

Cedar Rapids Community School District

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

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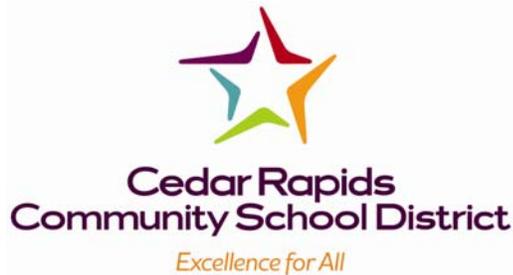
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December 9, 2013

To the Board of Education and Citizens of the Cedar Rapids Community School District:

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the Cedar Rapids Community School District, for the year ended June 30, 2013. 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 for the fiscal year ended June 30, 2013.

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 unmodified ("clean") opinion on the Cedar Rapids Community School District's financial statements for the year ended June 30, 2013. 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 2013 certified enrollment of 16,651 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

The economy of Cedar Rapids has traditionally been based on the manufacture and processing of agricultural and food products, steel fabricating, tool and die making, and radios and electronics. Manufacturing, which continues to be an important economic sector, has been augmented by high-technology industries and transportation. The Cedar Rapids-Iowa City "Technology Corridor" is one of the leading centers in the country for the defense electronics industry; the fastest-growing segment of the metropolitan area economy is telecommunications and telemarketing. Advanced research and development laboratories, an educated and productive labor force, and a mid-continent location are increasingly attracting new business and industry to Cedar Rapids.

The city's association with high technology dates to the early years of Collins Radio Company. Today, Collins is part of Rockwell Collins, ranked as the largest employer in the Cedar Rapids-Iowa City region. The company provides aviation electronic and communication technology for government, aircraft manufacturers, and hundreds of airline customers. In fact, the company's aircraft electronics are used in almost every airline in the world. Additionally, Rockwell Collins' communication systems transmit almost 70 percent of all U.S. and allied military airborne communication.

In recent years, a number of local public and private organizations joined together to help develop the "Technology Corridor." This hub for technology companies is located throughout 12 communities in Johnson and Linn Counties. Its location near a number of colleges and universities enables Corridor companies to easily access education, training, research, and development. Local firms provide a variety of services such as electronic design and consultation, systems planning, equipment manufacturing, and telemarketing.

While Cedar Rapids has seen tremendous growth in technology, the city continues to succeed in attracting agricultural and food processing manufacturers. It is home to more than 275 different manufacturing plants, including Quaker Food and Beverages, which runs the world's largest cereal milling plant. Other top manufacturing employers include Amana Refrigeration Products, General Mills, Inc., and H.J. Heinz Company.

Items and goods produced: cereal, syrup, sugar, dairy, mining, and road machinery, boxboard and containers, automotive tools and machinery, radio electronics and avionics equipment, oil burners, furniture, pumps, gravel crushers, cranes, snow plows, electric-powered shovels, trailer parts, candy, office and drainage equipment, rubber goods, plastic bags, recycled corrugated cardboard, copper alloy and plastic molding, medical and chemical products, plumbing supplies, auto parts and toys, furnaces, livestock feed, structural steel, compressed gas, pharmaceuticals, avionics and earth-moving equipment, telecommunications equipment, and home appliances.

Many companies have recently been relocating to or expanding current operations in the Cedar Rapids area. Nordstrom is expanding its existing fulfillment center by adding 39,000 square feet of space and creating 275 full-time positions. U.S. Cellular is expanding its engineering and customer call center, adding 15,000 square feet and 100 new jobs. Iowa Glass Co. is in the process of building a new \$10 million corporate headquarters and distribution center, and German fiber manufacturer J. Rettenmaier & SMhne recently announced plans to build a dietary fiber production facility in the city.

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.

According to the US Census Bureau, Cedar Rapids has a population of 128,119 in 2012. According to information from Woods and Poole for 2012 as well, 262,530 residents live in the greater Cedar Rapids metropolitan area. The Cedar Rapids metro area population has seen an increase of 10% since 2000.

Retail sales in the Cedar Rapids metropolitan area (as measured in 2005 dollars) increased from \$4.1 billion in 2012 to \$4.2 billion in 2013. The three largest sectors of retail sales were Non-Store Retailers at \$1.0 billion, Motor Vehicles and Parts at \$585.2 million and General Merchandise Stores at \$563.8 million.

Mean household income, (as measured in 2005 dollars) in the Cedar Rapids metropolitan area for 2013 was \$88,641 down slightly from \$88,840 in 2012. Income per capita, (also measured in 2005 dollars) shows an increase from \$37,130 in 2012 to \$37,232 in 2013. Total employment in the Cedar Rapids metropolitan area increased from 168,160 in 2012 to 170,350 in 2013. Not surprisingly, information from the Bureau of Labor Statistics, show a corresponding decline in unemployment rates in the Cedar Rapids metropolitan area from 5.4% in 2012 to 4.9% as of June 2013.

Single-family housing starts in the City of Cedar Rapids experienced an increase when compared to the prior year increasing from \$20,726,818 in 2011 to \$26,111,686 in 2012. Permits for 253 new single-family dwellings were issued in Cedar Rapids in 2012 compared to 212 permits issued the previous year. New multi-family housing starts in the City of Cedar Rapids dipped from \$7,849,210, (64 permits) in 2011 to \$6,935,533 (29 permits) in 2012.

Building permits issued by the City of Cedar Rapids for all new construction, repairs, remodeling and additions activity, including all commercial, industrial and single/multiple dwelling properties, decreased from \$315.4 million in 2011 to \$290.5 million in 2012.

