provided a service learning opportunity, according to Anne Althoff, teacher.

ELS Center Dedicated (6-18-12)

The District celebrated a flood recovery milestone June 13 as it dedicated the new Educational Leadership and Support (ELS) Center. Representatives from national, state, and local agencies joined the Board of Education and District leaders for a ribbon cutting ceremony. A community Open House followed. The 169,000 square-foot ELS Center houses all administration and support departments for the school district. The building replaces the five facilities that were damaged in the 2008 flood and brings all support departments to a single location for the first time.

Budgetary Highlights

The Flood of 2008

On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. On June 13th the Cedar River crested at 31.13 feet, a full 10 feet higher than the previous flood record established in 1929. The flood damaged an estimated 5,390 homes, 1,133 businesses and 486 non-profit organizations. The floods and tornadoes that ravaged the state in 2008 caused \$1.1 billion in damage to public facilities. Based solely on financial public assistance estimates, that makes Iowa the fifth largest state disaster in US history behind Hurricane Katrina in Louisiana, the 9/11 Terrorist Attack, Hurricane Katrina in Mississippi and Hurricane Wilma in Florida. An estimated 1,800 District students were displaced as a result of the flood event.

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

A 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 qualifying damages to District owned property and related contents estimated to total \$33.5 million.

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 2500 Edgewood Road NW. The Federal Emergency Management Agency (FEMA) committed \$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 named the Educational Leadership and Support Center, (ELSC) is now complete and fully operational providing 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 facility, also newly constructed within the ELSC development provides improved operational efficiencies.

The flood also severely damaged Taylor Elementary School. Taylor Elementary staff and students were relocated to other District schools for the 2008-09 school year. Repairs to Taylor Elementary were completed and school re-opened at Taylor for the 2009-10 school year.

Since the flood, the District's certified budget enrollment has declined from 17,746 students for fiscal year 2008 to 16,778 for fiscal year 2012. This represents a decline of 968 students or 5.5% of enrollment over the past four 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 FY2012 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 2013, the Board of Education was very sensitive to the community's concerns related to Board discussion and ultimately Board action to close two elementary schools and change attendance center boundaries at all educational levels, elementary, middle school and high school, in an effort to respond to declining enrollments. Given the community climate at the time of budget planning, the Board determined that it would rely on a combination of budget reductions and careful use of General Fund reserves to hold the line on local property taxes. As a result, the District's tax levy rate remained unchanged from FY2012 to FY2013 at \$15.16 per \$1,000 in taxable valuation.

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 30th 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 decreased from \$22.4 million on June 30, 2011 to \$20.2 million on June 30, 2012 or 11% 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, 2012.

Interest revenue of \$371,438 was earned on all investments for the year ending June 30, 2012. This compares to \$212,319 the previous fiscal year representing an increase of \$159,119 or 75% over fiscal year 2011 earnings. Higher investment revenues overall are largely a result of an increased cash position in the SILO Fund from \$50.4 million in debt issuances in the fiscal period largely unspent. The increase in cash position led a corresponding increase of 120% in interest earnings within the fund as a result.

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 FY2012.

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 FY2012 ending fund balance of \$11.1 million or 6.1% of fund expenditures marks the second consecutive year of improvement in the fund balance position.

- 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
- FY12: \$11.1 million, or 6.1% of fund expenditures

Management response to stabilize General Fund reserves.

In response to a continued decline in 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
- FY2013 budget adjustments
 - Targeted spending reductions: \$4.0 million

Use of Cash Reserve Levy: In addition to planned budget adjustments, the District continued its aggressive use of the General Fund cash reserve levy, set at \$8 million for FY2012 and \$9.2 million for FY2013, to continue rebuilding General Fund reserves.

Fund Statistics

- General Fund expenditures, excluding other financing uses, totaled \$180.1 million for the fiscal year compared with \$184.1 million in the previous year, representing a decrease of \$4 million or 2.2% over the prior year.
- General Fund revenues, excluding other financing sources, totaled \$178.5 million for the fiscal year compared with \$184.0 million in the previous year, representing a decrease of \$5.5 million or 3% over the prior year.
- The two largest revenue categories of the General Fund were Local Taxes, (property tax, and income surtax) at \$64.7 million and State Foundation Aid at \$74.5 million. These two categories alone make up 78% of all General Fund revenues collected, (excluding other financing sources).

School Building Statistics

The Cedar Rapids Community School District owns and maintains 21 elementary schools, 6 middle schools and 4 high schools, (three comprehensive and one alternative) and an alternative education center for special needs students. The age of District's elementary buildings ranges from 10 to 98 years with an average age of 55 years. The age of the District's middle school buildings ranges from 47 to 90 years with an average age of 72 years. The age of the District's high schools ranges from 44 to 53 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 \$452,547,977.

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 \$7,989,748 compared to \$7,872,977 in the previous year representing an increase of \$116,771 over the fiscal year 2011 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 \$7,867,997 compared to \$7,672,225 in the previous year representing an increase of \$195,772 from the fiscal year 2011 amount. Net assets were \$2,516,875 at June 30, 2012 up from \$2,395,124 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 and FY2013 following two years without any increase. Despite a student enrollment decline of 6.1% over the past ten years ending with FY2012, student lunch participation during this same period of time increased 15%. Overall student participation in the meal program over the past ten years increased from 60% in FY2003 to 69% in FY2012.

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 \$4,672,100 compared to \$4,420,816 in fiscal year 2011. Expenses which include operating expenses and transfers out totaled \$4,525,442 compared to \$4,325,875 in fiscal year 2011. Net assets were \$365,165 at June 30, 2012 compared to \$218,508 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.

Remaining active debt issuances to date are as follows:

- \$30,000,000 in local option sales tax (SILO) backed revenue bonds dated July 1, 2010 and payable through January 1, 2030.
- \$11,842,641 in federally subsidized zero/low interest Qualified School Construction Bonds (QSCB) dated October 25, 2010 and payable through December 31, 2029.
- \$43,425,000 in local option sales tax (SILO) backed revenue bonds dated July 27, 2011 and payable through July 1, 2026.
- \$10,000,000 in local option sales tax (SILO) backed revenue bonds dated January 5, 2012 and payable through July 1, 2027.

Total outstanding long term bonded debt as of June 30, 2012 is \$121,262,461.

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, 2011. This was the seventeenth consecutive year that the District has earned both 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 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, 2011

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. Davidson

President

Jeffrey R. Emer

Executive Director

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Cedar Rapids Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



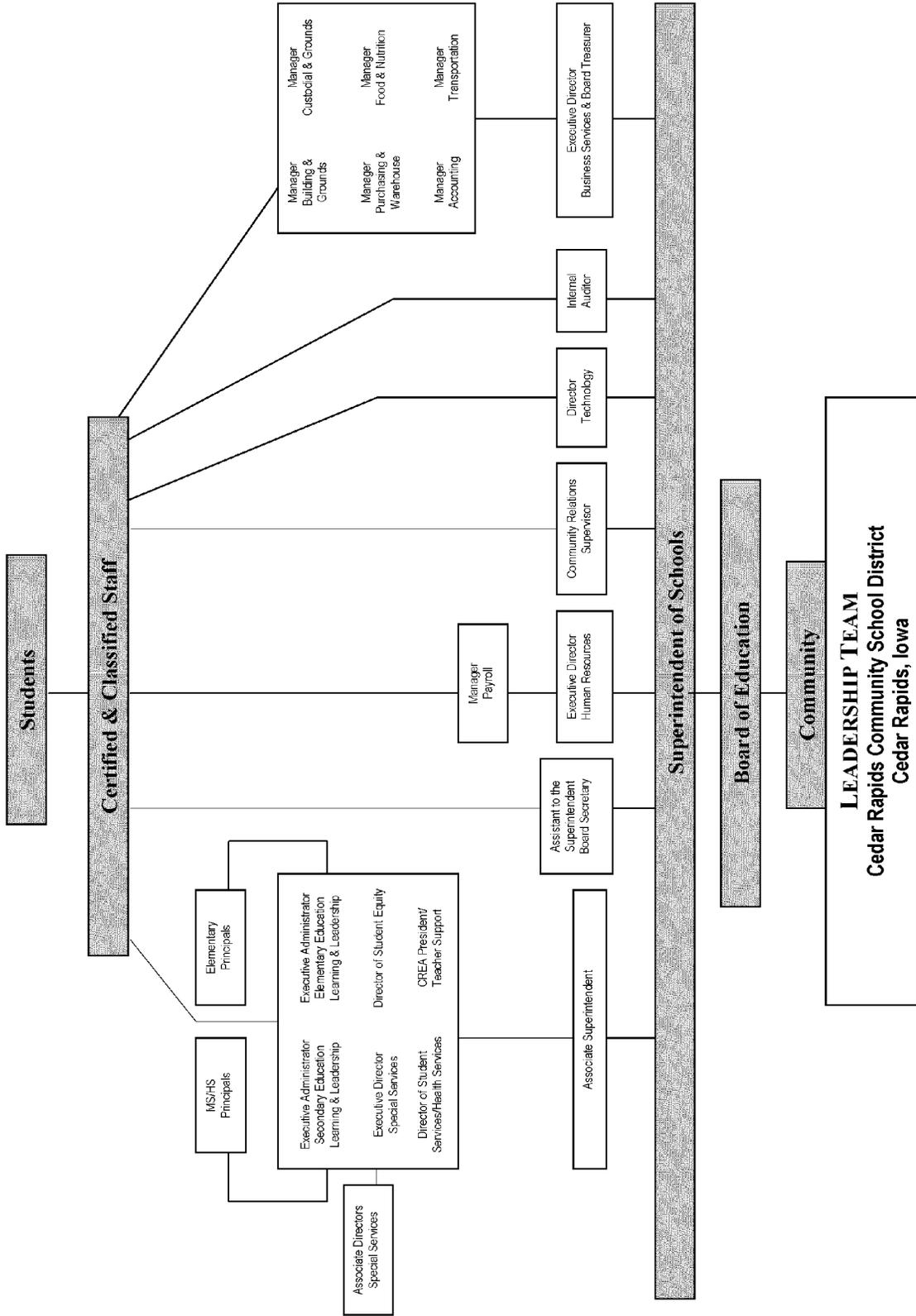
A handwritten signature in black ink, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

**Cedar Rapids Community School District
2011-2012 Budget
Executive Summary**



Cedar Rapids Community School District

**Board of Education and District Officials
Year Ended June 30, 2012**

Name	Title	Term Expires
Board of Education (Before September 2011 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
Board of Education (After September 2011 election)		
John Lavery	President	2015
Mary Meisterling	Vice-President	2015
Ann Rosenthal	Director	2015
Gary Anhalt	Director	2013
Nancy Humbles	Director	2013
Keith J. Westercamp	Director	2013
Allen Witt	Director	2015
District Officials		
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, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 22, budgetary comparison information on pages 54 through 56 and schedule of funding progress on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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*, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on or provide assurance on it.

McGladrey LLP

Davenport, Iowa
November 26, 2012

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2012

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, 2012. 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 and technology while allowing for property tax relief. It is estimated that the District will receive \$358.6 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 through 2012. 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, 2012

Technology for Classrooms

Total actual and allocated investment in technology through December 31, 2029 is \$48.2 million. These resources will provide for the following needs:

- Upgrade WAN system backbone to improve speed and reliability
- Upgrade classroom computers and related equipment
- Continued maintenance and upgrades of all District technology

District Infrastructure Needs

Total planned investment in District Infrastructure is \$186.3 million since SILO inception through December, 31, 2029. 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. In August 2012, the District embarked upon the development of a comprehensive Facilities Master Plan that is to be completed in April 2013 and reported to the Board of Education. As of August 2012, there are \$63.3 million in unobligated SILO resources that are to be included within the Facilities Master Plan.

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 and Taft Middle School. Installation of an energy efficient geothermal HVAC system is in progress at Harding Middle School as well as a new geothermal HVAC and window wall systems at Jefferson High School. A noteworthy future project includes an energy efficient geothermal HVAC and window wall system at Washington High School.

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 FY2013, the Cedar Rapids Community School District has the second lowest property tax levy rate when compared to all eleven public schools in Linn County and 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.
 - Fiscal Year 2009: \$13.78 (per \$1,000 of taxable valuation)
 - Fiscal Year 2010: \$13.92
 - Fiscal Year 2011: \$15.17
 - Fiscal Year 2012: \$15.16
 - Fiscal Year 2013: \$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 through 2012, the District used a total of \$18 million in School Infrastructure Local Option sales tax, (SILO) revenues for property tax relief. For FY2013 the District will use an additional \$4 million in SILO revenues for property tax relief.

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2012

- **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.

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.

During fiscal year 2012, the District issued \$43.4 million and \$10 million in SILO backed long term debt to be repaid in fiscal years 2025 and 2026 respectfully. Total long term outstanding debt at the end of fiscal year 2012 is \$121,262,461.

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 FY2012 ending fund balance of \$11.1 million or 6.1% of fund expenditures marks the second consecutive year of improvement in the fund balance position.

- 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
- FY12: \$11.1 million, or 6.1% of fund expenditures

When planning the FY2013 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 \$4.1 million to maintain the stability of the General Fund ending fund balance position. For FY2013, General Fund reserves are predicted to continue steady to slightly declining over FY2012 levels. Continued careful monitoring of reserve levels will be an important aspect in planning the budget for FY2014.

General Fund property taxes collected were \$58.5 million in FY2012 a slight decrease from \$59.8 million collected in the previous year. This decrease is attributed to a decrease of both property taxes collected of \$1.2 million and delinquent property taxes collected of \$136,859.

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.

Cedar Rapids Community School District

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012**

- **Proprietary funds statements** offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include Notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

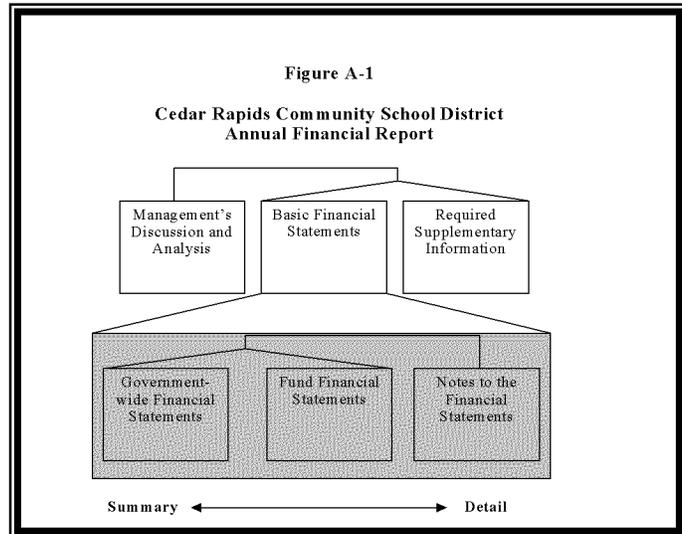


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2012

Government-Wide Financial Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service and day care programs would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

Cedar Rapids Community School District

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2012**

- *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 12.4% or \$10.5 million in the District’s net assets is evidenced in **Figure A-3**. Combined total assets increased by 20.3 percent or \$57.5 million. The primary reason for this was an increase of \$14.5 million in cash and cash equivalents and an increase of \$42 million in depreciable assets related to new facilities construction.

Combined total liabilities increased by 23.1 percent or \$46 million. An increase of \$48.7 million in the long term portion of long term debt from \$80.4 million to \$129.2 million plays the most significant role in the overall increase of total liabilities.

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

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2011	2012	2011	2012	2011	2012	2011-2012
Current and other assets	\$156.9	\$181.0	\$2.6	\$2.9	\$159.5	\$183.9	15.3%
Capital assets	123.8	155.9	0.5	0.5	123.3	156.4	26.8%
Total assets	280.7	336.9	3.1	3.4	282.8	340.3	20.3%
Current liabilities	117.7	114.9	0.5	0.5	118.2	115.4	-2.4%
Noncurrent Liabilities	80.5	129.2	0.0	0.0	80.5	129.2	60.5%
Total liabilities	198.2	244.2	0.5	0.5	198.7	244.7	23.1%
Net assets							
Invested in capital assets							
net of related debt	62.1	42.6	0.5	0.5	62.6	43.1	-31.2%
Restricted	32.0	51.4	0.0	0.0	32.0	51.4	60.5%
Unrestricted	(11.6)	(1.3)	2.1	2.4	(9.5)	1.1	-111.6%
Total net assets	\$82.5	\$92.7	\$2.6	\$2.9	\$85.1	\$95.6	12.3%

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

Changes in Net Assets, as shown in **Figure A-4**, show that the District as a whole experienced an increase of \$10.5 million in net assets. This compares to a \$7.8 million increase in net assets in the previous fiscal year. Total Revenues declined by 1.7% over the prior period. Reductions in federal stimulus and FEMA funding offset increases in State funding causing a negative growth rate. This compares to a 7.1% increase in total revenues from the prior fiscal year. Total expenditures decreased by 2.9% over the prior year driven largely by decreases in federal stimulus monies and commensurate reductions in staffing costs as a result.

Cedar Rapids Community School District

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2012

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2011-2012
	2011	2012	2011	2012	2011	2012	
Revenues							
Program revenues							
Charges for services	\$ 10.9	\$ 10.7	\$ 7.6	\$ 7.8	\$ 18.5	\$ 18.5	0.0%
Operating Grants & Contributions	38.2	28.2	4.6	4.8	42.8	33.0	-22.9%
Capital Grants & Contributions	6.7	3.4	-	-	6.7	3.4	-49.3%
General revenues							
Taxes	89.8	91.7	-	-	89.8	91.7	2.1%
State formula aid not restricted	71.3	76.0	-	-	71.3	76.0	6.6%
Other	2.2	4.9	0.1	0.1	2.3	5.0	116.4%
Total revenues	219.1	214.9	12.3	12.7	231.4	227.6	-1.7%
Expenses							
Instruction	\$ 139.1	\$ 131.0	-	-	\$ 139.1	\$ 131.0	-5.8%
Pupil & Instructional Services	13.5	13.0	-	-	13.5	13.0	-3.9%
Administrative & Business	23.5	22.6	-	-	23.5	22.6	-3.9%
Maintenance & Operations	17.8	18.0	-	-	17.8	18.0	1.1%
Transportation	7.4	6.6	-	-	7.4	6.6	-10.8%
Other	10.5	13.7	11.8	12.2	22.3	25.9	16.3%
Total expenses	211.8	204.9	11.8	12.2	223.6	217.1	-2.9%
Excess before transfers	\$ 7.3	\$ 10.0	\$ 0.5	\$ 0.5	\$ 7.8	\$ 10.5	
Transfers In	0.2	0.2	-	-	0.2	0.2	0.0%
Transfers out	-	-	(0.2)	(0.2)	(0.2)	(0.2)	0.0%
Total transfers	0.2	0.2	(0.2)	(0.2)	-	-	0.0%
Increase in net assets	\$ 7.5	\$ 10.2	\$ 0.3	\$ 0.3	\$ 7.8	\$ 10.5	34.5%
Net Assets - Beginning	\$ 75.2	\$ 82.5	\$ 2.3	\$ 2.6	\$ 77.5	\$ 85.1	9.8%
Net Assets - Ending	\$ 82.5	\$ 92.7	\$ 2.6	\$ 2.9	\$ 85.1	\$ 95.6	12.3%

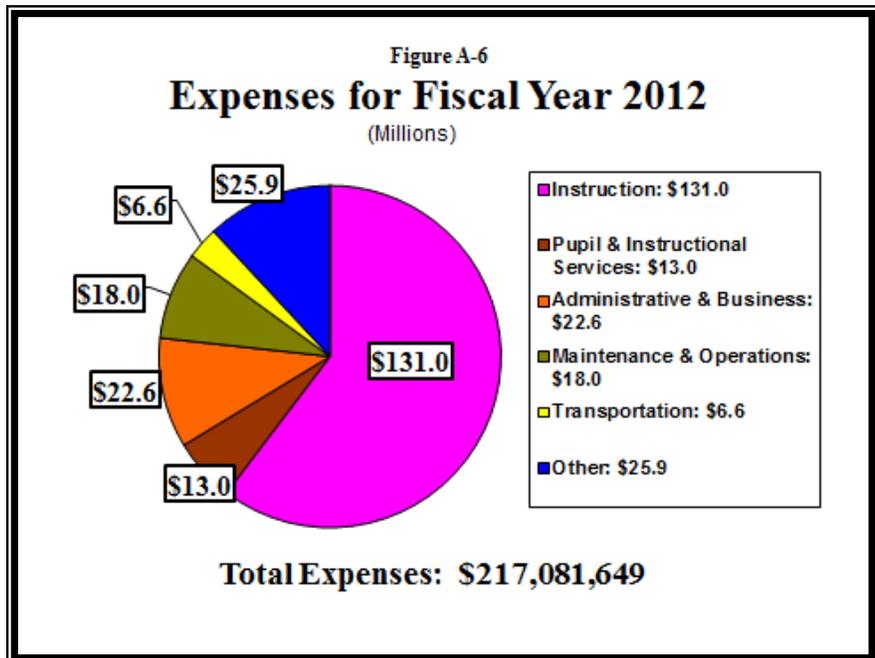
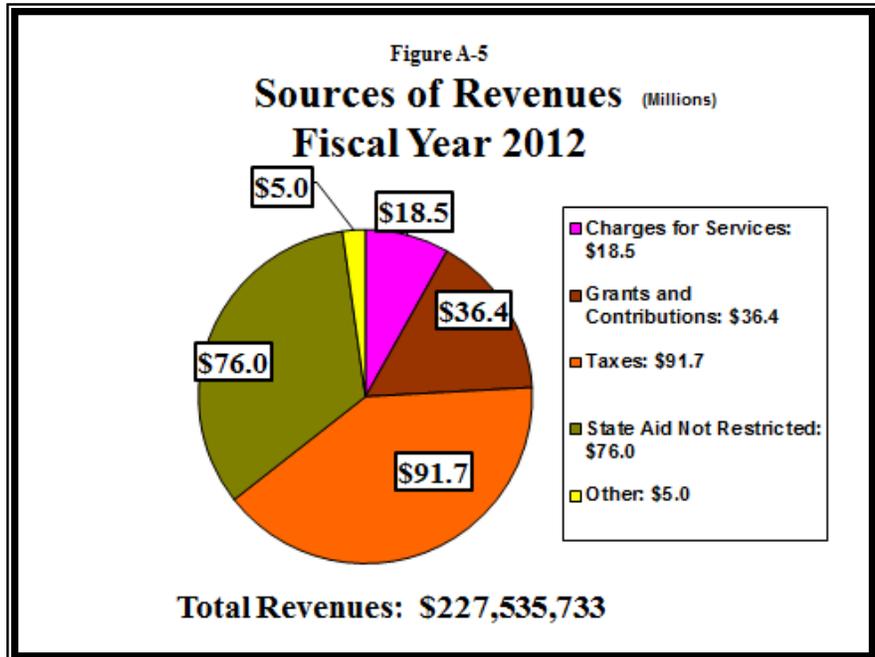
Note: totals may not add due to rounding and may differ slightly from the amounts reported in the Basic Financial Statements due to rounding differences.

Figure A-5 shows the sources of total District revenues. Local Taxes, is the District's largest revenue source, comprising 40% of District revenues with State Foundation Aid, the District's second largest, comprising 33%. Grant revenues from Federal, State and local sources, continue to play a very important role in funding District programs, represent 16% of District revenues. Charges for services, largely tuition charges, comprise 8% of District revenues.

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Figure A-6 shows total District expenses. As can be seen, the majority of District resources (66%) are devoted to direct Instruction and Pupil & Instructional Services. The “Other” expense category is represented by Investments in community services, interest on long term debt and AEA flow through. AEA flow through expenses of \$6.6 million represent state mandated “flow through” funding support to Grant Wood Area Education Agency. Grant Wood AEA is an intermediary educational unit providing instructional support to 32 public school Districts and 34 nonpublic schools in eastern Iowa.



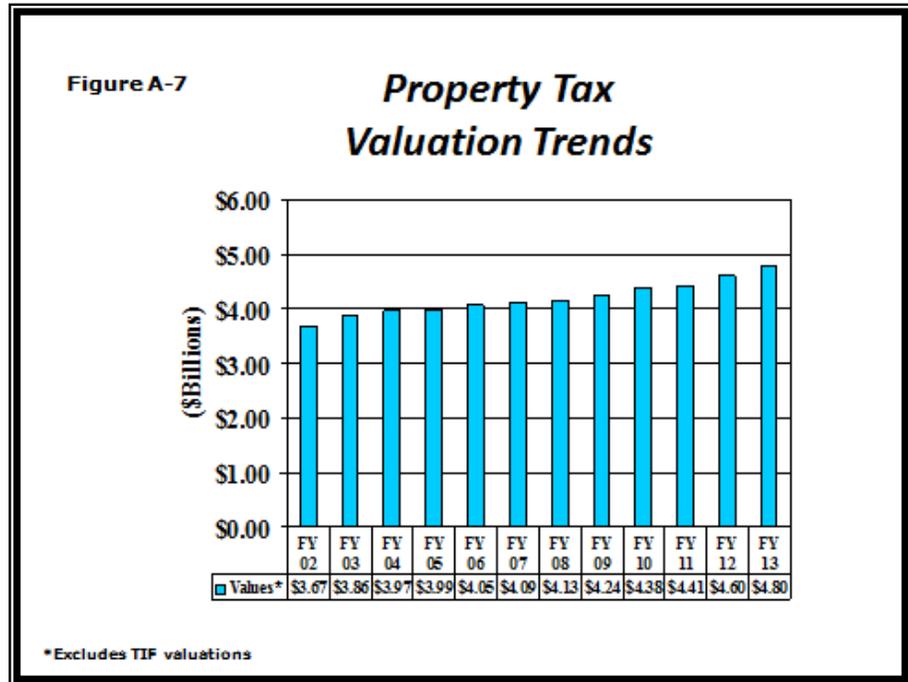
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Governmental Activities

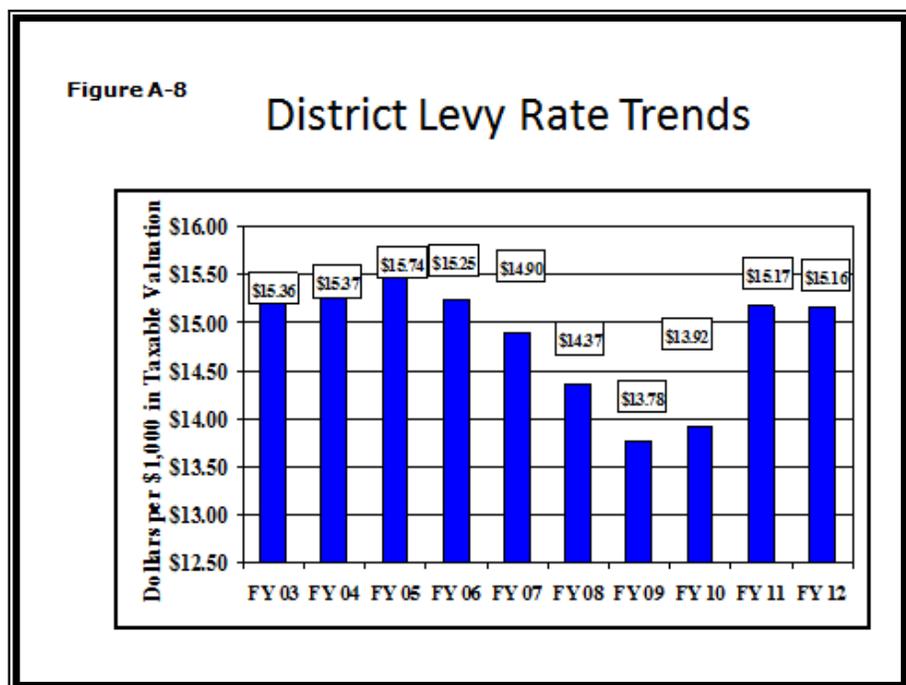
The impact upon the local economy related to the national recession showed signs of improvement as the overall unemployment rate declined from 6.2% in 2010 to 5.7% in 2011 in the Cedar Rapids Metropolitan Statistical Area.

The District also continued to experience an increase in the overall property tax base. As can be seen in **Figure A-7**, taxable valuation increased slightly from \$4.41 billion to \$4.60 billion for FY2012. Overall property tax valuation trends over the past ten years show an average annual increase of 2%.



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 and sustaining it at the same level in FY12.

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 \$204.9 million.
- Some of the cost was financed by the users of the District's programs, (\$10.7 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$31.7 million).
- Most of the District's governmental activities costs however, were financed by District and state taxpayers with \$91.7 million in local and state taxes and \$76.0 million in unrestricted state aid based on the statewide education aid formula.

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

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2011</u>	<u>2012</u>	<u>2011-2012</u>	<u>2011</u>	<u>2012</u>	<u>2011-2012</u>
Instruction	\$ 139.1	\$ 131.0	-5.8 %	\$ 98.6	\$ 100.4	1.8 %
Pupil & Instructional Services	13.5	13.0	-3.9	13.2	12.7	-3.5
Administrative & Business	23.5	22.6	-3.9	17.4	20.4	17.4
Maintenance & operations	17.8	18.0	1.1	17.3	16.7	-3.5
Transportation	7.4	6.6	-10.8	7.3	6.5	-11.0
Other	10.5	13.7	30.7	2.2	5.8	163.5
Total	211.8	204.9	-3.3 %	\$ 156.0	\$ 162.6	4.2 %

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

Business-Type Activities

- Business revenues rose from \$12.2 million in FY 2011 to \$12.6 million in FY 2012. Charges for services were \$7.8 million with operating grants and contributions, (federal and state subsidies) making up \$4.8 million.
- Business expenses rose from \$11.8 million in FY 2011 to \$12.2 million in FY 2012. 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 remained constant at 44.7% of District students.
- During the 2011-12 school year, the percent of students participating in the school lunch program increased to 76%.
- The service of On-line meal account access available to parents to check balances, view history and make deposits has increased in popularity, more families are taking advantage.
- Meal prices increased by \$.10 across the board.
- Over the past ten years lunch participation has increased 14% and breakfast participation has increased 41% despite an overall decline in student enrollment.

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- In an effort to increase buying power for groceries and supplies the department expanded current buying group from 5 to 22 districts. The Food and Nutrition Department serves as the administrator of the EIPG (Eastern Iowa Purchasing Group) Primary Vendor contract which began in 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 \$2.5 million in fiscal year 2012, up from \$2.4 million for fiscal year 2011. This stability reflects sound business practices in aligning meal pricing to reflect all costs of operations. Continued vigilance over the renewal of the program's aging equipment will continue to be an important focus. Currently, the program has equipment valued at \$2.8 million with total accumulated depreciation of \$2.3 million. With 82 percent of kitchen equipment fully depreciated it is clear that the program's equipment is aging and in need of continued investment.
- **Day Care 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 2012 net assets were \$365,165 compared to \$218,508 in fiscal year 2011, \$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 declined by 3.0%, or \$5.5 million in FY 2012.
- A decrease in federal funding of nearly 50% or \$8.7 million over the previous fiscal year is the major reason for the overall decline in General Fund revenues. These federal reductions are related to the end of ARRA stimulus monies following fiscal year 2011.

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- Other Local Sources, which is comprised mostly of local grant funding sources increased by 18.9% or \$0.6 million over the previous year due to an overall increase in local grant funding.

Figure A-10

General Fund Revenues by Source	FY 2012		FY 2011		
	Amount	Percent	Amount	Percent	Change
Local Sources					
Local Taxes	\$64,696,401	36.2%	\$65,814,144	35.8%	-1.7%
Tuition	4,755,530	2.7%	4,844,482	2.6%	-1.8%
Student Fees and Activities	556,908	0.3%	558,015	0.3%	-0.2%
Investment Earnings	24,425	0.0%	33,394	0.0%	-26.9%
Other Local Sources	4,012,364	2.2%	3,373,229	1.8%	18.9%
State Sources					
State Foundation Aid	74,460,283	41.7%	68,970,258	37.5%	8.0%
Salary Improvement Program	8,396,743	4.7%	8,506,672	4.6%	-1.3%
Other State Aid	12,084,032	6.8%	13,622,494	7.4%	-11.3%
Federal Sources					
Title I	2,602,447	1.5%	4,487,907	2.4%	-42.0%
Other Federal Aid	6,945,136	3.9%	13,796,395	7.5%	-49.7%
Total Revenues	\$178,534,269	100.0%	\$184,006,990	100.0%	-3.0%
Other Financing Sources	3,639,634		2,350,576		54.8%
Grand Total Resources	\$182,173,903		\$186,357,566		-2.2%

- State Foundation Aid increased by \$5.5 million largely due to the State of Iowa providing a larger percentage of State funding to schools in response to the significant reduction of federal stimulus monies used by the State to fund schools in the previous fiscal year.

General Fund expenditures by function for fiscal years 2011 and 2012 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before "Other Financing Uses" declined by 2.1% or \$3.9 million from the previous fiscal year.
- An overall decrease was largely driven by a reduction of 73 full time equivalent staff positions funded by federal ARRA stimulus monies. When combined with all funding sources, the net overall reduction of 20 full time equivalent staff positions was the result. Most of this reduction was within the Instruction function category.

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AEA Support – Direct to AEA, declined by 9.3% or \$0.7 million. Grant Wood Area Education Agency is an intermediate educational agency that provides instructional support to the Cedar Rapids Schools. AEA Support is required by the State and determined through the school funding formula.

Figure A-11

General Fund Expenditures by Function	FY 2012		FY 2011		Change
	Amount	Percent	Amount	Percent	
Instruction	\$122,095,865	68.3 %	\$125,869,379	68.3 %	-3.0 %
Student Support Services	5,358,005	3.0	4,960,285	2.7	8.0
Instructional Staff Support Services	6,503,450	3.6	6,292,517	3.4	3.4
General Administration	2,754,582	1.5	2,573,400	1.4	7.0
School Administration	11,835,040	6.6	11,832,007	6.4	0.0
Business Services	4,974,527	2.8	5,276,592	2.9	-5.7
Operations and Maintenance	14,807,257	8.2	15,013,185	8.2	-1.4
Student Transportation	5,230,982	2.9	5,000,898	2.7	4.6
AEA Support - Direct to AEA	6,585,536	3.7	7,259,732	3.9	-9.3
Total Expenditures	\$180,145,244	100.0 %	\$184,077,995	100.0 %	-2.1 %
Other Financing Uses	13,880		163,915		100.0
Total Expenditures and Uses	\$180,159,124		\$184,241,910		-2.2 %

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 2012. Actual revenues before Other Financing Sources were greater than re-estimated revenues by \$1 million or 0.5% while actual expenditures before Other Financing Uses were \$3.7 million or 2.0% 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 2013.

**Figure A-12
General Fund Budget and Actual Comparison
Fiscal Year 2012**

	Budget		Actual
	Original	Re-estimated	
Revenues			
Local Taxes	\$64,994,362	\$64,494,230	\$64,696,401
Tuition	4,827,550	5,027,000	4,755,530
Other local sources	3,391,083	2,302,995	4,593,697
State sources	96,930,539	95,324,398	94,941,058
Federal sources	11,078,333	10,425,621	9,547,583
Total Revenues	\$181,221,867	\$177,574,244	\$178,534,269
Other Financing Sources	2,827,760	2,549,872	3,639,634
Total Revenues & other sources	\$184,049,627	\$180,124,116	\$182,173,903
Expenditures			
Instruction	\$126,819,748	\$123,054,899	\$122,095,865
Student Support Services	4,904,025	5,240,690	\$5,358,005
Instructional Staff Support Services	6,304,543	8,229,087	\$6,503,450
General Administration	2,967,581	3,523,191	\$2,754,582
School Administration	11,074,324	11,463,460	\$11,835,040
Business Services	5,218,595	5,155,931	\$4,974,527
Operations and maintenance	15,221,528	15,629,266	\$14,807,257
Student transportation	1,891,211	4,996,543	\$5,230,982
Community Services	-	-	-
AEA Support - Direct to AEA	7,337,969	6,585,536	\$6,585,536
Total Expenditures	\$181,739,524	\$183,878,603	\$180,145,244
Other Financing Uses	-	4,063	13,880
Total Expenditures & Sources (Uses)	\$181,739,524	\$183,882,666	\$180,159,124

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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 2012 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	\$ 1,880,139	\$ 16,682,818	\$7,125,923	\$ 4,505,583	\$4,150,658	\$ 1,423	\$ 34,346,544	31.6 %	\$ 6,548,144
State	672,257	13,672	3,671	2,261	-	170,590	862,451	0.8	700,156
Federal	-	102,538	-	-	-	1,566,658	1,669,196	1.5	(3,826,367)
Total Revenues	\$ 2,552,396	\$ 16,799,028	\$7,129,594	\$ 4,507,844	\$4,150,658	\$1,738,671	\$ 36,878,191	34.0	\$ 3,421,933
Bond Proceeds	-	-	-	-	-	-	-	0.0	-
Other Financing Sources	13,229,164	54,309,006	-	309,369	-	3,860,000	71,707,539	66.0	20,358,644
Total Revenue & Other	\$15,781,560	\$ 71,108,034	\$7,129,594	\$ 4,817,213	\$4,150,658	\$5,598,671	\$108,585,730	100.0 %	\$23,780,577

Summary of Revenues

In the “All Other Governmental Funds” group as depicted in **Figure A-13**, the District experienced an increase of \$3.4 million in “Total Revenues” from the prior year (excluding other financing sources) and an overall revenue increase of \$23.8 million or 28% 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 were up \$6.9 million or 78% 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 \$13.2 million or 23% from the previous fiscal year reflecting two debt issuances that occurred in FY2012 totaling \$53.4 million.
- **Management Fund** revenues were up \$3.8 million or 113% from the previous fiscal year reflective of an increase in property taxes to provide resources to rebuild depleted reserves that were negatively impacted due to increases in property/casualty/workers compensation insurance costs as well as increases in early retirement costs.
- **PPEL Fund** revenues were up slightly from the previous year by 1%.
- **Activity Fund and Flood Recovery Fund** revenues were both down slightly from the previous year equating to -2.9% and -1% respectively.