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 2012-2013 school year. It was a year of notable activities, accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

Celebrating Retirees (5-17-13)

Student entertainment from Coolidge Elementary School added a special flair to the District's annual recognition of retiring faculty and staff members, held May 17. The luncheon event also included comments by District leaders and the introduction of each retiree. Some 64 District employees are retiring this year. These include administrators, teachers, and support personnel. Their combined years of service on behalf of students in the school district totals 1,303.

Celebrating Volunteers! (4-23-13)

The Cedar Rapids Community School District celebrated Outstanding School Volunteers on April 22. One volunteer was chosen from each of the District's 31 schools to represent that school community. Collectively the honorees make up the 2013 Volunteer Hall of Fame. "These are individuals who clearly recognize the difference that they can make in both their own lives and in the lives of others simply by giving of themselves," noted Marcia Hughes, Community Relations Supervisor. "Volunteers are a truly indispensable workforce in our schools." During the 2011-12 school year, more than 7,100 individuals contributed over 149,000 hours to support instruction in the Cedar Rapids Community School District.

ELL Program Supports Diverse Community (3-6-13)

The English Language Learner Program showcases the diversity of District, providing additional support to students where English is not the primary language spoken at home. The use of repetition, association, and visual aids help provide a foundation for the English language. The program began in 1979 as the English as a Second Language (ESL) Program. The name was changed to ELL when it became clear that many of the program's students arrived in the District knowing several languages. Currently, ELL programming is located in nine District schools and supports 450 students from over 40 language backgrounds. When the parents of ELL students were asked what attracted them to the Cedar Rapids Community School District, many emphasized the excellent reputation of the program.

High School Students Step Up As Volunteers (2-25-13)

Third and fourth grade students at Grant Wood Elementary School have been enjoying a little help from friends at Washington High School this school year. Some 40 members of the Washington Student Senate regularly volunteer at Grant Wood, helping with a special projects. The fourth graders are currently focused on the annual "Hero's" activity, with high school volunteers helping guide them through the process of researching and developing both an oral and written presentation on the hero of their choice.

The teen volunteers had clocked 1,003.75 hours by January 2013, and that number is still growing. "This will be a great opportunity for Washington students to extend their knowledge to younger students, and help the fourth graders produce successful presentations," explained Jackie Bergquist, Grant Wood Enrichment Coordinator. Volunteers from Washington are also helping the Grant Wood third grade Prime Time students with a science project unit.

Survey Opportunity for Parents and Staff (1-22-13)

A critical part of the District's continuous improvement focus is candid feedback from the people it serves. To that end, we are reaching out to parents, employees, and high school students for feedback on such aspects of education as academic preparation, school operations, school leadership, safety and behavior, and parent engagement. Following the survey, the District will share the results.

Superintendent Presents State of the District (12-19-12)

The Board of Education hosted a 'State of the District' meeting on Dec. 14 at the Educational Leadership and Support Center. Superintendent Dr. Dave Benson shared information about learning initiatives, achievement, finances, and facilities. Over 200 staff and community members, as well as local and state officials, attended the breakfast program.

Japanese Students Visit Kennedy (11-9-12)

Last summer, 23 District high school students were invited by the government of Japan to participate in the Kizuna Project. (Kizuna is a Japanese word meaning "bonds of friendship".) The study tour gave students an opportunity to learn how the country is recovering from the Great Eastern Japan Earthquake of 2011.

"Part two' of the Kizuna Project, brought 24 high school students from that area of Japan to Cedar Rapids, including a visit to Kennedy High School. The trip then culminated with a forum bringing everyone together to share their experiences in living through and recovering from natural disasters.

"Through participation in the Kizuna project, Cedar Rapids students had a unique opportunity to interact one-to-one with high school students from Japan," explained Dan Carolin, Kennedy World Languages teacher. "The students not only learned about Japanese language and culture but they also learned firsthand about the experiences of the Japanese students during the earthquake and the subsequent recovery process."

Reading is Still Contagious as AMERICA READS Marks 16th Year (10-19-12)

Some arrived with books in hand. Other volunteers enjoyed the fun of discovering a new title from an assortment provided at the school. They all arrived with a common purpose - to help spread the joy of reading as part of the 16th annual AMERICA READS: Reading Is Contagious. The 2012 reading celebration was held Oct. 18-19, bringing some 2,400 volunteers into elementary classrooms across the Cedar Rapids metro area.

"The event has become a much-anticipated fall tradition throughout our community," noted Marcia Hughes, Community Relations Supervisor. "Some people aren't able to commit to a regular volunteer schedule so they are especially happy to have this opportunity to visit our schools and share a story with students."

District Accepting Audit Committee Applications (10-1-12)

Community members with business expertise and a basic understanding of governmental financial reporting and auditing are invited to apply to join the District Audit Committee. The Audit Committee, which meets six times a year at noon, helps to ensure that school district management properly develops and adheres to a sound system of internal controls. The group also ensures that procedures are in place to objectively assess District management practices, and that the independent auditors, through their own review, objectively assess the District's financial reporting processes.

Tania Johnson Named Iowa Teacher of the Year (9-12-12)

Cedar Rapids Community School District educator Tania Johnson has been named the 2013 Iowa Teacher of the Year by Governor Terry Branstad. The Governor made the announcement during a special event held at the District's Educational Leadership and Support Center.

"Great teachers see the big picture in education as well as the potential in every student," Branstad said. "They are essential to achieve our goal of giving all children in Iowa a world-class education. The Lt. Governor and I congratulate Tania Johnson and thank her for being a role model to students, to aspiring teachers and to her colleagues."

Johnson spent most of her 22-year teaching career in kindergarten classrooms before she accepted a teacher leadership position in the District this fall. A Cedar Rapids native who was inspired by her own teachers to pursue a career in education, Johnson is best known for going above and beyond her work in the classroom and the hours in a school day.