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Summary of Expenditures

In the "All Other Governmental Funds" group, as depicted in **Figure A-14**, the District experienced an increase of \$12.2 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 \$8.3 million represent an increase of \$4.0 million or 90% over the previous year. This was due to increases in debt principal and interest costs over the previous year.
- **SILO Fund** expenditures in this fund, made possible in part with local option sales tax (SILO) funds, increased \$13.2 million or 31% over 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 2012 Expenditures**

Expenditure Function	Major Funds		Other Gov. Funds				Total	% of Total	Dollar Change Previous Yr.
	Debt Service	SILO	Manage- ment	PPEL	Activity Fund	Flood Recovery Fund			
Regular instruction	\$ -	\$ -	\$ 3,122,363	\$ -	\$ -	\$ 7,217	\$ 3,129,580	3.7%	\$ (929,592)
Other instruction	-	-	-	-	4,090,924	1,564	4,092,488	4.9%	\$ 6,099
Student support services	-	-	2,707	-	-	-	2,707	0.0%	\$ (8,821)
Instructional staff services	-	1,093,976	86,566	-	-	-	1,180,542	1.4%	\$ (918,739)
General administration services	-	-	93,021	-	-	1,543	94,564	0.1%	\$ (108,381)
School administration services	-	-	611,337	-	-	-	611,337	0.7%	\$ (281,922)
Business services	-	3,300	167,660	651	-	21	171,632	0.2%	\$ (140,496)
Operations and maintenance	-	92,163	1,562,279	92,526	-	687,985	2,434,953	2.9%	\$ 60,353
Student transportation	-	-	605,559	-	-	-	605,559	0.7%	\$ (1,144,067)
Food Service	-	-	97,989	-	-	-	97,989	0.1%	\$ (70,205)
Community services	-	-	93,866	-	-	-	93,866	0.1%	\$ 66,041
Facilities/acquisition	-	36,349,926	-	1,465,857	-	2,793,713	40,609,496	48.5%	\$ 1,365,414
Debt Service Principal	2,495,000	-	-	-	-	-	2,495,000	3.0%	\$ 105,000
Debt Service Interest	5,838,578	-	-	-	-	-	5,838,578	7.0%	\$ 3,845,676
Bond Issuance Costs	-	924,019	-	-	-	-	924,019	1.1%	\$ 164,437
Total Expenditures	\$ 8,333,578	\$38,463,384	\$ 6,443,347	\$ 1,559,034	\$ 4,090,924	\$ 3,492,043	\$62,382,310		\$ 2,010,797
Other Financing Uses	-	17,698,137	66,349	2,235,760	-	1,392,412	21,392,658	25.5%	10,173,163
Total Expenditures & Other	\$ 8,333,578	\$56,161,521	\$ 6,509,696	\$ 3,794,794	\$ 4,090,924	\$ 4,884,455	\$83,774,968	100.0%	\$ 12,183,960

- **Management Fund** expenditures were down \$1.4 million or 18% from the previous year reflective of lower costs for early retirement incentives and property casualty and workers compensation insurance premiums.
- **Physical Plant and Equipment Levy (PPEL) Fund** expenditures of \$3.8 million represent a decrease of \$1.1 million or 22.5% over the previous year. The timing of expenditures related to facility repair and the acquisition of vehicles are largely responsible for the drop in expenditures.
- **Flood Recovery Fund** expenditures of \$4.9 million represent a decrease of \$2.5 million from the previous year. Lower expenditures reflect the District's flood recovery progress marking the fourth fiscal year of recording flood recovery related costs. It is estimated most remaining flood recovery costs will be incurred in fiscal year 2013.

Cedar Rapids Community School District

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Fund Balances: Governmental Funds

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

Figure A-15

Fund Balances	June 30, 2012	June 30, 2011	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 11,091,220	\$ 9,076,441	\$ 2,014,779	22.2%
Special Revenue Funds*	401,779	(277,853)	679,632	N/A
Capital Projects Funds**	41,006,918	24,323,770	16,683,148	68.6%
Debt Service Fund	12,033,909	4,585,927	7,447,982	162.4%
Total	\$ 64,533,826	\$ 37,708,285	\$ 26,825,541	71.1%

*Special Revenue Funds				
Activity	\$ 989,771	\$ 930,037	\$ 59,734	6.4%
Management	\$ (587,992)	\$ (1,207,890)	\$ 619,898	N/A
Total	\$ 401,779	\$ (277,853)	\$ 679,632	N/A

**Capital Projects Funds				
SILO	\$ 40,876,056	\$ 25,929,543	\$ 14,946,513	57.6%
PPEL	\$ 4,617,352	\$ 3,594,933	\$ 1,022,419	28.4%
Flood Recovery	\$ (4,486,490)	\$ (5,200,706)	\$ 714,216	N/A
Total	\$ 41,006,918	\$ 24,323,770	\$ 16,683,148	68.6%

The **General Fund** ending fund balance experienced an increase of \$2.0 million or 22% from the previous fiscal year. This is largely a result of maintaining a General Fund cash reserve levy of \$9.7 million in FY2011 and \$8.0 million in FY2012.

The **Special Revenue Funds** ending balances, (Activity and Management funds combined) experienced an increase of \$0.7 million largely attributed to increases in Management fund ending balance from -\$1.2 million to -\$0.6 million. It is estimated that the ending balance of the Management fund will be +\$1.7 million on June 30, 2013 erasing a negative fund balance position brought on by unanticipated increased costs for early retirement and property, casualty and workers compensation insurance premiums.

Ending balances within the **Capital Projects Funds**, (SILO, PPEL and Flood Recovery) increased by \$16.7 million or 69% 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 though still negative, did improve by \$0.7 million in fiscal year 2012.
- **SILO Fund:** An increase of \$14.9 million or 58% in fund balance is attributed to two issuances of long term debt totaling \$53.4 million within fiscal year 2012, and accounted for in this fund. The District was able to take advantage of favorable interest rates with these debt issuances. Related capital improvement expenditures will follow in subsequent fiscal years drawing this fund reserve down.

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2012

Capital Asset and Debt Administration

Capital Assets

As indicated in **Figure A-16**, by the end of 2012, the District had invested, net of depreciation, \$156.4 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 26.7% over the previous year. Increases in the "Buildings" category, the largest contributor to the overall increase, was related to capitalized improvements to District infrastructure funded by debt issuances and local option sales tax revenues.

Since fiscal year 2002 the District has added \$130.3 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. Additional information on capital asset activity may be found under the title "Capital Assets" in the Notes to the Basic Financial Statements.

Figure A-16

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

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
Land	\$ 9.7	\$ 10.4	\$ -	\$ -	\$ 9.7	\$ 10.4	7.2%
Construction in progress	40.7	35.2	-	-	40.7	35.2	-13.5%
Buildings	67.5	105.7	-	-	67.5	105.7	56.6%
Equipment	2.6	2.1	0.5	0.5	3.1	2.6	-16.1%
Vehicles	2.4	2.5	-	-	2.4	2.5	4.2%
	<u>\$ 122.9</u>	<u>\$ 155.9</u>	<u>\$ 0.5</u>	<u>\$ 0.5</u>	<u>\$123.4</u>	<u>\$156.4</u>	<u>26.7%</u>

Note: totals may not add due to rounding.

Long-Term Debt

As noted in **Figure A-17**, the District had \$121.3 million in long debt outstanding compared to \$70.3 million in the previous fiscal year. This represents an increase of 72% 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.

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. During fiscal year 2012, the District sold \$43.4 million and \$10 million in SILO Revenue Bonds. As of June 30, 2012 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.

Cedar Rapids Community School District

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2012**

As of June 30, 2012 the District did not exceed its 5% legal debt margin. The District had \$121.3 million in debt applicable to the 5% statutory limit compared to a debt limit of \$405.0 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.

	Total		Total
	School District		Percentage
	2011	2012	Change 2011-2012
School refunding bonds	28,490,000	25,995,000	-8.8%
SILO Revenue Bonds	30,000,000	83,425,000	178.1%
QSCB	11,842,461	11,842,461	-
Total	\$70,332,461	\$121,262,461	72.4%

Additional information on long term debt may be found under the title “Bonded and Other Long Term Liabilities” in the Notes to the Basic Financial Statements.

Factors bearing on the District’s Future

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

The Flood of 2008: On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. On June 13th the Cedar River crested at 31.13 feet, a full 10 feet higher than the previous flood record established in 1929. The flood damaged an estimated 5,390 homes, 1,133 businesses and 486 non-profit organizations. The floods and tornadoes that ravaged the state in 2008 caused \$1.1 billion in damage to public facilities. Based solely on financial public assistance estimates, that makes Iowa the fifth largest state disaster in US history behind Hurricane Katrina in Louisiana, the 9/11 Terrorist Attack, Hurricane Katrina in Mississippi and Hurricane Wilma in Florida. An estimated 1,800 District students were displaced as a result of the flood event. The District has experienced four consecutive years of enrollment losses amounting to 5.5% of total enrollment since the flood event.

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 \$361.6 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.

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.

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2012

As a result of 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. Future across the board State funding reductions are of concern.

- **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%, for FY2012 growth was 0% with growth of 2% in FY2013. These low growth rates put 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. District enrollments were at an all-time high with approximately 25,000 students in the 1969-1970 school year. Since then District enrollments have declined by one third to 16,810 when enrollments were counted in October of 2011. Continued enrollment losses are a concern for the District as General Fund resources that support the District's instructional program are tied to student enrollment.

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 FY2013 wages and benefit settlements with all staff groups averaged 3.5% when new money growth in State funding for the same period was a mere 0.09% when enrollment declines were coupled to 2% State funding growth. This reality was also a key factor in the planned budget cuts and adjustments totaling \$3.6 million in FY2012 and \$4.1 million in FY2013.

Health Insurance: Though the District has not experienced significant increases in health insurance premiums as it did in fiscal year 2006 when premiums increased over 16%, future health insurance costs remain a concern for the District. For fiscal years 2007 and 2008, health insurance premiums increased by 4.3% and 1.8%, respectively. For fiscal years 2009, 2010 and 2011 there were no premium increases. In fiscal years 2012 and 2013 premiums increased 3.6% and 6.4%, respectively. Health insurance rates will continue to be a key budgetary factor that will be closely monitored.

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.

National and State Economic Conditions: Historically low to no growth in State Aid funding 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 improved increases in both federal and state funding levels to public schools.

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2012

Current Year Debt Issuances: In fiscal year 2012 the District had the following debt issuances that are noteworthy. In both cases, the District is using these issuances to finance flood recovery efforts as well as provide funding for other infrastructure improvements.

- The District sold \$43,425,000 in local option sales tax (SILO) backed revenue bonds dated July 27, 2011 and payable through July 1, 2026.
- The District sold \$10,000,000 in local option sales tax (SILO) backed revenue bonds dated January 5, 2012 and payable through July 1, 2027.

Future Debt Issuances: As of the publication of this document, the District does not anticipate any debt issuances in fiscal year 2013. But there will likely be a relatively small, short term, SILO backed revenue bond sale in late fiscal year 2014 or early fiscal year 2015, to support the District's anticipated new Facilities Master Plan that is scheduled to be completed in April, 2013. Total outstanding long term bonded debt as of June 30, 2012 is \$121,262,461

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, 2500 Edgewood Road NW, Cedar Rapids, Iowa 52405.

Government-Wide Financial Statements



Cedar Rapids Community School District

Statement of Net Assets June 30, 2012

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 73,845,067	\$ 2,924,924	\$ 76,769,991
Receivables:			
Taxes:			
Current year	744,149	-	744,149
Succeeding year	78,919,807	-	78,919,807
Other	598,971	442,330	1,041,301
Due from other governments	12,041,869	76,758	12,118,627
Internal balances	647,684	(647,684)	-
Inventories	226,537	91,634	318,171
Prepaid items	46,141	-	46,141
Total current assets	167,070,225	2,887,962	169,958,187
Noncurrent assets:			
Restricted cash and investments	12,224,849	-	12,224,849
Bond issue costs	1,678,776	-	1,678,776
Capital assets:			
Land and construction in progress	45,566,274	-	45,566,274
Depreciable assets	176,494,457	2,790,417	179,284,874
Less: accumulated depreciation	(66,162,005)	(2,273,506)	(68,435,511)
Net capital assets	155,898,726	516,911	156,415,637
Total noncurrent assets	169,802,351	516,911	170,319,262
Total assets	336,872,576	3,404,873	340,277,449
Liabilities			
Current liabilities:			
Accounts payable	7,842,574	36,669	7,879,243
Accrued expenses	15,428,473	333,799	15,762,272
Due to other governments	2,431,673	4,002	2,435,675
Accrued interest payable	2,270,622	-	2,270,622
Unearned revenue:			
Succeeding year taxes	78,919,807	-	78,919,807
Other	83,003	148,363	231,366
Current portion of long-term obligations	7,944,273	-	7,944,273
Total current liabilities	114,920,425	522,833	115,443,258
Noncurrent liabilities:			
Pollution remediation liability	44,282	-	44,282
Noncurrent portion of long-term obligations, net of bond premiums	129,187,217	-	129,187,217
Total noncurrent liabilities	129,231,499	-	129,231,499
Total liabilities	244,151,924	522,833	244,674,757
Net Assets			
Invested in capital assets, net of related debt	42,660,734	516,911	43,177,645
Restricted for:			
Categorical funding	4,215,252	-	4,215,252
Debt service	3,427,335	-	3,427,335
Student activities	989,771	-	989,771
Physical plant and equipment	4,617,352	-	4,617,352
School infrastructure	38,117,721	-	38,117,721
Unrestricted	(1,307,513)	2,365,129	1,057,616
Total net assets	\$ 92,720,652	\$ 2,882,040	\$ 95,602,692

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

Statement of Activities Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction:				
Regular instruction	\$ 69,875,055	\$ 2,496,941	\$ 12,378,089	\$ -
Special instruction	39,144,288	2,729,619	2,879,388	-
Vocational instruction	1,376,871	22,922	244,116	-
Other instruction	20,624,027	4,368,733	5,522,345	14,983
Total instruction	131,020,241	9,618,215	21,023,938	14,983
Support services:				
Student services	5,359,869	-	11,718	-
Instructional staff services	7,621,472	234,774	-	-
General administration services	4,653,363	-	-	2,092,916
School administration services	12,249,699	-	-	-
Business services	5,680,845	59,189	-	-
Operations and maintenance	17,982,029	-	-	1,313,947
Student transportation	6,610,408	88,072	1,134	-
Total support services	60,157,685	382,035	12,852	3,406,863
Noninstructional programs:				
Food services	97,989	-	-	-
Community services	93,866	663,854	-	-
Total noninstructional programs	191,855	663,854	-	-
Interest on long-term debt	6,969,583	-	620,544	-
Other expenditures, AEA flowthrough	6,585,536	-	6,585,536	-
Total governmental activities	204,924,900	10,664,104	28,242,870	3,421,846
Business-type activities				
Noninstructional programs:				
Daycare services	4,490,566	4,504,350	84,491	-
Nutrition services	7,666,183	3,308,093	4,669,048	-
Total business-type activities	12,156,749	7,812,443	4,753,539	-
Total school district	\$ 217,081,649	\$ 18,476,547	\$ 32,996,409	\$ 3,421,846

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		Total
Activities	Activities		
\$ (55,000,025)	\$ -	\$	(55,000,025)
(33,535,281)	-		(33,535,281)
(1,109,833)	-		(1,109,833)
(10,717,966)	-		(10,717,966)
(100,363,105)	-		(100,363,105)
(5,348,151)	-		(5,348,151)
(7,386,698)	-		(7,386,698)
(2,560,447)	-		(2,560,447)
(12,249,699)	-		(12,249,699)
(5,621,656)	-		(5,621,656)
(16,668,082)	-		(16,668,082)
(6,521,202)	-		(6,521,202)
(56,355,935)	-		(56,355,935)
(97,989)	-		(97,989)
569,988	-		569,988
471,999	-		471,999
(6,349,039)	-		(6,349,039)
-	-		-
(162,596,080)	-		(162,596,080)
-	98,275		98,275
-	310,958		310,958
-	409,233		409,233
(162,596,080)	409,233		(162,186,847)
65,690,272	-		65,690,272
4,266,592	-		4,266,592
15,499,785	-		15,499,785
6,245,479	-		6,245,479
75,965,607	-		75,965,607
2,221,668	3,081		2,224,749
2,656,601	91,846		2,748,447
235,752	(235,752)		-
172,781,756	(140,825)		172,640,931
10,185,676	268,408		10,454,084
82,534,976	2,613,632		85,148,608
\$ 92,720,652	\$ 2,882,040	\$	95,602,692



Fund Financial Statements





Cedar Rapids Community School District

**Balance Sheet
Governmental Funds
June 30, 2012**

	General	Debt Service	School Infrastructure Local Option Sales Tax
Assets			
Cash and cash equivalents	\$ 23,514,328	\$ 119,332	\$ 40,370,935
Receivables:			
Taxes:			
Current year	618,655	-	-
Succeeding year	63,812,376	-	-
Other	382,280	-	-
Due from other governments	4,112,546	-	2,258,264
Due from other funds	1,931,113	-	3,911,914
Inventories-supplies and materials	226,537	-	-
Restricted cash	-	12,224,849	-
Prepaid items	46,141	-	-
Total assets	\$ 94,643,976	\$ 12,344,181	\$ 46,541,113
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,415,747	\$ -	\$ 5,408,910
Accrued expenditures	15,478,768	-	-
Due to other governments	2,413,749	-	-
Due to other funds	-	-	256,147
Deferred revenue	351,972	310,272	-
Unearned revenue:			
Succeeding year taxes	63,812,376	-	-
Other	80,144	-	-
Total liabilities	83,552,756	310,272	5,665,057
Fund balances:			
Nonspendable	272,678	-	-
Restricted	4,215,252	12,033,909	38,117,721
Assigned	-	-	2,758,335
Unassigned	6,603,290	-	-
Total fund balances	11,091,220	12,033,909	40,876,056
Total liabilities and fund balances	\$ 94,643,976	\$ 12,344,181	\$ 46,541,113

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	9,840,472	\$	73,845,067
	125,494		744,149
	15,107,431		78,919,807
	216,691		598,971
	5,671,059		12,041,869
	1,063		5,844,090
	-		226,537
	-		12,224,849
	-		46,141
\$	30,962,210	\$	184,491,480

\$	1,017,917	\$	7,842,574
	3,675,028		19,153,796
	17,924		2,431,673
	4,940,259		5,196,406
	5,668,151		6,330,395
	15,107,431		78,919,807
	2,859		83,003
	30,429,569		119,957,654

	-		272,678
	5,607,123		59,974,005
	-		2,758,335
	(5,074,482)		1,528,808
	532,641		64,533,826

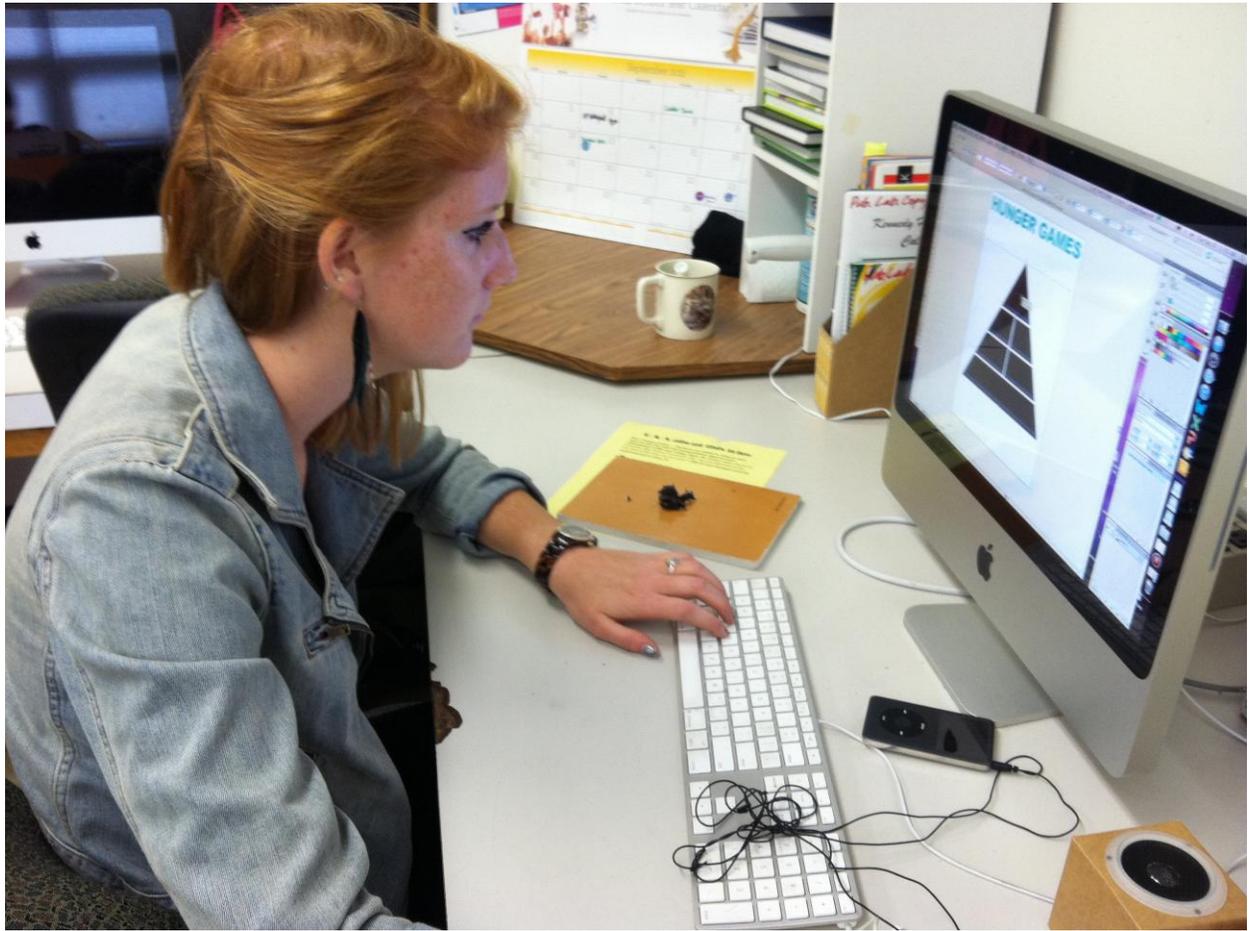
\$	30,962,210	\$	184,491,480
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Cedar Rapids Community School District

**Reconciliation of Total Governmental Fund Balances to Net Assets of
Governmental Activities
June 30, 2012**

Total governmental fund balances		\$ 64,533,826
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	\$ 222,060,731	
Accumulated depreciation	<u>(66,162,005)</u>	155,898,726
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.		
		6,330,395
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	(121,262,461)	
Bond issuance costs	1,678,776	
Bond premiums	(783,176)	
Accrued interest on long-term debt	(2,270,622)	
Pollution remediation	(44,282)	
Other postemployment benefits	(2,455,318)	
Compensated absences (vacations)	(1,723,950)	
Early retirement payable	<u>(7,181,262)</u>	(134,042,295)
Net assets of governmental activities		<u><u>\$ 92,720,652</u></u>

See Notes to Basic Financial Statements.



Cedar Rapids Community School District

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012**

	General	Debt Service	School Infrastructure Local Option Sales Tax
Revenues:			
Local sources:			
Local taxes	\$ 64,696,401	\$ -	\$ 16,299,785
Tuition	4,755,530	-	-
Other local sources	4,593,697	1,880,139	383,033
State sources	94,941,058	-	13,672
Federal sources	9,547,583	672,257	102,538
Total revenues	178,534,269	2,552,396	16,799,028
Expenditures:			
Current:			
Instruction:			
Regular instruction	65,054,427	-	-
Special instruction	39,143,434	-	-
Vocational instruction	1,367,548	-	-
Other instruction	16,530,456	-	-
Total instruction	122,095,865	-	-
Support services:			
Student services	5,358,005	-	-
Instruction staff services	6,503,450	-	1,093,976
General administration services	2,754,582	-	-
School administration services	11,835,040	-	-
Business services	4,974,527	-	3,300
Operations and maintenance	14,807,257	-	92,163
Student transportation	5,230,982	-	-
Total support services	51,463,843	-	1,189,439
Noninstructional programs:			
Food service	-	-	-
Community services	-	-	-
Total noninstructional programs	-	-	-
Other expenditures:			
Debt service:			
Principal	-	2,495,000	-
Interest	-	5,838,578	-
Bond issuance costs	-	-	924,019
Capital outlay, facilities acquisition	-	-	36,349,926
Other support services	6,585,536	-	-
Total other expenditures	6,585,536	8,333,578	37,273,945
Total expenditures	180,145,244	8,333,578	38,463,384
Excess (deficiency) of revenues over (under) expenditures	(1,610,975)	(5,781,182)	(21,664,356)
Other financing sources (uses):			
Issuance of long-term debt	-	-	53,425,000
Bond premium	-	-	279,883
Transfers in	3,639,634	13,229,164	604,123
Transfers out	(13,880)	-	(17,698,137)
Total other financing sources (uses)	3,625,754	13,229,164	36,610,869
Net change in fund balances	2,014,779	7,447,982	14,946,513
Fund balances (deficits) at beginning of year	9,076,441	4,585,927	25,929,543
Fund balances at end of year	\$ 11,091,220	\$ 12,033,909	\$ 40,876,056

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	11,505,942	\$	92,502,128
	-		4,755,530
	4,277,645		11,134,514
	176,522		95,131,252
	1,566,658		11,889,036
	<u>17,526,767</u>		<u>215,412,460</u>
	3,129,580		68,184,007
	-		39,143,434
	-		1,367,548
	4,092,488		20,622,944
	<u>7,222,068</u>		<u>129,317,933</u>
	2,707		5,360,712
	86,566		7,683,992
	94,564		2,849,146
	611,337		12,446,377
	168,332		5,146,159
	2,342,790		17,242,210
	605,559		5,836,541
	<u>3,911,855</u>		<u>56,565,137</u>
	97,989		97,989
	93,866		93,866
	<u>191,855</u>		<u>191,855</u>
	-		2,495,000
	-		5,838,578
	-		924,019
	4,259,570		40,609,496
	-		6,585,536
	<u>4,259,570</u>		<u>56,452,629</u>
	<u>15,585,348</u>		<u>242,527,554</u>
	1,941,419		(27,115,094)
	-		53,425,000
	-		279,883
	4,169,369		21,642,290
	(3,694,521)		(21,406,538)
	<u>474,848</u>		<u>53,940,635</u>
	2,416,267		26,825,541
	(1,883,626)		37,708,285
\$	<u>532,641</u>	\$	<u>64,533,826</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, 2012

Net change in fund balances, governmental funds	\$	26,825,541
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	\$	37,579,774
Depreciation expense		<u>(4,477,571)</u>
		33,102,203
Loss on the disposal of assets is not reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of activities.		
		(85,667)
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 less than the prior year amount by \$3,730,637. Vacation earned was more than the prior year amount by \$97,696.		
		3,632,941
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.		
		(537,636)
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		(53,425,000)
Repayment of long-term liabilities		2,495,000
Bond issuance costs		924,019
Bond premium		(279,883)
Amortization of premiums and bond issuance costs		(34,506)
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.		
Decrease in pollution remediation		42,335
Decrease in other postemployment benefits		(1,377,172)
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.		
		<u>(1,096,499)</u>
Change in net assets - governmental activities	\$	<u>10,185,676</u>

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

**Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Business-Type Activities		Total
	Nutrition Services	Nonmajor Daycare Services	
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,245,574	\$ 679,350	\$ 2,924,924
Other receivables	49,003	393,327	442,330
Due from other governments	2,305	74,453	76,758
Due from other funds	20,527	-	20,527
Inventories - supplies and materials	91,634	-	91,634
Total current assets	2,409,043	1,147,130	3,556,173
Noncurrent assets, furniture and equipment, net	516,911	-	516,911
Total assets	2,925,954	1,147,130	4,073,084
Liabilities			
Current liabilities:			
Accounts payable	7,351	29,318	36,669
Accrued expenses	39,708	294,091	333,799
Due to other governments	-	4,002	4,002
Due to other funds	213,657	454,554	668,211
Unearned revenue	148,363	-	148,363
Total liabilities	409,079	781,965	1,191,044
Net Assets			
Invested in capital assets	516,911	-	516,911
Unrestricted	1,999,964	365,165	2,365,129
Total net assets	\$ 2,516,875	\$ 365,165	\$ 2,882,040

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, 2012**

	Business-Type Activities		
	Nutrition Services	Nonmajor Daycare Services	Total
Operating revenue, local sources	\$ 3,317,675	\$ 4,586,614	\$ 7,904,289
Operating expenses:			
Payroll costs	3,826,706	3,757,434	7,584,140
Purchased services	91,877	111,139	203,016
Supplies and materials	3,665,461	621,993	4,287,454
Depreciation	82,139	-	82,139
Total operating expenses	7,666,183	4,490,566	12,156,749
Operating income (loss)	(4,348,508)	96,048	(4,252,460)
Nonoperating revenues:			
State sources	72,334	-	72,334
Federal sources	4,596,714	84,491	4,681,205
Interest income	3,025	56	3,081
Total nonoperating revenues	4,672,073	84,547	4,756,620
Income before transfers	323,565	180,595	504,160
Transfers in	-	938	938
Transfers out	(201,814)	(34,876)	(236,690)
	(201,814)	(33,938)	(235,752)
Change in net assets	121,751	146,657	268,408
Net assets, beginning of year	2,395,124	218,508	2,613,632
Net assets, end of year	\$ 2,516,875	\$ 365,165	\$ 2,882,040

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

**Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2012**

	Business-Type Activities		
	Nutrition Services	Nonmajor Daycare Services	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 3,074,055	\$ -	\$ 3,074,055
Cash received from services	214,620	4,579,102	4,793,722
Cash received from miscellaneous operating activities	11,433	-	11,433
Cash payments to employees for services	(3,817,502)	(3,742,045)	(7,559,547)
Cash payments to suppliers for good and services	(3,280,781)	(729,053)	(4,009,834)
Net cash provided by (used in) operating activities	(3,798,175)	108,004	(3,690,171)
Cash flows from noncapital financing activities:			
State lunch and breakfast reimbursements	72,334	-	72,334
Federal lunch and breakfast reimbursements	4,175,460	27,884	4,203,344
Transfers from other funds	-	938	938
Transfers to other funds	(201,814)	(34,876)	(236,690)
Proceeds from interfund accounts	10,776	27,657	38,433
Net cash provided by noncapital financing activities	4,056,756	21,603	4,078,359
Cash flows from capital and related financing activities, acquisition of capital assets			
	(52,717)	-	(52,717)
Cash flows from investing activities, interest on investments			
	3,025	56	3,081
Net increase in cash and cash equivalents	208,889	129,663	338,552
Cash and cash equivalents:			
Beginning	2,036,685	549,687	2,586,372
Ending	\$ 2,245,574	\$ 679,350	\$ 2,924,924
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (4,348,508)	\$ 96,048	\$ (4,252,460)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	82,139	-	82,139
Commodities consumed	447,122	-	447,122
Changes in assets and liabilities:			
(Increase) in receivables, net	(19,163)	(7,512)	(26,675)
Decrease in inventories	22,084	-	22,084
Increase in accounts payable and accrued expenses	16,555	19,468	36,023
Increase in unearned revenues	1,596	-	1,596
Net cash provided by (used in) operating activities	\$ (3,798,175)	\$ 108,004	\$ (3,690,171)
Noncash item, noncapital financing activities, federal commodities			
	\$ 447,122	\$ -	\$ 447,122

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2012

Assets

Cash

\$ 7,717

Liabilities

Accounts payable

\$ 7,717

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2012

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 16,778. 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 June 30, 2012

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 purposes.

School Infrastructure Local Option (SILO) 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 purposes.

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

June 30, 2012

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 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
June 30, 2012**

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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, 2012, 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
June 30, 2012**

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, 2012, has also been accrued as a liability as of June 30, 2012.

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 June 30, 2012

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 or utilized by employees within one year.

Long-term liabilities: In the governmental fund financial statements, principal and interest on long-term debt, early retirement payments, other postemployment benefits and compensated absences are recognized as liabilities only when payment has matured or become due. Proceeds from the issuance of long-term debt is reported as other financing sources. 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, 2012, the District did not have any long-term obligations related to its business-type activities. Bond issuance costs, premiums and deferred amount on refunding are amortized over the life of the contracts using a method which approximates 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 by the Board of Education 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. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Cedar Rapids Community School District

Notes to Basic Financial Statements June 30, 2012

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the 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.

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 were \$8,325,000 for the Debt Service Fund and \$482,645 for the SILO Sales Tax Fund. 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 \$38,117,721 for capital projects from the school infrastructure local option sales tax, \$4,617,352 for the physical plant and equipment levy, \$4,215,252 for categorized funding, \$3,427,335 for debt service and \$989,771 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 for the fiscal year ended June 30, 2012.

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, 2012, the District held \$325,668 and \$1,066,381 in United States Treasury Notes maturing July 1, 2012 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
June 30, 2012**

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, 2012 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, 2012, interfund receivables and payables were as follows:

	Receivables	Payables
General Fund	\$ 1,931,113	\$ -
School Infrastructure Local Option Sales Tax Fund	3,911,914	256,147
Nonmajor governmental funds	1,063	4,940,259
Total governmental funds	<u>5,844,090</u>	<u>5,196,406</u>
Nutrition Services Fund	20,527	213,657
Nonmajor enterprise, Daycare Services Fund	-	454,554
Total proprietary funds	<u>20,527</u>	<u>668,211</u>
Total all funds	<u>\$ 5,864,617</u>	<u>\$ 5,864,617</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, \$3,911,914 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, 2014.

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	\$ 3,639,634	\$ 13,880
Debt Service Fund	13,229,164	-
School Infrastructure Local Option Sales Tax Fund	604,123	17,698,137
Nonmajor funds, governmental funds	4,169,369	3,694,521
Nutrition Services Fund	-	201,814
Nonmajor enterprise fund, Daycare Services Fund	938	34,876
	<u>\$ 21,643,228</u>	<u>\$ 21,643,228</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
June 30, 2012**

Note 5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

Governmental Activities	Balance June 30, 2011	Additions	Retirements and Transfers	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 9,724,826	\$ 677,762	\$ -	\$ 10,402,588
Construction-in-progress	40,674,881	36,693,119	42,204,314	35,163,686
Total capital assets, not being depreciated	50,399,707	37,370,881	42,204,314	45,566,274
Capital assets, being depreciated:				
Buildings and improvements	112,323,257	41,544,066	85,667	153,781,656
Furniture and equipment	12,832,663	119,684	-	12,952,347
Vehicles	9,387,182	749,457	376,185	9,760,454
Total capital assets, being depreciated	134,543,102	42,413,207	461,852	176,494,457
Less accumulated depreciation for:				
Buildings and improvements	44,847,710	3,241,033	-	48,088,743
Furniture and equipment	10,247,275	583,602	-	10,830,877
Vehicles	6,965,634	652,936	376,185	7,242,385
Total accumulated depreciation	62,060,619	4,477,571	376,185	66,162,005
Total capital assets, being depreciated, net	72,482,483	37,935,636	85,667	110,332,452
Governmental activities capital assets, net	\$ 122,882,190	\$ 75,306,517	\$ 42,289,981	\$ 155,898,726
Business-Type Activities	Balance June 30, 2011	Additions	Retirements and Transfers	Balance June 30, 2011
Capital assets, being depreciated, furniture and equipment	\$ 2,765,427	\$ 52,717	\$ 27,727	\$ 2,790,417
Less accumulated depreciation	2,219,094	82,139	27,727	2,273,506
Business-type activities capital assets, net	\$ 546,333	\$ (29,422)	\$ -	\$ 516,911

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 3,633,184
School administration services	219,270
Operations and maintenance	116,649
Student transportation	508,468
Total	\$ 4,477,571

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

Nutrition services	\$ 82,139
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Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2012**

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, 2012 were as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds payable:					
Revenue bonds	\$ 41,842,461	\$ 53,425,000	\$ -	\$ 95,267,461	\$ -
School refunding bonds	28,490,000	-	(2,495,000)	25,995,000	2,495,000
Premiums	602,205	279,883	(98,912)	783,176	-
Total bonds payable	70,934,666	53,704,883	(2,593,912)	122,045,637	2,495,000
Other liabilities:					
Compensated absences	1,626,254	3,206,025	(3,108,329)	1,723,950	1,723,950
Other postemployment benefits	1,078,146	3,607,699	(2,230,527)	2,455,318	-
Early retirement payable	17,621,219	44,688	(6,759,322)	10,906,585	3,725,323
Total long-term liabilities	\$ 91,260,285	\$ 60,563,295	\$ (14,692,090)	\$ 137,131,490	\$ 7,944,273

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

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

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

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2012**

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 years beginning in October of the same year following early separation.