District to Develop Facilities Master Plan (8-6-12)

District will consider existing and expected facility needs to develop a Comprehensive Facilities Master Plan. An Instructional Visioning Committee will begin the process by defining the vision of teaching and learning for the future of education. This committee will include District administrators, teachers, and support staff members, as well as architects from Shive Hattery, representatives from higher learning, and community members.

A Facilities Steering Committee will then review information from the Visioning Committee, as well input from school building leadership, to revise the District's existing facilities plan as needed. Steering Committee members will include staff members, architects from Shive Hattery, members of the District's SILO Infrastructure and Technology Oversight committees, representatives from the Cedar Rapids Education Association and City of Cedar Rapids, and community members.

"The goal of the process is to submit a facilities master plan to the Board of Education in April 2013 that is a reality-based plan recognizing limits on our existing resources, needs of the District, and potential new financial resources," explained Steve Graham, Executive Director of Business Services.

Taylor Elementary Back in Session (7-26-12)

The 2012-13 school year began July 26 for students attending Taylor Elementary School. Preliminary registration numbers indicate K-5 enrollment of 272 and a preschool registration of 40. Additional students may enroll during the first few days of class. Taylor operates on a modified year-round schedule. The adjusted calendar includes intercessions in the fall and spring, along with a summer break.

Budgetary Highlights

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, Flood Recovery, 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 FY2013 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.

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 Financial Solvency Ratio is a measure of financial health that resulted from the “Study of School Corporation Financial Operations” study conducted in 1990 by Ehlers and revised in 2011. The ratio of unassigned plus assigned general fund balance to actual revenues is defined in the following operational equation: (financial solvency ratio = unassigned plus assigned general fund balance / general fund revenues - AEA flow-through). The target ranges and classification criteria established by the Ehlers study are as follows: (a) target solvency position equals 5.00% through 10.00%, (b) acceptable solvency position equals 0.00% through

4.99%, (c) solvency alert equals -3.00% through -0.01%, and (d) solvency threat equals less than -3.00%. The District's Financial Solvency Ratio decreased from 3.6% on June 30, 2012 to (0.80)% on June 30, 2013.

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 \$20.2 million on June 30, 2012 to \$10.9 million on June 30, 2013 or 5.8% 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, 2013.

Districtwide interest and investment revenue totaled \$467,558 for the year ending June 30, 2013. This compares to \$2,748,447 from the prior year. Lower fund reserve levels overall was the largest single contributor to this decline.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is by far the largest, approximately 80% 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 FY2013.

Planning the fiscal year 2014 General Fund budget continues a recent trend of challenging budget efforts over the past several years. In fiscal year 2010 the State enacted a 10 percent across the board reduction in State Aid funding amounting to \$8.4 million for the Cedar Rapids Schools. For fiscal year 2011, the State underfunded State Aid to the District by \$5.8 million. Historically low increases in State per pupil funding of 2%, 0% and 2% in Fiscal Years 2011, 2012 and 2013 respectively have also negatively impacted the budget. The District responded by identifying non-categorical budget reduction and revenue adjustment targets totaling \$3.3 million in fiscal year 2010, \$6.3 million in fiscal year 2011, \$3.1 million in fiscal year 2012 and \$4.1 million in fiscal year 2013.

In response to a continued decline of student enrollment, and low growth rates of State funding for students, the District engaged in a comprehensive enrollment study during the 2011-2012 school year that resulted in the closure of two elementary schools, Monroe and Polk. In addition, a host of attendance boundary changes at the elementary, middle school and high school levels were implemented to more efficiently and equitably distribute students in school buildings throughout the District.

Financial challenges have continued in planning the fiscal year 2014 budget. The continued decline in student enrollment now four consecutive years totaling 6.25%, a continuation of growing open enrollment losses to neighboring school Districts and past budget reduction opportunities that have not been fully implemented have necessitated additional budget reductions.

When planning budget reductions for fiscal year 2014, maintaining critical instructional programs while implementing necessary staff reductions to stabilize General Fund reserves was our key focus. The General Fund Budget Reduction package contains a combination of planned expenditure reductions and revenue increases totaling \$4.5 million. The Board of Education reviewed this budget reduction package at the April 8, 2013 Board meeting and

offered additional suggestions for possible savings. In addition to the General Fund Budget Reduction package, the General Fund cash reserve levy was increased from \$ 9.2 million to \$13.8 million to further stabilize cash reserves. As a result, the District's property tax rate of \$15.16 per thousand dollars of taxable valuation that was unchanged for fiscal years 2011, 2012 and 2013 and was increased to \$15.48 for fiscal year 2014.

General Fund Ending Balance Trends

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 ending balance trends listed below. The FY2013 ending fund balance of \$3.5 million or 1.9% of fund expenditures marks a significant reduction in the fund balance position. This reduction in fund balance was anticipated. The budget reductions and increases in the General Fund's cash reserve levy, both described above reflect the District's response to the need to improve the fund's reserve position in FY2014.

- 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
- FY13: \$3.5 million, or 1.9% of fund expenditures

Fund Statistics

- General Fund expenditures, excluding other financing uses, totaled \$186.2 million for the fiscal year compared with \$180.1 million in the previous year, representing an increase of \$6.1 million or 3.4% over the prior year.
- General Fund revenues, excluding other financing sources, totaled \$176.2 million for the fiscal year compared with \$178.5 million in the previous year, representing a decrease of \$2.3 million or 1.3% over the prior year.
- The two largest revenue categories of the General Fund were Local Taxes, (property tax, and income surtax) at \$64.2 million and State Foundation Aid at \$74.8 million. These two categories alone make up 79% of all General Fund revenues collected, (excluding other financing sources).

Instructional 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 11 to 99 years with an average age of 55 years. The age of the District's middle school buildings ranges from 48 to 91 years with an average age of 72 years. The age of the District's high schools ranges from 45 to 54 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 \$459,854,803.

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 \$8,365,338 compared to \$7,989,748 in the previous year representing an increase of \$375,590 over the fiscal year 2012 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 \$8,115,899 compared to \$7,867,997 in the previous year representing an increase of \$247,902 from the fiscal year 2012 amount. Net position was \$2,766,314 at June 30, 2013 up from \$2,516,875 in the prior fiscal period.

Due to increased costs for food and labor, the Food and Nutrition Department increased meal prices for FY2013. Meal prices increased by \$0.10 for breakfast and \$0.15 lunch in order to comply with the Paid Lunch Equity provision of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA).

Over the past ten years lunch participation has increased 2.6% and breakfast participation has increased 49.7% despite an overall decline in student served enrollment of 5.7%.

Net position remains 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 \$4,386,940 compared to \$4,672,100 in fiscal year 2012. Expenses which include operating expenses and transfers out totaled \$4,508,344 compared to \$4,525,442 in fiscal year 2012. Net position was \$243,761 at June 30, 2013 compared to \$365,165 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, 2013 is \$118,767,461.

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, 2012. This was the eighteenth 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



Government Finance Officers Association

**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, 2012

Executive Director/CEO

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, 2012*

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

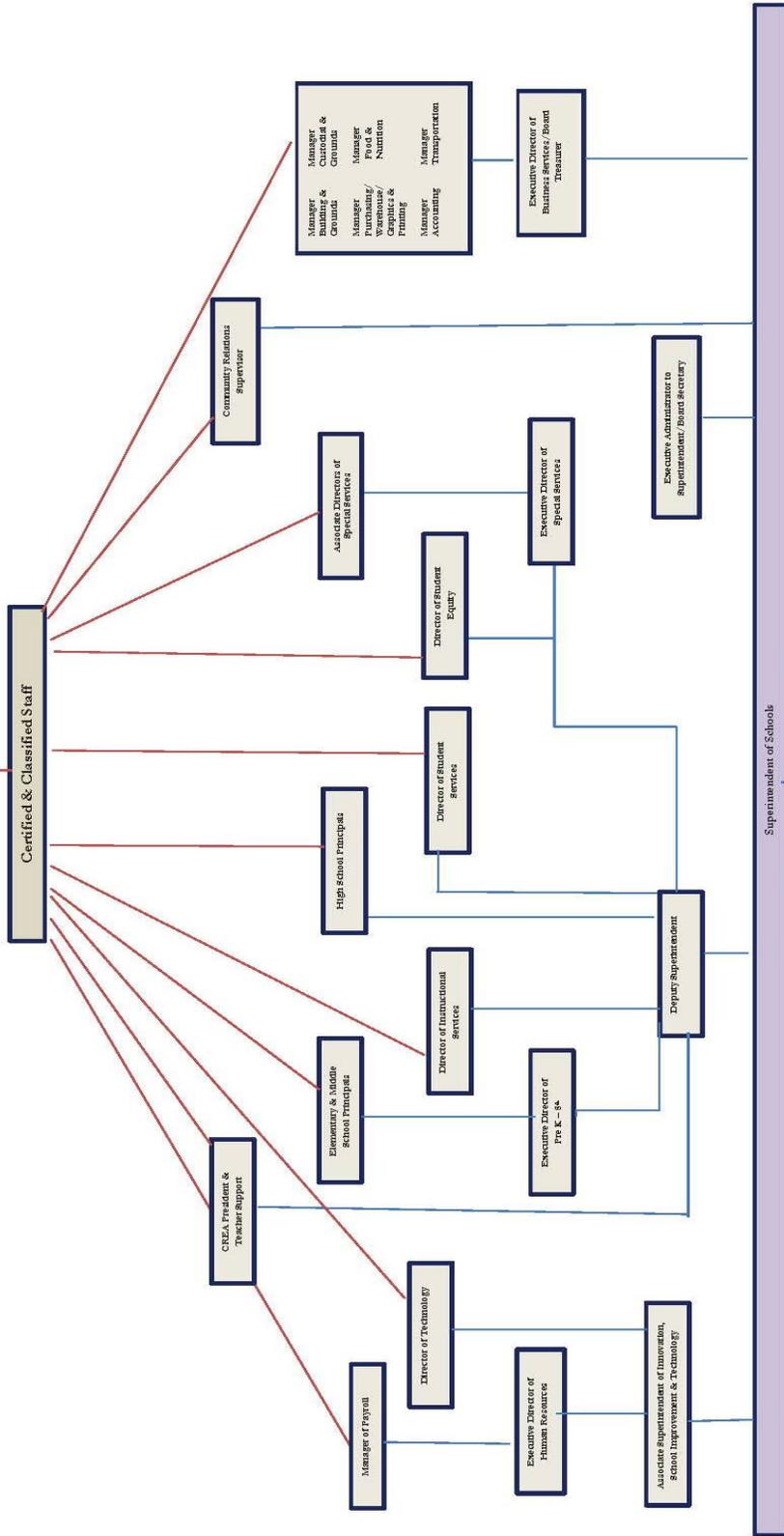


A handwritten signature in black ink, appearing to read 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Cedar Rapids Community School District

**Board of Education and District Officials
Year Ended June 30, 2013**

Name	Title	Term Expires
Board of Education (Before September 2012 election)		
John Laverty	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
Board of Education (After September 2012 election)		
Mary Meisterling	President	2015
Nancy Humbles	Vice-President	2013
Ann Rosenthal	Director	2015
Gary Anhalt	Director	2013
John Laverty	Director	2015
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

Report on the Financial Statements

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 (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of revenues, expenditures and changes in fund balance, major fund – General, combining nonmajor fund financial statements, statement of changes in fiduciary assets and liabilities – agency fund and 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 basic financial statements. Such 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 basic financial statements or to the basic 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.