Early retirement benefits paid during the year ended June 30, 2012 totaled \$6,759,322 of which the Management Fund paid \$6,709,320 and the General Fund paid \$50,002. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Management and General Funds in the amounts of \$3,675,028 and \$50,295, respectively, because the liability has matured. A liability for the entire balance of the early retirement obligation 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, 2012 bonded indebtedness are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,955,000	641,198	3,596,198
2018 - 2021	12,395,000	1,256,264	13,651,264
	<u>\$ 25,995,000</u>	<u>\$ 5,708,316</u>	<u>\$ 31,703,316</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 June 30, 2012

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

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 percent to 5.00 percent. The proceeds will be utilized for capital flood recovery and other identified capital infrastructure needs. Principal payments range from \$1,625,000 to \$7,700,000 due in fiscal years 2020 through 2026.

On January 5, 2012, the District issued \$10,000,000 in School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2012, maturing January 2027 with an interest rate of 4.25 percent, for the purpose of paying costs of school infrastructure projects. Principal payments of \$6,375,000 and \$3,625,000 are due in fiscal years 2026 and 2027, respectively.

The District has pledged SILO Revenues to repay the 2010 School Infrastructure, Service and Use Tax Revenue Bonds, the 2010 Taxable School Infrastructure Sales, Services and use Tax Revenue Bonds (Qualified School Construction Bonds), the 2011 Infrastructure Sales, Services and Use Tax Revenue Bonds and the 2012 School Infrastructure Sales, Services and Use Tax Revenue Bonds. The total principal and interest remaining to be paid on the bonds is \$156,455,177. For fiscal year 2012, the total principal and interest paid and total net revenues were \$3,880,727 and \$16,299,785, respectively. Additionally assets are deposited into irrevocable trusts for the accumulation of future debt service. As of June 30, 2012, \$12,224,849 has been deposited into the trusts.

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 4,367,398	\$ 4,367,398
2014	-	4,367,398	4,367,398
2015	-	4,367,398	4,367,398
2016	-	4,367,398	4,367,398
2017	-	4,367,398	4,367,398
2018 - 2022	19,600,000	21,072,989	40,672,989
2023 - 2027	39,000,000	14,503,801	53,503,801
2028 - 2030	36,667,461	3,773,936	40,441,397
	<u>\$ 95,267,461</u>	<u>\$ 61,187,716</u>	<u>\$ 156,455,177</u>

As of June 30, 2012 the District did not exceed its legal debt limit of \$414,560,365.

Note 8. Pension and Retirement Benefits

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

Plan members are required to contribute 5.38 percent of their annual salary and the District is required to contribute 8.07 percent of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$10,673,605, \$8,892,581 and \$8,511,439, respectively, equal to the required contribution for each year.

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2012**

Note 9. Postemployment Benefits Other Than Pension Benefits

Plan description: The District participates in an Agent Multiple Employer Defined Benefit Health Care Plan called the Metro Interagency Insurance Program (MIIP). This plan provides postemployment health insurance benefits to eligible employees and their spouses. There are 361 retired members in the plan. Benefits and eligibility for union represented work groups are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for non-union groups are established and amended by the governing body. The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 1120 33rd 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
PPO premier	\$ 459	\$ 938	\$ 867	\$ 1,403
PPO choice	413	844	780	1,262
HMO essential	346	707	654	1,058
HAS qualifying	267	546	505	817

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 \$2,230,527, net of retiree premiums paid to the District in 2012.

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 2012 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, 2010	\$ 1,957,128	122.2%	\$ 1,864,176
June 30, 2011	1,911,406	141.1	1,078,146
June 30, 2012	3,607,699	61.8	2,455,318

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2012**

Note 9. 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	\$ 3,414,393
Interest on net OPEB obligation	57,240
Adjustment to annual required contribution	136,066
Annual OPEB cost (expense)	<u>3,607,699</u>
Contributions	<u>2,230,527</u>
Increase in net OPEB obligation	1,377,172
Net OPEB obligation, beginning of year	<u>1,078,146</u>
Net OPEB obligation, end of year	<u><u>\$ 2,455,318</u></u>

Funded status and funding progress: The results of the July 1, 2011 valuation were rolled forward to June 30, 2012. The funded status of the plan as of June 30, 2012, was as follows:

Actuarial accrued liability (AAL)	\$ 15,068,320
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 15,068,320</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 100,659,732
UAAL as a percentage of covered payroll	14.97%

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, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent interest/discount rate 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 June 30, 2012

Note 10. Commitments

Total outstanding contractual commitments for construction projects at June 30, 2012 for the Physical Plant and Equipment Levy Fund was \$244,882, and for the School Infrastructure Local Option Sales Tax Fund was \$5,022,219.

The District had encumbrances in the General Fund, School Infrastructure Local Option Sales Tax Fund and Nonmajor Governmental Funds of \$849,903, \$12,794,136 and \$1,069,244, respectively.

Note 11. Risk Management

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

Note 12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$6,585,536 for the year ended June 30, 2012. The District's budgeted and actual share is included in these financial statements.

Note 13. Joint Venture

The District is a member of a joint venture with five other local government units. The joint venture, the Metro Interagency Insurance Program (MIIP), was incorporated in 1990 under a joint powers agreement in accordance with Chapter 28E of the Code of Iowa. The program provides services necessary and appropriate for the establishment, operation and maintenance of an insurance program for employee health and medical claims. MIIP is not intended to function as an insurance company for the participants, rather, it is a means of combining the administration of claims and of obtaining lower insurance rates from Commercial Insurance. 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, 2012 was \$11,044,011. MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 1120 33rd Avenue SW, Cedar Rapids, Iowa, 52404.

Note 14. Pollution Remediation Liability

The District had two remodeling projects that require asbestos removal as part of the overall improvement projects. The amount of the asbestos removal liability of \$20,767 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 \$44,282 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
June 30, 2012**

Note 15. Deficit Fund Equity

The Flood Recovery Fund and Management Fund had deficit balances of \$4,486,490 and \$587,992, respectively, at June 30, 2012. 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 16. Contingencies and Subsequent Events

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

The District is a party to a legal proceeding concerning ongoing construction services within the District. The District is contesting all liability; however, 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 17. 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 \$678,871 for the year ended June 30, 2012.

Minimum rental expense:

2013	\$	198,804
2014		53,572

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2012**

Note 18. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting* 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
Nonspendable:					
Inventories	\$ 226,537	\$ -	\$ -	\$ -	\$ 226,537
Prepays	46,141	-	-	-	46,141
Total Nonspendable	272,678	-	-	-	272,678
Restricted:					
Categorical funding	4,215,252	-	-	-	4,215,252
Debt service	-	12,033,909	-	-	12,033,909
Student activities	-	-	-	989,771	989,771
Physical plant and equipment	-	-	-	4,617,352	4,617,352
School infrastructure	-	-	38,117,721	-	38,117,721
Total Restricted	4,215,252	12,033,909	38,117,721	5,607,123	59,974,005
Assigned,					
School infrastructure	-	-	2,758,335	-	2,758,335
Unassigned					
	6,603,290	-	-	(5,074,482)	1,528,808
Total fund balances	\$ 11,091,220	\$ 12,033,909	\$ 40,876,056	\$ 532,641	\$ 64,533,826

Note 19. Pending Governmental Accounting Standards Board (GASB) Pronouncements

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. 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.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2012

**Note 19. Pending Governmental Accounting Standards Board (GASB) Pronouncements
(Continued)**

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

Required Supplementary Information





Cedar Rapids Community School District

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds and Proprietary Funds
 Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 108,392,172	\$ 7,907,370	\$ 116,299,542
State sources	95,131,252	72,334	95,203,586
Federal sources	11,889,036	4,681,205	16,570,241
Total revenues	215,412,460	12,660,909	228,073,369
Expenditures:			
Instruction	129,317,933	3,043	129,320,976
Support services	56,565,137	616,385	57,181,522
Noninstructional programs	191,855	11,537,321	11,729,176
Other expenditures	56,452,629	-	56,452,629
Total expenditures	242,527,554	12,156,749	254,684,303
Excess of revenues over expenditures	(27,115,094)	504,160	(26,610,934)
Other financing sources (uses):			
Sale of capital assets	-	-	-
Issuance of long-term debt	53,425,000	-	53,425,000
Bond premium	279,883	-	279,883
Transfers in	21,642,290	938	21,643,228
Transfers out	(21,406,538)	(236,690)	(21,643,228)
Total other financing sources (uses)	53,940,635	(235,752)	53,704,883
Net change in fund balances	26,825,541	268,408	27,093,949
Fund balance, beginning	37,708,285	2,613,632	40,321,917
Fund balance, ending	\$ 64,533,826	\$ 2,882,040	\$ 67,415,866

See Note to Required Supplementary Information.

Budget Amounts		Variances Over (Under)	
Original	Final	Original to Final	Final to Actual
\$ 116,789,445	\$ 114,112,492	\$ (2,676,953)	\$ 2,187,050
97,008,539	95,454,148	(1,554,391)	(250,562)
21,437,629	19,267,419	(2,170,210)	(2,697,178)
235,235,613	228,834,059	(6,401,554)	(760,690)
132,026,248	140,246,001	(8,219,753)	(10,925,025)
57,581,324	68,134,718	(10,553,394)	(10,953,196)
11,351,950	12,119,591	(767,641)	(390,415)
50,989,861	68,678,880	(17,689,019)	(12,226,251)
251,949,383	289,179,190	(37,229,807)	(34,494,887)
(16,713,770)	(60,345,131)	(43,631,361)	33,734,197
10,000	10,000	-	(10,000)
9,000,000	53,705,000	44,705,000	(280,000)
-	-	-	279,883
9,988,038	14,861,831	4,873,793	6,781,397
(9,988,038)	(14,861,831)	(4,873,793)	(6,781,397)
9,010,000	53,715,000	44,705,000	(10,117)
(7,703,770)	(6,630,131)	1,073,639	33,724,080
61,341,426	(8,014,200)	69,355,626	(48,336,117)
\$ 53,637,656	\$ (14,644,331)	\$ (68,281,987)	\$ 82,060,197



Cedar Rapids Community School District

Note to Required Supplementary Information June 30, 2012

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 2011-12 Budget document. The 2011-12 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 2011-2012, amendments increased the instructional functional area by \$8,219,753, increased total support services by \$10,553,394 and increased the non-instructional programs by \$767,641. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were increased by \$17,689,019 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, 2010	07/01/2009	\$ -	\$ 17,699,904	\$ 17,699,904	- %	\$ 118,843,505	14.89%
June 30, 2011	07/01/2009	-	17,699,904	17,699,904	-	119,157,429	14.85
June 30, 2012	07/01/2011	-	15,068,320	15,068,320	-	100,659,732	14.97

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2011.

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, 2012

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 55,335,029
Utility tax replacement excise tax	3,115,893
Income surtax	6,245,479
Tuition	4,755,530
Transportation	88,072
Investment earnings	24,425
Student activities	30,694
Fees and rents	438,142
Sales of services	1,083,210
Other	2,929,154
Total local sources	<u>74,045,628</u>
State sources:	
Foundation aid	74,460,283
Preschool foundation aid	1,391,330
Salary improvement program	8,396,743
AEA flowthrough	6,585,536
Nonpublic aid	678,274
Iowa Early Intervention Block grant	1,087,558
At-risk grants	1,031,164
Miscellaneous state grants	1,279,553
Other	30,617
Total state sources	<u>94,941,058</u>
Federal sources:	
Title I grants	2,602,447
Stabilization funds	1,486,844
Carl Perkins grant	207,840
Title II grants	672,253
Individuals with Disabilities Education Act	1,112,450
Medicaid direct reimbursement	2,769,725
Other	696,024
Total federal sources	<u>9,547,583</u>
Total revenues	<u>178,534,269</u>

(Continued)

Cedar Rapids Community School District

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

Major Fund - General

Year Ended June 30, 2012

	<u>Actual</u>
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 42,037,864
Employee benefits	14,196,212
Purchased services	5,853,630
Supplies	2,516,792
Capital outlay	292,471
Other	157,458
	<u>65,054,427</u>
Special instruction:	
Salaries	27,081,152
Employee benefits	7,560,664
Purchased services	4,149,681
Supplies	251,723
Capital outlay	70,998
Other	29,216
	<u>39,143,434</u>
Vocational instruction:	
Salaries	886,212
Employee benefits	267,539
Purchased services	36,578
Supplies	90,773
Capital outlay	84,995
Other	1,451
	<u>1,367,548</u>
Other instruction:	
Salaries	11,232,483
Employee benefits	3,066,245
Purchased services	1,338,080
Supplies	732,022
Capital outlay	94,278
Other	67,348
	<u>16,530,456</u>
Total instruction	<u>122,095,865</u>

(Continued)

Cedar Rapids Community School District

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

Major Fund - General

Year Ended June 30, 2012

	<u>Actual</u>
Support services:	
Student services:	
Salaries	\$ 3,879,465
Employee benefits	1,246,738
Purchased services	184,319
Supplies	27,886
Capital outlay	12,499
Other	7,098
	<u>5,358,005</u>
Instruction staff services:	
Salaries	4,192,850
Employee benefits	1,228,127
Purchased services	651,684
Supplies	299,278
Capital outlay	69,422
Other	62,089
	<u>6,503,450</u>
General administration services:	
Salaries	1,685,030
Employee benefits	524,410
Purchased services	414,459
Supplies	58,090
Capital outlay	40,117
Other	32,476
	<u>2,754,582</u>
School administration services:	
Salaries	8,746,192
Employee benefits	2,828,128
Purchased services	92,425
Supplies	116,714
Capital outlay	14,820
Other	36,761
	<u>11,835,040</u>
Business services:	
Salaries	2,961,940
Employee benefits	950,341
Purchased services	389,887
Supplies	554,293
Capital outlay	4,532
Other	113,534
	<u>4,974,527</u>

(Continued)

Cedar Rapids Community School District

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

Major Fund - General

Year ended June 30, 2012

	<u>Actual</u>
Operations and maintenance:	
Salaries	\$ 6,727,759
Employee benefits	2,372,372
Purchased services	1,553,353
Supplies	4,130,774
Capital outlay	18,389
Other	4,610
	<u>14,807,257</u>
Student transportation:	
Salaries	2,955,478
Employee benefits	516,539
Purchased services	687,827
Supplies	1,061,400
Capital outlay	4,609
Other	5,129
	<u>5,230,982</u>
Total support services	<u>51,463,843</u>
Other expenditures, AEA flow-through	<u>6,585,536</u>
Total expenditures	<u>180,145,244</u>
Excess (deficiency) of revenues over expenditures	<u>(1,610,975)</u>
Other financing sources (uses):	
Transfers in	3,639,634
Transfers out	(13,880)
Total other financing sources	<u>3,625,754</u>
Net change in fund balance	2,014,779
Fund balance, beginning of year	9,076,441
Fund balance, end of year	<u>\$ 11,091,220</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, 2012**

	Special Revenue		Capital Projects
	Student Activity	Management	Physical Plant and Equipment Levy
Assets			
Cash and cash equivalents	\$ 1,067,959	\$ 3,406,909	\$ 5,365,604
Receivables:			
Taxes:			
Current year	-	74,186	51,308
Succeeding year	-	10,500,008	4,607,423
Other	509	1,599	-
Due from other governments	-	-	-
Due from other funds	-	-	1,063
Total assets	\$ 1,068,468	\$ 13,982,702	\$ 10,025,398
Liabilities and Fund Balances (Deficit)			
Liabilities:			
Accounts payable	\$ 41,776	\$ 334,741	\$ 569,736
Accrued expenditures	-	3,675,028	-
Due to other governments	-	17,924	-
Due to other funds	36,921	42,993	230,887
Deferred revenue	-	-	-
Unearned revenue:			
Succeeding year taxes	-	10,500,008	4,607,423
Other	-	-	-
Total liabilities	78,697	14,570,694	5,408,046
Fund balances (deficit):			
Restricted	989,771	-	4,617,352
Unassigned	-	(587,992)	-
Total fund balance (deficit)	989,771	(587,992)	4,617,352
Total liabilities and fund balance (deficit)	\$ 1,068,468	\$ 13,982,702	\$ 10,025,398

<u>Capital Projects</u>		
Flood Recovery	Total Nonmajor Governmental Funds	
\$ -	\$ 9,840,472	
-	125,494	
-	15,107,431	
214,583	216,691	
5,671,059	5,671,059	
-	1,063	
<u>\$ 5,885,642</u>	<u>\$ 30,962,210</u>	

\$ 71,664	\$ 1,017,917
-	3,675,028
-	17,924
4,629,458	4,940,259
5,668,151	5,668,151
-	15,107,431
2,859	2,859
<u>10,372,132</u>	<u>30,429,569</u>

-	5,607,123
(4,486,490)	(5,074,482)
<u>(4,486,490)</u>	<u>532,641</u>
<u>\$ 5,885,642</u>	<u>\$ 30,962,210</u>