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 or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McGladrey LLP

Cedar Rapids, Iowa
November 26, 2013

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

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, 2013. 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 \$358.1 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 2013. 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, 2013

Technology for Classrooms

Total actual and allocated investment in technology through December 31, 2029 is \$53.8 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 \$155.7 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 SILO funded flood recovery projects related to the flood of 2008, ADA and other building safety improvements.

To date SILO funds have been used to provide plumbing, wiring, lighting and other facility upgrades at Kingston Stadium. New energy efficient geothermal Heating and Air Conditioning systems have been completed at Kennedy High School, Taft Middle School and Harding Middle School. Projects currently underway are the installation of new geothermal HVAC and window wall systems at Jefferson and Washington High Schools.

SILO Unobligated Reserves

As of August 1, 2013, total estimate SILO unobligated reserves total \$55.2 million. This amount accounts for all planned expenditures for property tax relief, technology investment and District infrastructure needs described above. In addition, the District has set aside reserves as required by the Department of Natural Resources for the potential need to provide for reinjection systems to the existing Geothermal "pump and dump" designed system currently in operation.

Facilities Master Plan

In August 2012, the District embarked upon the development of a ten year comprehensive Facilities Master Plan that was completed and reported to the Board of Education on April 8, 2013. Total infrastructure needs totaling \$425 million are as follows:

Basic Operations and Maintenance: \$200 million
Identified projects within existing facilities: \$120 million
Predicted new facility needs: \$105 million

Details of the District's ten year comprehensive Facilities Master Plan may be found at:
<http://www.cr.k12.ia.us/news/Stories2012-2013/FacilitiesPlanning/facilitiesMasterPlan.html>

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.
- **Property Taxes:** As can be seen in the property tax levy rate trends below, 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 2013, the District used a total of \$22 million in School Infrastructure Local Option sales tax, (SILO) revenues for property tax relief. For FY2014 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, 2013

When planning the budget for fiscal year 2014, maintaining critical instructional programs while implementing necessary staff reductions to stabilize General Fund reserves was the District's key focus. The General Fund Budget Reduction package, a key component to the budgeting process, was a combination of planned expenditure reductions and revenue increases totaling \$4.5 million. In addition to the General Fund Budget Reduction package, the General Fund cash reserve levy was increased from \$9.2 million to \$13.8 million to further stabilize cash reserves. As a result, the District's property tax rate that was virtually unchanged for fiscal years 2011, 2012 and 2013 and was increased to \$15.48 for fiscal year 2014.

Total District Property Tax Levy Rate Trends

- 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
- Fiscal Year 2014: \$15.48

Total District property taxes collected in FY2013 were \$72,773,739, an increase of \$2,816,875 from FY2012 when \$69,956,864 in property taxes were collected. This change is largely due to an increase of \$3.5 million in taxes levied within the Management Fund in FY2013 from the previous fiscal year.

- **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 2013 is \$118,767,461.

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, 2013

- **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.

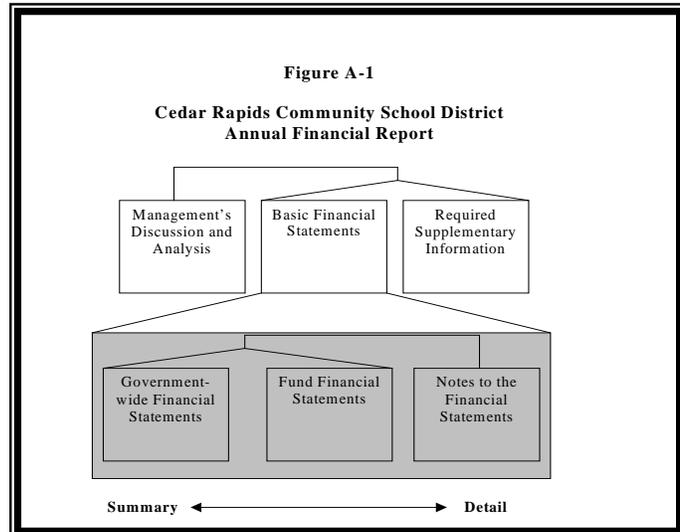


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents 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 position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
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, 2013

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 position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position 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, 2013**

- *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 2.9 percent or \$2.7 million in the District's net position is evidenced in **Figure A-3**. Combined total assets increased by 1.9 percent or \$6.5 million. An increase of \$24.2 million in depreciable assets related to new facilities construction influenced the overall increase in this category.

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

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2012-2013
	2012	2013	2012	2013	2012	2013	
Current and other assets	\$181.0	\$164.9	\$2.9	\$2.9	\$183.9	\$167.8	-8.8%
Capital assets	155.9	178.4	0.5	0.6	156.4	179.0	14.5%
Total assets	336.9	343.3	3.4	3.5	340.3	346.8	1.9%
Current liabilities	36.0	37.9	0.5	0.5	36.5	38.4	5.2%
Noncurrent Liabilities	129.2	126.6	0.0	0.0	129.2	126.6	-2.0%
Total liabilities	165.3	164.5	0.5	0.5	165.8	165.0	-0.5%
Deferred property taxes	72.9	76.0	0.0	0.0	72.9	76.0	4.3%
Deferred income surtaxes	6.0	7.5	0.0	0.0	6.0	7.5	25.0%
Total deferred resources	78.9	83.5	0.0	0.0	78.9	83.5	5.8%
Net position							
Net investment in capital assets	42.6	67.3	0.5	0.6	43.1	67.9	57.5%
Restricted	51.4	37.2	0.0	0.0	51.4	37.2	-27.6%
Unrestricted	(1.3)	(9.2)	2.4	2.4	1.1	(6.8)	-718.2%
Total net position	\$92.7	\$95.3	\$2.9	\$3.0	\$95.6	\$98.3	2.9%

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

Cedar Rapids Community School District

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2013

Changes in Net Position, as shown in **Figure A-4**, show that the District as a whole experienced an increase of \$2.8 million in net position. This compares to a \$10.5 million increase in net position in the previous fiscal year. Total Revenues declined by 1.4% over the prior period. A decline in interest earnings of \$2.2 million and a decline in local grant revenues are the major causes for the overall decline in revenues. Total expenditures increased by 2.1% over the prior year driven largely by increases in both staffing numbers and their wages and benefits commensurate with increases in the cost of living.

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012-2013</u>
Revenues							
Program revenues							
Charges for services	\$10.7	\$10.5	\$7.8	\$7.5	\$18.5	\$18.0	-2.7%
Operating Grants & Contributions	28.2	28.1	4.8	5.0	33.0	33.1	0.3%
Capital Grants & Contributions	3.4	1.0	-	0.2	3.4	1.2	-64.7%
General revenues							
Taxes	91.7	93.2	-	-	91.7	93.2	1.7%
State formula aid not restricted	76.0	76.2	-	-	76.0	76.2	0.3%
Other	4.9	2.6	0.1	0.1	5.0	2.7	-46.4%
Total revenues	214.9	211.6	12.7	12.8	227.6	224.4	-1.4%
Expenses							
Instruction	\$131.0	\$133.8	-	-	\$131.0	\$133.8	2.1%
Pupil & Instructional Services	13.0	13.2	-	-	13.0	13.2	1.7%
Administrative & Business	22.6	23.1	-	-	22.6	23.1	2.3%
Maintenance & Operations	18.0	17.1	-	-	18.0	17.1	-5.0%
Transportation	6.6	8.0	-	-	6.6	8.0	21.2%
Other	13.7	13.9	12.2	12.4	25.9	26.3	1.5%
Total expenses	204.9	209.1	12.2	12.4	217.1	221.5	2.0%
Excess before transfers	\$ 10.0	\$ 2.5	\$ 0.5	\$ 0.4	\$ 10.5	\$ 2.9	
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 position	\$ 10.2	\$ 2.7	\$ 0.3	\$ 0.2	\$ 10.5	\$ 2.9	-72.5%
Net Position - Beginning	\$ 92.7	\$ 92.7	\$ 2.6	\$ 2.9	\$ 95.6	\$ 95.6	12.3%
Net Position - Ending	\$ 95.3	\$ 95.3	\$ 2.9	\$ 3.0	\$ 95.6	\$ 98.3	2.8%

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

Cedar Rapids Community School District

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2013**

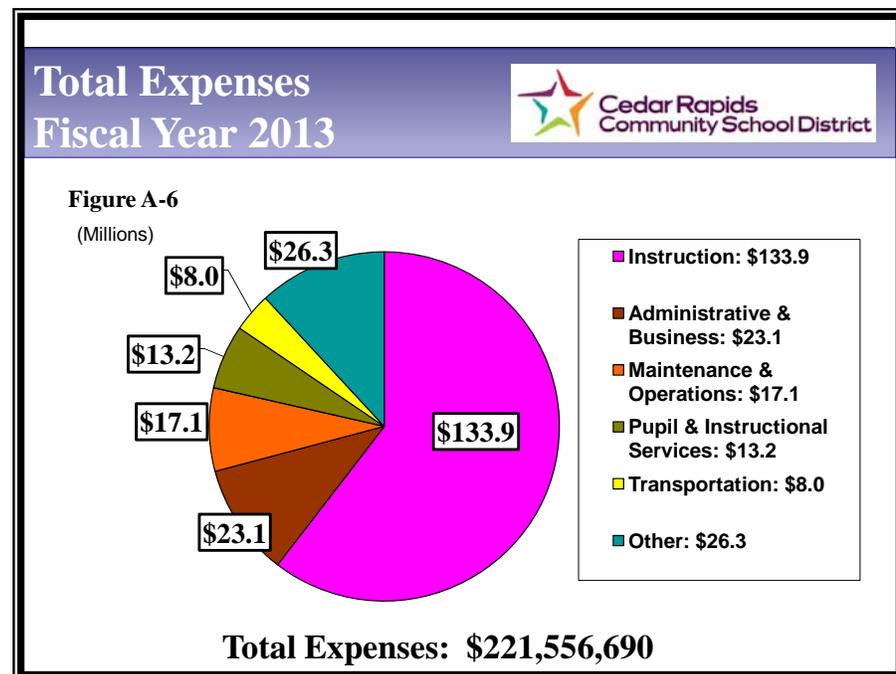
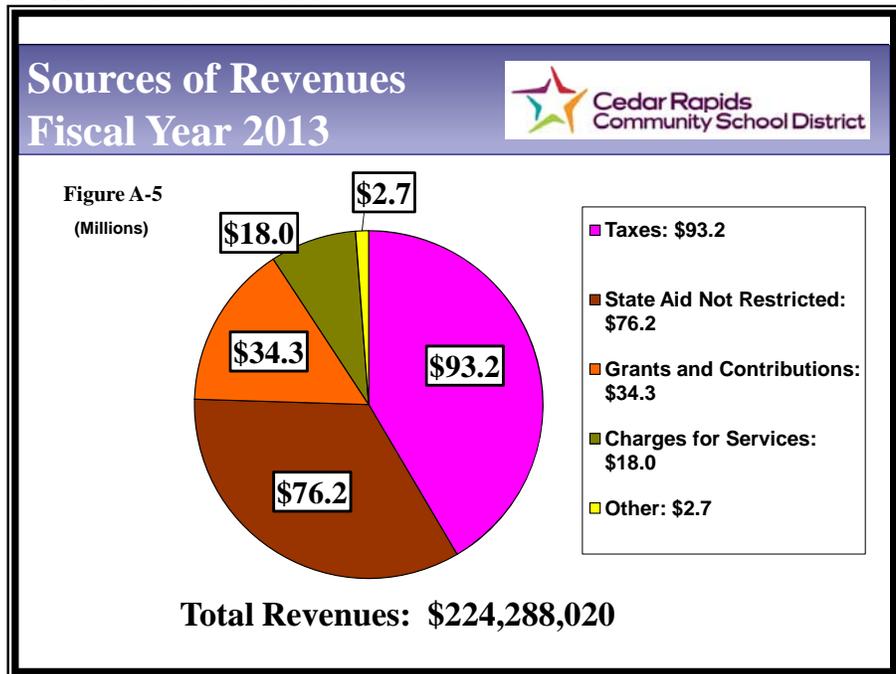
Figure A-5 shows the sources of total District revenues. Local Taxes, is the District’s largest revenue source, comprising nearly 42% of District revenues with State Foundation Aid, the District’s second largest, comprising 34%. Grant revenues from Federal, State and local sources, continue to play a very important role in funding District programs, represent 15% of District revenues. Charges for services, largely tuition charges, comprise 8% of District revenues.