Cedar Rapids Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2012

	Special Revenue		Capital Projects
	Student Activity	Management	Physical Plant and Equipment Levy
Revenues:			
Local sources:			
Local taxes	\$ -	\$ 7,009,186	\$ 4,496,756
Other local sources	4,150,658	116,737	8,827
State sources	-	3,671	2,261
Federal sources	-	-	-
Total revenues	4,150,658	7,129,594	4,507,844
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	3,122,363	-
Other instruction	4,090,924	-	-
Total instruction	4,090,924	3,122,363	-
Support services:			
Student services	-	2,707	-
Instruction staff services	-	86,566	-
General administration services	-	93,021	-
School administration services	-	611,337	-
Business services	-	167,660	651
Operations and maintenance	-	1,562,279	92,526
Student transportation	-	605,559	-
Total support services	-	3,129,129	93,177
Noninstructional programs:			
Food service	-	97,989	-
Community services	-	93,866	-
	-	191,855	-
Facilities acquisition	-	-	1,465,857
Total expenditures	4,090,924	6,443,347	1,559,034
Excess (deficiency) of revenues over expenditures	59,734	686,247	2,948,810
Other financing sources (uses):			
Transfers in	-	-	309,369
Transfers out	-	(66,349)	(2,235,760)
Total other financing sources (uses)	-	(66,349)	(1,926,391)
Net changes in fund balances	59,734	619,898	1,022,419
Fund balance (deficit), beginning of year	930,037	(1,207,890)	3,594,933
Fund balance (deficit), end of year	\$ 989,771	\$ (587,992)	\$ 4,617,352

<u>Capital Projects</u>		
<u>Flood Recovery</u>		<u>Total Nonmajor Governmental Funds</u>
\$ -	\$	11,505,942
1,423		4,277,645
170,590		176,522
1,566,658		1,566,658
<u>1,738,671</u>		<u>17,526,767</u>
7,217		3,129,580
1,564		4,092,488
<u>8,781</u>		<u>7,222,068</u>
-		2,707
-		86,566
1,543		94,564
-		611,337
21		168,332
687,985		2,342,790
-		605,559
<u>689,549</u>		<u>3,911,855</u>
-		97,989
-		93,866
<u>-</u>		<u>191,855</u>
2,793,713		4,259,570
<u>3,492,043</u>		<u>15,585,348</u>
<u>(1,753,372)</u>		<u>1,941,419</u>
3,860,000		4,169,369
<u>(1,392,412)</u>		<u>(3,694,521)</u>
<u>2,467,588</u>		<u>474,848</u>
714,216		2,416,267
<u>(5,200,706)</u>		<u>(1,883,626)</u>
<u>\$ (4,486,490)</u>	<u>\$</u>	<u>532,641</u>

Cedar Rapids Community School District

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Assets				
Cash	\$ 9,603	\$ 781	\$ (2,667)	\$ 7,717
Liabilities				
Accounts payable	\$ 9,603	\$ 781	\$ (2,667)	\$ 7,717

Cedar Rapids Community School District

Statistical Section

Contents

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
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	68 - 75
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	76 - 80
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	81 - 84
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	85 - 86
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	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

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Governmental activities										
Invested in capital assets*, net of related debt	\$ 42,660,734	\$ 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
Restricted (3)	51,367,431	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
Unrestricted (2)	(1,307,513)	(11,568,320)	1,826,879	2,605,267	14,637,377	13,101,102	9,947,465	12,381,158	6,312,509	284,318
Total Governmental activities	92,720,652	82,534,976	75,192,275	73,050,769	66,062,163	49,875,742	44,952,135	40,347,585	27,688,964	19,145,163
Business type activities										
Invested in capital assets, net of related debt	516,911	546,333	540,774	527,720	564,015	505,235	462,850	453,163	522,688	596,672
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,365,129	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
Total Business type activities	2,882,040	2,613,632	2,317,939	1,898,233	1,941,453	2,044,216	1,807,467	1,461,038	1,029,680	822,955
Primary Government										
Invested in capital assets (1), net of related debt	43,177,645	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
Restricted	51,367,431	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
Unrestricted	1,057,616	(9,501,021)	3,604,044	3,975,780	16,014,815	14,640,083	11,292,082	13,389,033	6,819,501	510,641
Total Primary Government	\$ 95,602,692	\$ 85,148,608	\$ 77,510,214	\$ 74,949,002	\$ 68,003,616	\$ 51,919,958	\$ 46,759,602	\$ 41,808,623	\$ 28,718,644	\$ 19,968,158

Source: CRCS Financial Records

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

(1) Between FY2008 & FY2009 Invested in capital assets net of related debt, increased by \$4.9 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.

(2) 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.

(3) Restricted Net Assets increased from \$32 million to \$51.4 million in FY2012 largely due to an increase of \$17 million in the SILO Fund

**Schedule 2
Cedar Rapids Community School District**

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

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Expenses					
Governmental activities:					
Instruction:					
Regular instruction	\$ 69,875,055	\$ 74,294,843	\$ 72,402,579	\$ 71,990,885	\$ 57,529,082
Special instruction	39,144,288	38,942,281	37,719,118	40,305,169	50,293,076
Vocational instruction	1,376,871	1,329,036	1,227,137	1,182,005	1,138,270
Other instruction	20,624,027	24,545,868	22,605,625	19,943,628	7,261,577
Total Instruction	<u>131,020,241</u>	<u>139,112,028</u>	<u>133,954,459</u>	<u>133,421,687</u>	<u>116,222,005</u>
Support services:					
Student services	5,359,869	4,977,631	4,538,595	4,561,206	4,420,226
Instructional staff services	7,621,472	8,475,277	8,129,012	6,984,503	7,035,747
General administration services	4,653,363	3,545,874	3,538,854	3,281,946	2,825,902
School administration services	12,249,699	13,906,071	12,328,078	12,346,434	11,521,526
Business services	5,680,845	6,068,161	5,622,533	5,936,881	5,772,893
Operations and maintenance	17,982,029	17,837,328	18,398,999	23,205,730	16,265,748
Student transportation	6,610,408	7,359,083	5,548,807	4,615,988	3,944,228
Total support services	<u>60,157,685</u>	<u>62,169,425</u>	<u>58,104,878</u>	<u>60,932,688</u>	<u>51,786,270</u>
Non-instructional programs:					
Food Services	97,989	168,194	201,939	174,635	120,444
Community services	93,866	27,825	17,196	36,646	55,146
Total non-instructional expenditure:	<u>191,855</u>	<u>196,019</u>	<u>219,135</u>	<u>211,281</u>	<u>175,590</u>
Other expenditures:					
Facilities acquisition/construction		-	-	-	1,706,264
Interest on long-term debt	6,969,583	3,033,480	2,467,687	2,964,692	3,131,456
AEA flow through	6,585,536	7,259,732	7,235,780	6,606,831	6,232,507
Total other expenditures	<u>13,555,119</u>	<u>10,293,212</u>	<u>9,703,467</u>	<u>9,571,523</u>	<u>11,070,227</u>
Total governmental activities	<u>204,924,900</u>	<u>211,770,684</u>	<u>201,981,939</u>	<u>204,137,179</u>	<u>179,254,092</u>
Business type activities:					
Non-instructional programs:					
Day care services	4,490,566	4,288,063	3,862,538	3,582,403	3,345,702
Nutrition services	7,666,183	7,468,171	7,377,936	7,267,744	6,889,696
Total Business type activities	<u>12,156,749</u>	<u>11,756,234</u>	<u>11,240,474</u>	<u>10,850,147</u>	<u>10,235,398</u>
Total primary government expenses	<u>217,081,649</u>	<u>223,526,918</u>	<u>213,222,413</u>	<u>214,987,326</u>	<u>189,489,490</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	9,618,215	9,911,113	9,698,875	10,796,979	10,601,806
Support	382,035	404,214	516,918	124,095	158,590
Non-Instruction	663,854	620,996	626,433	595,378	466,431
Operating grants and contributions ⁽¹⁾	28,242,870	38,179,998	42,074,181	29,048,356	24,276,159
Capital grants and contributions ⁽²⁾	3,421,846	6,657,524	2,639,870	10,577,612	50,000
Total governmental activities	<u>42,328,820</u>	<u>55,773,845</u>	<u>55,556,277</u>	<u>51,142,420</u>	<u>35,552,986</u>
Business type activities:					
Charges for services					
Day care services	4,504,350	4,214,767	3,729,707	3,531,998	3,299,664
Nutrition Services	3,308,093	3,389,056	3,555,839	3,457,122	3,440,611
Operating grants and contributions					
Day care services	84,491	79,298	59,221	40,897	22,128
Nutrition Services	4,669,048	4,483,597	4,278,906	3,863,594	3,455,026
Capital grants and contributions					
Day care services	-	-	175,000	-	-
Nutrition Services	-	-	-	62,578	-
Total business type activities	<u>12,565,982</u>	<u>12,166,718</u>	<u>11,798,673</u>	<u>10,956,189</u>	<u>10,217,429</u>
Total primary government revenues	<u>54,894,802</u>	<u>67,940,563</u>	<u>67,354,950</u>	<u>62,098,609</u>	<u>45,770,415</u>
Net (Expense)/Revenue					
Governmental activities	(162,596,080)	(155,996,839)	(146,425,662)	(152,994,759)	(143,701,106)
Business type activities	409,233	410,484	558,199	106,042	(17,969)
Total primary government net expense	<u>\$ (162,186,847)</u>	<u>\$ (155,586,355)</u>	<u>\$ (145,867,463)</u>	<u>\$ (152,888,717)</u>	<u>\$ (143,719,075)</u>

Source: CRCSO Financial Records

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

(1) 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. By the end of FY2012, the federal stimulus program to schools was essentially ended reflecting a decline of nearly \$10 million in this area.

(2) 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				
	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Expenses					
Governmental activities:					
Instruction:					
Regular instruction	\$ 52,798,449	\$ 35,244,717	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781
Special instruction	49,433,979	47,377,434	46,809,075	45,228,653	43,274,213
Vocational instruction	1,052,903	1,033,006	955,000	892,460	976,293
Other instruction	6,991,546	7,269,449	6,501,494	6,946,843	6,195,022
Total Instruction	<u>110,276,877</u>	<u>90,924,606</u>	<u>99,085,313</u>	<u>97,111,906</u>	<u>93,448,309</u>
Support services:					
Student services	4,195,708	4,413,031	3,310,220	4,632,090	4,488,899
Instructional staff services	6,579,274	7,037,494	9,805,511	7,727,069	7,751,257
General administration services	2,351,789	2,811,090	1,436,593	1,034,397	1,121,162
School administration services	10,869,328	10,216,281	8,142,005	7,672,309	7,816,080
Business services	5,092,014	4,771,895	3,461,843	3,607,752	3,606,091
Operations and maintenance	15,502,986	26,502,896	11,312,146	10,913,085	10,968,971
Student transportation	3,383,138	3,212,985	2,746,897	2,314,212	2,448,558
Total support services	<u>47,974,237</u>	<u>58,965,672</u>	<u>40,215,215</u>	<u>37,900,914</u>	<u>38,201,018</u>
Non-instructional programs:					
Food Services	156,605	124,903	-	-	-
Community services	1,266,905	2,511,824	2,438,130	2,361,262	2,242,229
Total non-instructional expenditure	<u>1,423,510</u>	<u>2,636,727</u>	<u>2,438,130</u>	<u>2,361,262</u>	<u>2,242,229</u>
Other expenditures:					
Facilities acquisition/construction	3,251,130	4,008,904	1,953,053	3,967,494	(1,753,066)
Interest on long-term debt	3,230,399	2,452,755	2,108,287	2,205,516	2,319,305
AEA flow through	5,916,552	5,527,722	5,231,164	5,232,029	5,474,160
Total other expenditures	<u>12,398,081</u>	<u>11,989,381</u>	<u>9,292,504</u>	<u>11,405,039</u>	<u>6,040,399</u>
Total governmental activities	<u>172,072,705</u>	<u>164,516,386</u>	<u>151,031,162</u>	<u>148,779,121</u>	<u>139,931,955</u>
Business type activities:					
Non-instructional programs:					
Day care services	1,565,083	-	-	-	-
Nutrition services	6,602,417	6,281,144	6,078,235	5,823,143	5,804,394
Total Business type activities	<u>8,167,500</u>	<u>6,281,144</u>	<u>6,078,235</u>	<u>5,823,143</u>	<u>5,804,394</u>
Total primary government expenses	<u>180,240,205</u>	<u>170,797,530</u>	<u>157,109,397</u>	<u>154,602,264</u>	<u>145,736,349</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	10,595,248	10,646,676	10,617,346	10,768,359	9,716,965
Support	430,377	515,063	428,590	149,079	134,919
Non-Instruction	1,965,778	3,007,013	2,724,666	2,624,322	2,615,026
Operating grants and contributions	21,281,797	19,133,035	17,091,295	16,448,596	15,846,308
Capital grants and contributions	-	25,225	560,383	1,207,873	1,904,931
Total governmental activities	<u>34,273,200</u>	<u>33,327,012</u>	<u>31,422,280</u>	<u>31,198,229</u>	<u>30,218,149</u>
Business type activities:					
Charges for services					
Day care services	1,536,100	-	-	-	-
Nutrition Services	3,455,744	3,427,753	3,456,798	3,333,124	3,263,203
Operating grants and contributions					
Day care services	4,591	-	-	-	-
Nutrition Services	3,524,044	3,370,984	3,082,460	2,737,108	2,491,795
Capital grants and contributions					
Day care services	-	-	-	-	-
Nutrition Services	-	-	-	-	-
Total business type activities	<u>8,520,479</u>	<u>6,798,737</u>	<u>6,539,258</u>	<u>6,070,232</u>	<u>5,754,998</u>
Total primary government revenues	<u>42,793,679</u>	<u>40,125,749</u>	<u>37,961,538</u>	<u>37,268,461</u>	<u>35,973,147</u>
Net (Expense)/Revenue					
Governmental activities	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,892)	(109,713,806)
Business type activities	352,979	517,593	461,023	247,089	(49,396)
Total primary government net expense	<u>\$(137,446,526)</u>	<u>\$(130,671,781)</u>	<u>\$(119,147,859)</u>	<u>\$(117,333,803)</u>	<u>\$(109,763,202)</u>

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									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Net (Expense)/Revenue										
Governmental activities	\$ (162,596,080)	\$ (155,996,839)	\$ (155,996,839)	\$ (146,425,662)	\$ (143,701,106)	\$ (137,799,505)	\$ (131,189,374)	\$ (119,608,882)	\$ (117,580,891)	\$ (109,713,805)
Business-type activities	409,233	410,484	410,484	558,199	(17,969)	352,979	517,593	461,023	247,089	(49,396)
Total primary government net expense	(162,186,847)	(155,586,355)	(155,586,355)	(145,867,463)	(143,719,075)	(137,446,526)	(130,671,781)	(119,147,859)	(117,333,802)	(109,763,201)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes levied for general purposes(1)	65,690,272	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
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
Property taxes levied for capital projects	4,266,592	4,062,241	4,025,457	4,036,178	4,273,948	4,024,504	3,985,918	4,197,782	4,053,427	4,039,955
Local option sales tax(2)	15,499,785	16,467,769	16,792,473	16,910,932	16,198,462	-	-	-	-	-
Income surtaxes	6,245,479	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
Grants not restricted to specific programs	75,965,607	71,276,920	61,566,974	73,743,422	73,666,870	71,330,072	67,944,624	64,003,288	61,534,666	61,187,961
Investment earnings	2,221,668	248,167	1,096,081	1,807,149	2,949,098	3,346,105	1,510,041	892,596	500,030	1,097,711
Miscellaneous	2,656,601	1,780,172	2,103,712	457,346	520,723	739,479	968,048	1,124,595	901,678	810,726
Transfers	235,752	242,600	202,168	193,867	191,366	251,678	231,757	60,251	60,026	-
Total Governmental activities	172,781,756	163,339,540	148,567,168	159,929,564	159,887,527	142,723,112	135,793,924	132,267,503	126,124,692	125,588,108
Business-type activities										
Investment earnings	3,081	6,596	6,270	27,090	92,021	95,425	59,219	27,292	5,721	5,625
Miscellaneous	91,846	121,213	57,405	17,515	14,551	40,023	1,374	3,294	13,901	1,125
Transfers	(235,752)	(242,600)	(202,168)	(193,867)	(191,366)	(251,678)	(231,757)	(60,251)	(60,026)	-
Total Business-type activities	(140,825)	(114,791)	(138,493)	(149,262)	(84,794)	(116,230)	(171,164)	(29,665)	(40,404)	6,750
Total primary government	172,640,931	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
Change in Net Assets										
Governmental activities	10,185,676	7,342,701	(7,429,671)	13,503,902	16,186,421	4,923,607	4,604,550	12,668,621	8,543,801	15,874,303
Business-type activities	268,408	295,693	271,991	408,937	(102,763)	236,749	346,429	431,358	206,685	(42,646)
Total primary government	\$ 10,454,084	\$ 7,638,394	\$ (7,157,680)	\$ 13,912,839	\$ 16,083,658	\$ 5,160,356	\$ 4,950,979	\$ 13,089,979	\$ 8,750,486	\$ 15,831,657

Source: CRCSO Financial Records

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

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

(2) 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									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
General Fund										
Nonspendable	\$ 272,678	\$ 202,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,215,252	3,291,584	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	6,603,290	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
Unreserved	-	-	999,069	11,524,431	19,386,712	19,914,489	16,545,221	15,267,504	8,294,363	3,340,298
Total general fund	11,091,220	9,076,441	6,960,785	17,107,487	23,287,417	21,007,575	18,756,135	16,769,374	10,107,759	4,943,345
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (5)	55,758,753	32,282,105	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,758,335	2,758,335	-	-	-	-	-	-	-	-
Unassigned	(5,074,482)	(6,408,596)	-	-	-	-	-	-	-	-
Reserved (1)	-	-	20,853,726	8,522,609	7,402,039	1,760,326	2,743,460	3,858,076	6,855,379	13,403,729
Unreserved, reported in:										
Capital projects funds (3)	-	-	(7,195,996)	4,837,202	4,985,622	-	-	-	-	-
Special revenue funds (4)	-	-	1,646,533	872,521	5,987,767	7,440,311	4,790,200	2,467,660	3,771,615	4,255,298
Debt service funds (2)	-	-	113,436	24,769,620	31,805,918	31,884,219	31,897,942	26,096	714	64,570
Total all other governmental funds	53,442,606	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
Total all governmental funds	\$ 64,533,826	\$ 37,708,285	\$ 22,378,484	\$ 56,109,439	\$ 73,468,763	\$ 62,092,431	\$ 58,187,737	\$ 23,121,206	\$ 20,735,467	\$ 22,666,942

Source: CRCSD Financial Records

Notes:
GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in fiscal year 2011. As a result, all fund balances information beginning with fiscal year 2011 are based upon this new statement. For additional information on GASB Statement No. 54, please refer to the note entitled, "Fund Balances" in the Notes to the Basic Financial Statements.