Figure A-6 shows total District expenses. As can be seen, the majority of District resources (60%) 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.



Cedar Rapids Community School District

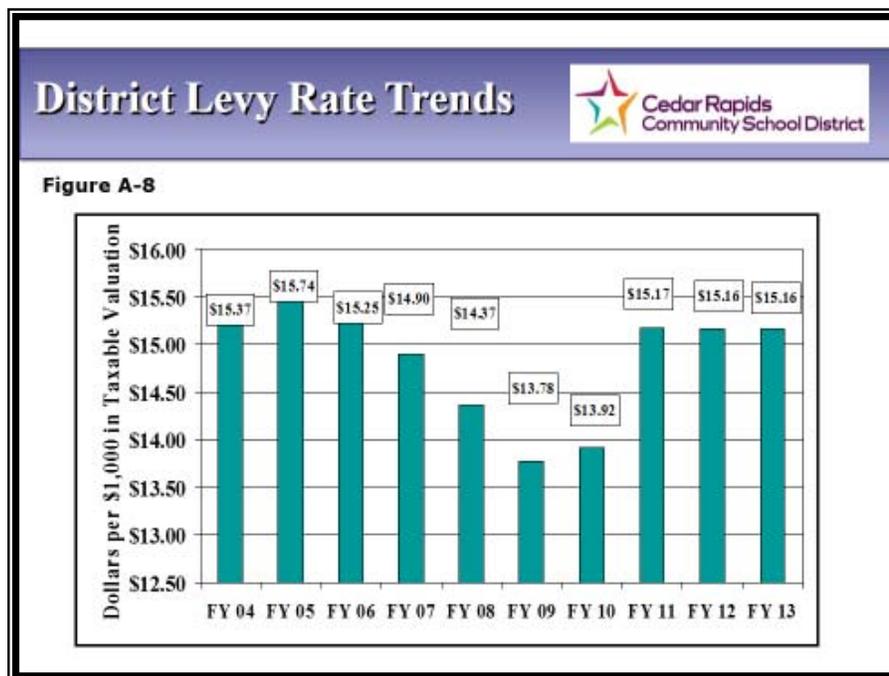
Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

Governmental Activities The area economy continued to strengthen as the unemployment rate again declined from 5.4% in 2012 to 4.9% as of June 2013. In 2010 unemployment had been 6.2% 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 \$4.6 billion to \$4.8 billion for FY2013. Overall property tax valuation trends over the past ten years show an average annual increase of 2.2%.

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 and FY13.

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.



Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

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 \$209.2 million.
- Some of the cost was financed by the users of the District's programs, (\$10.5 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$29.1 million).
- Most of the District's governmental activities costs however, were financed by District and state taxpayers with \$93.2 million in local and state taxes and \$76.2 million in unrestricted state aid based on the statewide education aid formula.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2012	2013	2012-2013	2012	2013	2012-2013
Instruction	\$ 131.0	\$ 133.8	2.1 %	\$ 100.4	\$ 103.3	2.9 %
Pupil & Instructional Services	13.0	13.2	1.7	12.7	12.8	0.5
Administrative & Business	22.6	23.1	2.3	20.4	22.2	8.7
Maintenance & operations	18.0	17.1	-5.0	16.7	17.1	2.4
Transportation	6.6	8.0	21.2	6.5	7.8	20.0
Other	13.7	13.9	1.3	5.8	6.4	10.5
Total	\$ 204.9	\$ 209.1	2.1 %	\$ 162.6	\$ 169.6	4.3 %

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.

Business-Type Activities

- Business revenues held steady at \$12.8 million in FY2013 unchanged from the previous fiscal period. Charges for services were \$7.5 million, operating grants and contributions, (federal and state subsidies) were \$5.0 million with capital grants and contributions at \$0.2 million.
- Business expenses rose from \$12.2 million in FY 2012 to \$12.4 million in FY 2013. At the present time, the Nutrition Services Fund and Day Care Services Fund are the only funds categorized as Business-Type Activities.

Highlights of the Food and Nutrition Fund include:

- Students qualifying for free and reduced meals increased from 44.7% of District students in FY2012 to 48.4% in FY2013.
- 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.
- For FY2013, meal prices increased by \$.10 for breakfast and \$.15 lunch in order to comply with the Paid Lunch Equity provision of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA).
- Over the past ten years lunch participation has increased 2.6% and breakfast participation has increased 49.7% despite an overall decline in student served enrollment of 5.7%.