(1) 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.

(2) 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.

(3) 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.

(4) 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									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Federal Sources:										
Federal grants(1)	\$ 11,889,036	\$ 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
Total federal sources	11,889,036	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
State Sources:										
State foundation aid*	74,460,283	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
State grants and other	20,670,969	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
Total state sources	95,131,252	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
Local sources										
Local taxes	92,502,128	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
Tuition	4,755,530	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
Other local sources	11,134,514	8,585,502	8,850,824	9,083,484	9,681,740	12,261,546	11,860,064	10,970,372	10,419,494	9,591,056
Total local sources	108,392,172	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
Total governmental revenues	\$ 215,412,460	\$ 217,463,248	\$ 204,160,331	\$ 206,515,265	\$ 195,249,147	\$ 176,744,638	\$ 168,436,114	\$ 163,629,533	\$ 157,286,283	\$ 155,745,343

Source: CRCS Financial Records

(1) Federal stimulus monies received in FY2010 and FY2011 had the effect of increasing the federal grants category, 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 in large part replaced these dollars with federal stimulus monies. For FY2012, State foundation aid funding has returned to "expected" levels.

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Instruction:										
Regular instruction	\$ 68,184,007	\$ 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
Special instruction	39,143,434	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
Vocational instruction	1,367,548	1,334,357	1,230,077	1,174,301	1,133,476	1,077,036	1,028,230	950,062	881,919	981,137
Other instruction	20,622,944	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
Total Instruction	129,317,933	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
Support services:										
Student services	5,360,712	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
Instructional staff services	7,683,992	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
General administration services	2,849,146	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
School administration services	12,446,377	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
Business services	5,146,159	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
Operations and maintenance	17,242,210	17,387,785	18,020,623	22,550,281	16,268,827	14,962,507	14,441,325	11,337,023	10,923,158	11,017,275
Student transportation	5,836,541	6,750,524	5,055,464	5,156,301	4,034,637	3,374,731	2,855,444	2,924,427	2,287,491	2,655,153
Total support services	56,565,137	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
Non-instructional programs:										
Food service	97,989	168,194	201,939	174,635	120,444	156,605	124,903	-	-	-
Community services	93,866	27,825	17,196	8,727	55,146	1,367,196	2,499,084	2,439,805	2,336,378	2,354,653
Total non-instructional services	191,855	196,019	219,135	183,362	175,590	1,523,801	2,623,987	2,439,805	2,336,378	2,354,653
Other expenditures:										
AEA flowthrough	6,585,536	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
Debt Service	2,495,000	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
Principal	5,838,578	1,992,902	2,619,410	3,044,468	3,139,398	3,569,506	2,021,843	2,115,993	2,208,143	3,001,695
Bond Issuance Costs	924,019	759,582	-	-	-	-	-	-	-	-
Capital Outlay	40,609,496	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
Facility acquisition/construction	56,452,629	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
Total other expenditures	\$ 242,527,554	\$ 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
Total expenditures										
Transfers out	21,406,538	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
Total expenditures and transfers	\$ 263,934,092	\$ 255,832,918	\$ 245,257,372	\$ 229,359,037	\$ 189,926,548	\$ 176,668,958	\$ 167,313,323	\$ 162,640,175	\$ 159,624,315	\$ 171,247,555
Debt service as a percentage of noncapital expenditures	4.07%	2.11%	13.01%	5.81%	2.91%	3.41%	2.60%	3.44%	2.91%	3.01%

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									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Excess of revenues over (under) expenditures	\$ (27,115,094)	\$ (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)
Other Financing Sources (Uses)										
General obligation bond proceeds	53,425,000	30,000,000	-	-	-	-	31,385,000	-	-	-
Qualified School Construction Bonds	-	11,842,461	-	-	-	-	-	-	-	-
Qualified zone academy bond proceeds, (QZAB)	-	-	-	-	-	-	-	-	-	-
Capital loan proceeds	-	-	-	-	-	-	-	-	-	-
Premium on bonds	279,883	231,000	-	-	-	-	753,744	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	13,051	7,040
Payment to refunding escrow agent	-	-	-	-	-	-	(300,709)	-	-	-
Operating transfers in	21,642,290	11,626,010	6,778,302	7,004,359	6,053,733	3,829,014	2,105,675	1,396,381	393,506	399,325
Operating transfers out	(21,406,538)	(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)
Total other financing sources (uses)	53,940,635	42,316,061	202,168	193,867	191,366	251,678	32,069,792	60,251	73,077	67,954
Special item, misappropriated collections (1)	-	-	587,784	-	-	-	-	-	-	-
Net change in fund balances	\$ 26,825,541	\$ 15,329,801	\$ (33,730,955)	\$ (15,839,413)	\$ 11,376,332	\$ 3,904,694	\$ 35,066,501	\$ 2,385,739	\$ (1,931,475)	\$ (15,095,887)

Source: CRCSO Financial Records

(1) 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. Increases in fund balances in FY2011 and FY2012 are the result of SILO fund back debt sales totaling \$95.3 million during the period.

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)						
		Agriculture	Residential (net of personal exemptions)	Commercial	Industrial	Railroad	Utility with Gas & Elect	Total
2010	2012	\$45,857,297	\$5,895,100,852	\$1,367,243,273	\$102,818,639	\$10,607,098	\$679,104,065	\$8,100,731,224
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

Calendar Year Assessed	State Rollback Factors					
	Agriculture	Residential	Commercial	Industrial	Railroad	Utility
2010	69.0152%	48.5299%	100.0000%	100.0000%	100.0000%	100.0000%
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%

Source: Linn County Auditor

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

Schedule 8 (continued)
Cedar Rapids Community School District

Assessed Value and Taxable Value of Property

Last Ten Fiscal Years

Taxable Valuations <i>(Excluding Tax Increment Financing (TIF) Property)</i>							Total
Agriculture	Residential <small>(net of personal exemptions)</small>	Commercial	Industrial	Railroad	Utility	Total	District Levy Rate
\$31,643,323	\$2,804,984,611	\$1,366,868,202	\$102,818,639	\$10,607,098	\$279,691,349	\$4,596,613,222	15.16034
30,413,090	2,630,471,146	1,385,371,036	101,590,297	9,418,247	269,938,673	4,427,202,489	15.17046
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

Source: Linn County Auditor

Schedule 9
Cedar Rapids Community School District

Direct and Overlapping Property Tax Rates

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

Fiscal Year	Cedar Rapids Community Schools District Direct Rates			Overlapping Rates ⁽¹⁾						
	General Purposes	Capital Purposes	Total	City of Cedar Rapids	Town of Bertram	City of Hiawatha	City of Marion	Town of Palo	Town of Robins	Linn County
2012	14.22226	0.93808	15.16034	15.21621	4.26166	15.53068	13.50980	11.85206	8.60023	6.11117
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

Source: Linn County Auditor

(1) Note: Includes levies for operating and debt service costs.

Schedule 10
Cedar Rapids Community School District
Principal Property Taxpayers
Current Year and Nine Years Ago

		Assessed Value 2010 for FY 2012 Revenue			Assessed Value 2001 for FY 2003 Revenue			
		Type of Business	FY10 Rank	Amount	Percentage of Total Assessed Valuation	FY01 Rank	Amount	Percentage of Total Assessed Valuation
Interstate Power/Alliant/IES Steam	Electrical and gas utility		1	\$ 361,340,558	4.4%	1	\$ 248,429,859	4.2%
Nextera Energy Duane Arnold Plant	Electrical utility		2	153,519,510	1.9%	-	-	-
AEGON/Life Investors Inc.	Insurance		3	50,857,943	0.6%	2	54,548,607	0.9%
Central Iowa Power	Electrical utility		4	36,596,478	0.4%	-	-	-
ITC Midwest LLC	Electrical utility		5	35,384,642	0.4%	-	-	-
MidAmerican Energy	Electrical and gas utility		6	34,082,205	0.4%	4	24,430,661	0.4%
Hy-Vee Food Stores Inc.	Grocery		7	27,800,925	0.3%	-	-	-
Mercy Hospital/Mercy Care Manager Hospital/Medical Clinics			8	24,299,384	0.3%	-	-	-
Qwest	Telecommunications		9	22,712,436	0.3%	6	22,505,267	0.4%
Walmart & Sam's Club	Retail		10	21,531,059	0.3%	-	-	-
Westdale Capital Investments	Residential Housing		-	-	-	3	49,261,999	0.8%
Cargill Inc.	Grain Processing		-	-	-	5	23,921,244	0.4%
Quaker Oats Company	Cereal grain processing		-	-	-	7	18,029,139	0.3%
Penford Products	Cornstarch processing		-	-	-	8	17,533,249	0.3%
MCI Telecommunications Corp.	Telephone utility		-	-	-	9	16,220,693	0.3%
Windsor on the River LLC	Commercial Real Estate		-	-	-	10	14,776,121	0.2%
Total				\$ 768,125,140	9.3%		\$ 489,656,839	8.2%

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	Total Current	Current June	Collected within the Fiscal Year of the Levy	Delinquent Tax Collections (1)	Total Tax Collections
	Fiscal Year	Tax Collections	Tax Collections	Amount	Amount	Amount
				Percent of Levy		Percent of Levy
2012	\$ 69,864,901	\$ 69,909,567	\$ 727,345	\$ 69,182,222	\$ 67,042	\$ 69,249,264
2011	67,108,461	67,110,199	825,699	66,284,500	201,493	66,485,993
2010	61,170,457	59,481,415	1,077,430	58,403,985	64,001	58,467,986
2009	58,614,162	58,347,217	802,705	57,544,512	612,298	58,156,810
2008	59,659,811	59,093,282	274,757	58,818,525	(10,393)	58,808,132
2007	61,312,422	61,442,992	800,875	60,642,117	94,699	60,736,816
2006	62,132,270	61,923,318	766,557	61,156,761	50,584	61,207,345
2005	63,213,538	62,969,294	873,275	62,096,019	572,181	62,668,200
2004	61,416,731	60,184,324	630,166	59,554,158	(17,118)	59,537,040
2003	59,637,988	59,375,186	534,857	58,840,329	161,615	59,001,944

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

Fiscal Year	Governmental Activities										Total Debt Per Capita ⁽¹⁾	Bonded Debt Per Capita ⁽²⁾	Ratio of Bonded Debt to Taxable Value of Property	
	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 ⁽³⁾	Taxable Value of Property				
2012	\$83,425,000	\$11,842,461	\$25,995,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$121,262,461	\$100	\$4,596,613,222	0.57%
2011	30,000,000	11,842,461	28,490,000	-	-	-	-	-	-	-	70,332,461	110	4,413,597,697	0.65%
2010	-	-	30,880,000	-	-	-	-	-	-	-	30,880,000	120	4,379,304,353	0.71%
2009	-	-	31,385,000	26,300,000	-	-	-	-	-	-	57,685,000	226	4,252,041,112	1.36%
2008	-	-	31,385,000	35,350,000	-	-	-	-	-	-	66,735,000	264	4,128,554,614	1.62%
2007	-	-	31,385,000	37,400,000	-	-	-	-	-	-	68,785,000	276	4,085,717,578	1.68%
2006	-	-	31,385,000	39,325,000	325,000	-	-	-	-	-	71,035,000	286	4,050,367,970	1.75%
2005	-	-	-	41,225,000	635,000	-	-	5,000,000	-	-	46,860,000	168	3,988,485,012	1.03%
2004	-	-	-	43,025,000	940,000	-	-	-	-	-	44,965,000	181	3,976,283,189	1.08%
2003	-	-	-	44,800,000	1,235,000	-	-	5,600,000	-	-	52,635,000	189	3,858,278,079	1.25%

Source: District Financial Reports, Woods & Poole Economics

Notes:

(1) Percentage Personal Income and Per Capita figures are based upon Cedar Rapids Metropolitan Statistical Area data from the corresponding calendar year.

(2) Includes Refunding, QZAB and General Obligation Bonds.

(3) Taxable valuations exclude TIF valuations

**Schedule 13
Cedar Rapids Community School District**

Pledged-Revenue Coverage

Last Ten Fiscal Years

Local Option Sales Tax Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2012	\$16,299,785	\$ -	\$3,880,727	\$ 4.20
2011	15,667,769	-	694,531	22.56
2010	-	-	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-
2003	-	-	-	-

Source: District Financial Reports, Woods & Poole Economics

**Schedule 14
Cedar Rapids Community School District**

Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit (1)	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$25,995,000	100.00 %	\$25,995,000
Overlapping:			
City of Cedar Rapids	\$337,485,000	68.89 %	\$232,493,417
City of Hiawatha	\$19,695,000	100.00 %	\$19,695,000
City of Marion	\$28,455,000	1.81 %	\$515,036
City of Robins	\$7,290,000	67.85 %	\$4,946,265
Kirkwood Community College	\$19,985,000	23.77 %	\$4,750,435
Linn County	\$21,240,000	52.23 %	\$11,093,652
Total Overlapping	434,150,000		273,493,805
Total Direct and Overlapping Debt	\$460,145,000	65.09 %	\$299,488,805

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.

(1)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 15
Cedar Rapids Community School District

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Assessed valuation	\$ 8,100,731,224	\$ 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
Legal debt limit (5% of Assessed Valuation)	405,036,561	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
District debt applicable	121,262,461	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
Legal debt margin	\$ 283,774,100	\$ 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
District debt applicable as a percentage of Legal debt limit	29.9%	18.0%	8.0%	8.6%	9.7%	10.6%	11.9%	13.0%	14.8%	15.8%

Source: District Financial Records and Linn County Auditor

**Schedule 16
Cedar Rapids Community School District**

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate %
2011	259,830	\$9,657,820,000	\$37,170	5.7%
2010	258,220	9,280,080,000	35,939	6.2
2009	256,900	9,162,170,000	35,664	5.4
2008	255,500	9,248,960,000	36,199	4.0
2007	252,710	9,001,520,000	35,620	3.6
2006	249,520	8,594,370,000	34,444	3.8
2005	247,260	8,316,140,000	33,633	4.7
2004	245,110	8,249,960,000	33,658	4.9
2003	243,270	8,056,080,000	33,116	4.8
2002	242,100	8,051,130,000	33,255	4.4

Sources:

Woods and Poole Economics 2012 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 17
Cedar Rapids Community School District

Principal Employers
Current Year and Nine Years Ago

	2012			2003		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment (1)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>
Rockwell Collins Inc.	7,162	1	4.08%	7,150	1	4.51%
Mercy Medical Center	2,862	2	1.63%	1,973	8	1.24%
Cedar Rapids Community Schools	2,860	3	1.63%	2,775	2	1.75%
AEGON USA, Inc.	2,632	4	1.50%	2,435	4	1.54%
St. Luke's Hospital	2,400	5	1.37%	2,409	5	1.52%
Whirlpool Corporation	2,300	6	1.31%	2,288	6	1.44%
MCI Communications (Worldcom)	1,880	7	1.07%	2,000	7	1.26%
City of Cedar Rapids	1,700	8	0.97%			
Hy-Vee Food Stores	1,691	9	0.96%	2,456	3	1.55%
Alliant Energy	1,650	10	0.94%	1,650	10	1.04%
McLeodUSA				1,778	9	1.12%
Totals	27,137		15.46%	26,914		16.97%

Sources:

Cedar Rapids Chamber of Commerce - Community Resource and Business Guides for years 2012 and 2003 for individual employer employment.
Woods and Poole Economics 2012 Data Pamphlet - for total employment.

**Schedule 18
Cedar Rapids Community School District**

Full Time-Equivalent (1) District Employee by Type

Last Ten Fiscal Years

	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05	FY04	FY03	FY2003-2012 Percentage Change
Administration											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Deputy/Assistant Superintendent	1.0	1.0	1.0	1.0	2.0	2.0	2.0	0.0	1.0	1.0	0.0%
Principals and Assistants	48.0	48.0	48.0	48.0	48.0	49.0	49.0	51.0	50.0	50.0	-4.0%
District Administrators	12.0	13.0	13.0	14.0	13.0	13.0	13.0	13.0	15.0	14.0	-14.3%
Supervisors	7.0	7.0	8.0	9.0	8.0	8.0	7.0	7.0	7.0	8.0	-12.5%
Total Administration	69.0	70.0	71.0	73.0	72.0	73.0	72.0	72.0	74.0	74.0	-6.8%
Teachers											
PreK-12 (3), Music, Physical Education and Art	938.1	952.1	969.5	940.8	942.0	933.0	930.5	906.1	921.7	940.0	-0.2%
Special Education	213.6	218.4	219.4	252.9	258.1	265.5	255.8	249.5	257.0	253.2	-15.6%
Federal Programs	23.1	39.9	41.3	27.2	26.0	23.0	22.3	20.2	19.2	21.0	10.0%
Media Specialist	21.5	24.0	25.0	23.3	24.7	23.7	24.7	24.7	32.4	32.4	-33.6%
Counselors	49.8	47.0	48.8	48.6	46.3	46.0	45.5	45.1	45.4	44.4	12.2%
Total Teachers	1,246.1	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	-3.5%
Support Personnel											
Clerical	182.2	184.7	182.8	178.1	183.5	180.7	182.3	175.3	180.5	187.3	-2.7%
Teacher aides, Special Education	272.2	295.8	257.0	273.6	268.1	281.2	274.7	264.5	258.7	243.1	12.0%
Teacher aides, regular	132.0	135.2	124.1	120.2	95.1	90.4	81.6	84.2	82.2	90.0	46.7%
Custodial and maintenance	161.1	163.3	171.4	170.3	168.4	169.9	171.9	174.4	173.3	179.0	-10.0%
Bus drivers/Attendants	115.0	113.6	111.0	105.7	105.6	104.1	98.9	98.2	92.9	93.0	23.7%
Food service workers	138.4	141.5	134.3	133.9	136.8	133.6	130.6	129.4	132.1	130.1	6.4%
Nurses/Volunteer Coordinator	14.0	14.5	14.5	15.5	15.5	15.1	14.7	14.7	14.5	13.3	5.3%
Crafts and trades	12.0	18.6	22.8	18.1	18.9	19.6	18.1	18.4	19.4	20.1	-40.3%
Data processing	0.0	0.0	3.5	3.8	3.8	3.8	3.8	3.8	3.8	3.8	-100.0%
Day care	117.7	108.1	105.0	99.8	101.0	97.1	92.3	88.0	87.1	85.3	38.0%
Other(2)	69.8	65.8	54.3	55.5	57.3	58.1	63.6	66.4	64.9	67.1	4.0%
Total Support Personnel	1,214.4	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	9.2%
Total Staff	2,529.5	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	2.1%

Source: District Human Resources Department

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

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

(3) 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 19
Cedar Rapids Community School District

Operating Statistics

Last Ten Fiscal Years

Fiscal Year	General Fund - Expenditures			All District Funds - Expenses			Teaching Staff (FTE ⁽¹⁾)	Resident Pupil-Teacher Ratio	Students Receiving Free or Reduced Price Meals	
	Certified Enrollment*	Net Expenditures*	Cost per Pupil(1) Percentage Change	Statement of Activities Expenses	Cost per Pupil Percentage Change	Number			Percentage	
2012	16,778	\$173,562,623	\$10,345 3.7%	\$217,081,649	\$12,938 2.7%	1,246.1	13.5	7,492	44.7%	
2011	16,810	171,958,506	10,230 2.5%	223,526,918	13,297 5.6%	1,281.4	13.1	7,371	43.5%	
2010	16,929	168,930,455	9,979 8.4%	213,222,413	12,595 2.5%	1,304.0	13.0	7,030	41.1%	
2009	17,502	161,150,592	9,208 9.7%	214,987,326	12,284 15.0%	1,292.8	13.5	6,691	38.2%	
2008	17,746	148,901,190	8,391 4.2%	189,489,490	10,678 4.7%	1,297.1	13.7	6,624	37.3%	
2007	17,677	142,338,991	8,052 6.0%	180,240,205	10,196 6.0%	1,291.1	13.7	6,596	37.3%	
2006	17,754	134,874,912	7,597 8.6%	170,797,530	9,620 8.3%	1,278.8	13.9	6,455	36.4%	
2005	17,691	123,723,873	6,994 3.3%	157,109,397	8,881 1.4%	1,245.6	14.2	6,246	35.3%	
2004	17,656	119,487,777	6,768 1.9%	154,602,264	8,756 7.3%	1,275.7	13.8	5,749	32.6%	
2003	17,861	118,590,073	6,640 -1.5%	145,736,349	8,159 -11.8%	1,291.0	13.8	5,554	31.1%	

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

Notes:

(1) 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 20
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Building	Fiscal Year									
	<u>2012</u>	<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>
High Schools (9-12)										
Jefferson (1959)	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	271,292
Square feet	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,803	1,803	1,577
Capacity	1,525	1,538	1,625	1,655	1,667	1,632	1,579	1,563	1,614	1,651
Enrollment										
Kennedy (1968)										
Square feet	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	249,342
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,804	1,804	1,558
Enrollment	1,766	1,792	1,790	1,807	1,813	1,829	1,885	1,781	1,748	1,677
Metro (1971)										
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	450	451	451	451
Enrollment	415	462	585	566	568	556	569	575	543	578
Washington (1959)										
Square feet	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	277,844
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,797	1,797	1,597
Enrollment	1,409	1,414	1,435	1,476	1,531	1,651	1,620	1,595	1,539	1,626
Middle Schools (6-8)										
Franklin (1922)	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148
Square feet	700	700	700	700	700	700	700	699	699	699
Capacity	636	622	640	640	653	630	651	657	658	667
Enrollment										
Harding (1964)										
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	900	901	901	901
Enrollment	870	895	835	876	880	952	928	926	883	872

Schedule 20
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Building	Fiscal Year									
	<u>2012</u>	<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>
McKinley (1922)										
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	700	699	699	699
Enrollment	562	561	541	516	512	555	618	659	712	736
Roosevelt (1924)										
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	549	555	504	496	570	628	645	646	643	651
Taft (1965)										
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	700	701	701	701
Enrollment	658	653	646	667	699	730	738	713	699	685
Elementary Schools										
Arthur (1914)										
K-5										
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	400	398	398	398
Enrollment	339	332	312	316	302	312	328	333	318	334
Cleveland (1950)										
K-5										
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	500	498	498	498
Enrollment	309	301	320	366	328	359	370	375	385	409
Coolidge (1967)										
K-5										
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	500	501	501	501
Enrollment	424	408	458	433	423	413	421	420	410	379

Schedule 20
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Building		Fiscal Year											
		<u>2012</u>	<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>		
Erskine (1955)	K-5												
	Square feet	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675
	Capacity	400	400	400	400	400	400	400	399	399	399	399	399
	Enrollment	300	312	325	321	354	362	362	356	330	341	341	341
Garfield (1930)	K-5												
	Square feet	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224
	Capacity	400	400	400	400	400	400	400	398	398	398	398	398
	Enrollment	187	222	287	295	306	328	318	309	295	281	281	281
Gibson (2002)	K-5												
	Square feet	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805	74,805
	Capacity	600	600	600	600	600	600	600	598	598	598	598	598
	Enrollment	545	545	562	535	545	521	542	503	448	451	451	451
Grant (1961)	K-1												
	Square feet	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919
	Capacity	450	450	450	450	450	450	450	448	448	448	448	448
	Enrollment	151	154	151	179	223	234	237	192	179	180	180	180
Grant Wood (1948)	K-5												
	Square feet	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172
	Capacity	500	500	500	500	500	500	500	502	502	502	502	502
	Enrollment	292	301	304	331	352	335	321	335	362	363	363	363
Harrison (1930)	K-5												
	Square feet	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677
	Capacity	550	550	550	550	550	550	550	552	552	552	552	552
	Enrollment	271	255	243	311	389	404	397	406	407	431	431	431
Hiawatha (1956)	K-5												
	Square feet	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787
	Capacity	550	550	550	550	550	550	550	552	552	552	552	552
	Enrollment	390	382	395	424	462	400	457	412	399	391	391	391

Schedule 20
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years

Building		Fiscal Year											
		<u>2012</u>	<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>		
Hoover (1954)	K-5												
	Square feet	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	39,427	39,427	39,427	39,427
	Capacity	500	500	500	500	500	500	500	498	349	349	349	349
	Enrollment	338	342	367	358	360	307	282	291	284	304	304	304
Jackson (1970)	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
	Capacity	540	540	540	540	540	540	540	537	537	537	537	537
	Enrollment	348	354	345	331	331	318	305	286	282	283	283	283
Johnson (1955)	K-5												
	Square feet	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
	Capacity	500	500	500	500	500	500	500	502	502	502	502	502
	Enrollment	224	243	230	279	304	311	319	353	366	397	397	397
Kenwood (1950)	K-5												
	Square feet	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660
	Capacity	500	500	500	500	500	500	500	502	502	502	502	502
	Enrollment	259	269	325	331	301	319	276	267	285	303	303	303
Madison (1961)	K-5												
	Square feet	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919
	Capacity	400	400	400	400	400	400	400	399	399	399	399	399
	Enrollment	286	274	286	273	284	277	280	279	262	256	256	256
Monroe (1961) (2)	K-only												
	Square feet	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175
	Capacity	350	350	350	350	350	350	350	348	348	348	348	348
	Enrollment	220	189	196	234	253	280	262	237	255	251	251	251
Nixon (1970)	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
	Capacity	540	540	540	540	540	540	540	537	537	537	537	537
	Enrollment	278	285	301	301	310	318	325	351	309	332	332	332

Schedule 20
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Building	Fiscal Year									
	<u>2012</u>	<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>
Pierce (1965)										
K-5										
Square feet	47,308	47,308	47,308	47,308	47,308	47,308	47,308	47,308	43,471	43,471
Capacity	475	475	475	475	475	475	475	473	435	435
Enrollment	439	480	471	465	446	439	466	459	450	440
Polk (1961) (2)										
K-5										
Square feet	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	350	348	348	348
Enrollment	214	192	195	220	212	224	209	204	200	221
Taylor (1973) (1)										
K-5										
Square feet	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	475	477	477	477
Enrollment	237	228	232	0	268	232	239	256	270	275
Truman (1961)										
Square feet	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	400	401	401	401
Enrollment	330	340	335	352	351	339	319	334	336	344
Van Buren (1970)										
K-5										
Square feet	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	475	476	476	476
Enrollment	410	404	350	385	392	360	369	374	412	418
Wright (1953)										
K-5										
Square feet	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	375	374	374	374
Enrollment	260	258	232	248	221	232	251	241	230	210

Schedule 20
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
 Last Ten Fiscal Years

Building	Fiscal Year									
	<u>2012</u>	<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>
Grades 2-8 School										
Wilson (1928)										
Grades 2-8	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807
Square feet	650	650	650	650	650	650	650	652	652	652
Capacity	223	238	270	289	252	229	216	236	276	272
Enrollment (2-5)	285	266	252	248	276	302	315	301	314	327
Enrollment (6-8)	508	504	522	537	528	531	531	537	590	599
Total Enrollment										
Totals										
Square feet	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,802,562	2,781,892	2,668,966
Capacity	20,930	20,930	20,930	20,930	20,930	20,930	20,930	20,925	20,738	20,066
Building Enrollment	15,949	16,066	16,345	16,524	17,138	17,318	17,419	17,225	17,103	17,336
Percent Capacity	76.20%	76.76%	78.09%	78.95%	81.88%	82.74%	83.23%	82.32%	82.47%	86.39%

Source: RSP Consultants May 9, 2011 Enrollment Report and District Records

- (1) Taylor Elementary School was closed for the 2008-2009 school year due to damage caused by the 2008 flood. It reopened for the 2009-2010 school year.
- (2) At the conclusion of the 2011-12 school year, Monroe and Polk Elementary Schools were closed due to declining enrollment. Polk will remain open as Polk Alternative Education Center to serve students of special needs



**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, 2012, which collectively comprise Cedar Rapids Community School District's basic financial statements and have issued our report thereon dated November 26, 2012. 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 12-II-A that we consider to be a significant deficiency in internal control over financial reporting. 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.

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, 2012, 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 November 26, 2012.

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 LLP

Davenport, Iowa
November 26, 2012



**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 the compliance of Cedar Rapids Community School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 12-III-A.

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

This report is intended solely for the information and use of management, the Board of Education, 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 LLP

Davenport, Iowa
November 26, 2012

Cedar Rapids Community School District

**Schedule of Expenditures of Federal Awards
Year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Direct:			
U.S. Department of Education:			
Fund for the Improvement of Education - Bringing History Home Program	84.215	N/A	\$ 310,955
U.S. Department of Human Services:			
HRSA - Affordable Care Act (ACA) Grant	93.501	N/A	11,718
Total direct			<u>322,673</u>
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
National School Lunch Program	10.555	4553	3,245,475
School Breakfast Program	10.553	4552	878,560
Fresh Fruit & Vegetable Pilot Program	10.582	Various	25,557
Child and Adult Care Food Program	10.558	4554	84,491
National School Lunch Program - USDA Commodities (noncash)	10.555	4951	447,122
			<u>4,681,205</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Education Jobs Fund	84.410	4041	1,486,844
Title I Grants to Local Educational Agencies	84.010	4501	2,513,757
Title I Grants to Local Educational Agencies - Delinquent	84.010	4501/431	25,931
Title I Grants to Local Educational Agencies - Carryover	84.010	4508	166,165
Title I Grants to Local Educational Agencies - SINA	84.010	4501/432	68,524
ARRA - Title I - Grants to Local Educational Agencies - Stabilization Funds	84.389	4026	180,042
Special Education Grants to States - IDEA Part B - High Cost Funds	84.027	4511	109,664
Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program	84.367	4643	672,253
Special Education Improvement Grants	84.323	4526	18,989
Title III - Immigrant Children & Youth	84.365	4644	20,229
Safe and Drug Free Schools and Communities	84.186	4591	33,899
Gear up Iowa	84.334	4674	31,100
Perkins Vocational Education Program - Basic Grant	84.048	4531	207,840
Title VI A Grants for State Assessments and Related Activities -			
NCLB Assessment Grant	84.369	4648	105,190
E2T2 - Enhancing Education Through Technology	84.318	4585	10,993
Education for Homeless Children and Youth	84.196	4565	21,644
AP - Advanced Placement Program	84.330	4654	3,931
			<u>5,676,995</u>

(Continued)

Cedar Rapids Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Indirect:			
U.S. Department of Education:			
Passed through Grant Wood Area Education Agency: Special Education Grants to States IDEA Part B	84.027	4720	<u>983,387</u>
Passed through School Administrators of Iowa iSPIN - Iowa Statewide Parent Information	84.310	4795	<u>3,521</u>
U.S. Department of Human Services:			
Passed through Linn County, Iowa: Empowerment Federal Funds	93.575	N/A	<u>103,915</u>
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security: Disaster Grants - Public Assistance	97.036	42602355105	2,995,066
Hazard Mitigation Grant - Safe Room	97.039	N/A	<u>102,538</u>
			<u>3,097,604</u>
Total Indirect			<u>14,546,627</u>
Total expenditures of federal awards			<u>\$ 14,869,300</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, 2012

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, 2012. 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, 2012**

Finding		Status	Corrective Action Plan or Other Explanation
Significant Deficiencies in Internal Control			
11-II-A	The District has an unreconciled undistributed payroll general ledger account.	Corrected	
11-II-B	The District does not have adequate controls over the recording of the District's financial transactions.	Corrected	
11-II-C	The District does not have an adequate system in place over capital assets.	Partially Corrected	See corrective action plan at 12-II-A.
Instances of Noncompliance Over Administering Federal Awards			
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.	Corrected	
11-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 12-III-A.
Other Findings Related to Statutory Reporting			
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.	Corrected	
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.	Not Corrected	See corrective action plan at 12-IV-G.
11-IV-I	The District invested in a Certificate of Deposit that was less than the required minimum interest rate.	Corrected	
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.	Not Corrected	See corrective action plan at 12-IV-M.

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

I. Summary of the 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

Dollar threshold used to distinguish between type A and type B programs: \$446,079

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, 2012

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

A. Internal Control

12-II-A

Finding: The District does not have an adequate system in place to properly maintain capital asset records, including construction in progress and to automatically calculate depreciation expense and track the net book value of all of the capital assets of the District.

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting. Capital asset activity and ending balances are a significant aspect of the District's financial reporting.

Condition: Capital asset and construction in progress activity is maintained in multiple spreadsheets, which increases the risk of misstatements due to errors.

Context: Pervasive to capital asset and construction in process balances, depreciation expense and accumulate depreciation.

Effect: Potential misstatements in the financial statements could occur and not be prevented or detected in a timely manager.

Cause: Capital assets are maintained outside of the District's general ledger system and tracked on multiple spreadsheets.

Recommendation: We recommend that the District evaluate their method of recording and tracking capital assets and implement additional controls or a new system to maintain capital asset records. In addition, we recommend a periodic review of capital asset activity, including the calculation of depreciation expense, in order to mitigate the risk of misstatements to the District's financial statements.

Response and Corrective Action Plan: The District will put additional review steps to see that capital assets are recorded properly. In addition, in fiscal year 2013, the District will hire an outside consultant to perform a complete capital asset inventory and will purchase capital asset software.

B. Compliance Findings

No matters reported.

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters reported.

B. Instances of Noncompliance

12-III-A

**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 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.

(Continued)

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

IV. Other Findings Related to Required Statutory Reporting

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

Expenditures/expenses during the year ended June 30, 2012 did not exceed budget amounts.

12-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.

12-IV-C Travel Expenses

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

12-IV-D Business Transactions

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

12-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.

12-IV-F Board Minutes

No transactions requiring Board approval which had not been approved in the Board minutes were noted.

12-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 2011.

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, 2012, reconciled with the state and other districts and verified the enrollment in a timely fashion subsequent to the deadline.

12-IV- H Supplementary Weighting

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

12-IV- I Deposits and Investments

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

12-IV-J Certified Annual Report

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

(Continued)

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

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

12-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, 2012, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 25,929,543
Statewide sales, services and use tax	16,299,785
Interest earned	307,558
State revenue	13,672
Federal revenue	102,538
Miscellaneous revenue	75,475
Transfers from other funds	604,123
Bond revenue	53,704,883
Expenditures/transfers out:	
Capital:	
Buildings	(35,129,343)
Equipment	(53,534)
Other improvements	(3,516,883)
Debt service for school infrastructure, revenue debt	(17,461,761)
Ending balance	<u>\$ 40,876,056</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2012 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	1.59557	\$ 13,229,164
Physical plant and equipment levy	0.37035	3,070,621

(Continued)

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

12-IV-M Deficit Balances

Finding: The Flood Recovery Fund had a deficit balance of \$4,486,490 as of June 30, 2012. The Management Fund had a deficit balance of \$587,992 as of June 30, 2012.

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 should be eliminated at the close of fiscal year 2014.

(Concluded)

Cedar Rapids Community School District

**Corrective Action Plan
Year Ended June 30, 2012**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards				
Internal Control				
12-II-A	The District does not have an adequate system in place over capital assets.	See response and corrective action plan at 12-II-A.	June 2013	Steve Graham
Findings and Questioned Costs for Federal Awards				
Instances of Noncompliance				
12-III-A	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 12-III-A.	June 2013	Steve Graham
Other Findings Related to Statutory Reporting				
12-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 12-IV-G.	June 2013	Steve Graham
12-IV-M	The Flood Recovery and Management Funds had deficit balances of \$4,486,490 and \$587,992, respectively at June 30, 2012.	See response and corrective action plan at 12-IV-M.	June 2013	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, 2012, 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:

Employee Personnel Files: During our testing of the other postretirement benefits, we noted one retiree for which the Human Resources Department was unable to provide a personnel file. The District was able to provide documentation for the retiree's participation in the District Health Plan. We recommend that a control be put in place to verify that all source documents in the District's personnel files are accurately copied to the electronic records system prior to being destroyed.

Audit Adjusting Journal Entries: During the course of the audit, adjusting journal entries were proposed to the District's trial balance relating to certain accrual accounts and receivables and deferred revenue relating to flood-recovery transactions. These adjusting journal entries were necessary in presenting the District's comprehensive annual financial report in accordance with generally accepted accounting principles. We recommend that the District implement procedures to ensure that all of the adjustments proposed during the current year audit are properly recorded in the District's trial balances prior to the beginning of the annual audit process.

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 LLP

Davenport, Iowa
November 26, 2012