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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.
- Received Certification of Compliance with the U.S. Department of Agriculture's (USDA) new meal pattern requirements as outlined in the HHFKA of 2010.

Financial Analysis of the District's Funds

A summary financial analysis of each individual District Fund follows:

Business-Type Fund Highlights

- **Nutrition Services Fund:** The Fund's net position maintained a solid standing of \$2.8 million in fiscal year 2013, up from \$2.5 million for fiscal year 2012. This stability reflects sound business practices in aligning meal pricing to reflect all costs of operations. Continued vigilance over the renewal of the program's aging equipment will continue to be an important focus. Currently, the program has equipment valued at \$3.0 million with total accumulated depreciation of \$2.4 million. With 80 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 2013 the net position was \$243,761, compared to \$365,165 in fiscal year 2012, \$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 1.3%, or \$2.3 million in FY 2013.
- A decrease in local funding of 47% or \$1.7 million, caused largely by a decline in local grant revenues, coupled with a decline in federal funding of 11.3% or \$1.1 million over the previous fiscal year are major reasons for the overall decline in General Fund revenues.
- State Foundation Aid held steady increasing slightly by \$0.4 million from the previous fiscal year.

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Figure A-10

General Fund Revenues by Source	FY 2013		FY 2012		Change
	Amount	Percent	Amount	Percent	
Local Sources					
Local Taxes	\$64,173,910	36.4%	\$64,696,401	35.8%	-0.8%
Tuition	4,953,225	2.8%	4,755,530	2.6%	4.2%
Student Fees and Activities	683,242	0.4%	556,908	0.3%	22.7%
Investment Earnings	15,825	0.0%	24,425	0.0%	-35.2%
Other Local Sources	2,498,479	1.4%	4,012,364	1.8%	-37.7%
State Sources					
State Foundation Aid	74,840,756	42.5%	74,460,283	37.5%	0.5%
Salary Improvement Program	8,491,479	4.8%	8,396,743	4.6%	1.1%
Other State Aid	12,096,655	6.9%	12,084,032	7.4%	0.1%
Federal Sources					
Title I	3,060,498	1.7%	2,602,447	2.4%	17.6%
Other Federal Aid	5,412,087	3.1%	6,945,136	7.5%	-22.1%
Total Revenues	\$176,226,156	100.0%	\$178,534,269	100.0%	-1.3%
Other Financing Sources	2,401,355		3,639,634		-34.0%
Grand Total Resources	\$178,627,511		\$182,173,903		-1.9%

- A decrease of 34% or \$1.2 million in Other Financing Sources is attributed to reductions in transfers from the Flood Recovery Fund of \$0.7 million and the Physical Plant and Equipment Levy (PPEL) Fund of \$0.4 million for services initially provided by the General Fund.

General Fund expenditures by function for fiscal years 2012 and 2013 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before "Other Financing Uses" increased by 3.3% or \$6 million from the previous fiscal year.
- Over two thirds of the increase was driven by an increase in staffing costs of \$4.5 million caused by increases in overall staffing as well as increases in staff compensation packages.

Figure A-11

General Fund Expenditures by Function	FY 2013		FY 2012		Change
	Amount	Percent	Amount	Percent	
Instruction	\$125,067,944	68.3 %	\$122,095,865	68.3 %	2.4 %
Student Support Services	5,622,604	3.0	5,358,005	2.7	4.9
Instructional Staff Support Services	7,562,864	4.1	6,503,450	3.4	16.3
General Administration	3,225,085	1.7	2,754,582	1.4	17.1
School Administration	12,170,003	6.5	11,835,040	6.4	2.8
Business Services	5,899,236	3.2	4,974,527	2.9	18.6
Operations and Maintenance	14,508,956	7.8	14,807,257	8.2	-2.0
Student Transportation	5,479,091	2.9	5,230,982	2.7	4.7
AEA Support - Direct to AEA	6,626,750	3.6	6,585,536	3.9	0.6
Total Expenditures	\$186,162,533	100.0 %	\$180,145,244	100.0 %	3.3 %
Other Financing Uses	49,743		13,880		100.0
Total Expenditures and Uses	\$186,212,276		\$180,159,124		3.4 %

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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 2013. Actual revenues before Other Financing Sources were lower than re-estimated budget revenues by \$0.4 million or 0.2%. This was largely due to a budget overestimate in the category of State sources. Actual expenditures before Other Financing Uses were \$0.7 million or 0.4% more than re-estimated budget expenditures for the period.

	Budget		Actual
	Original	Re-estimated	
Revenues			
Local Taxes	\$63,809,886	\$64,378,555	\$64,173,910
Tuition	5,200,000	5,137,000	4,953,225
Other local sources	3,049,000	2,562,363	3,197,546
State sources	96,296,071	96,199,046	95,428,890
Federal sources	9,188,000	8,367,444	8,472,585
Total Revenues	\$177,542,957	\$176,644,408	\$176,226,156
Other Financing Sources	2,539,872	2,808,072	2,401,355
Total Revenues & other sources	\$180,082,829	\$179,452,480	\$178,627,511
Expenditures			
Instruction	\$122,842,252	\$123,350,752	\$125,067,944
Student Support Services	5,231,634	5,273,814	\$5,622,604
Instructional Staff Support Services	8,214,867	9,182,626	\$7,562,864
General Administration	3,517,103	3,566,917	\$3,225,085
School Administration	11,443,650	11,726,861	\$12,170,003
Business Services	5,147,021	5,569,159	\$5,899,236
Operations and maintenance	15,602,258	14,761,702	\$14,508,956
Student transportation	4,987,909	5,054,503	\$5,479,091
Community Services	-	-	-
AEA Support - Direct to AEA	7,002,966	7,002,966	\$6,626,750
Total Expenditures	\$183,989,660	\$185,489,300	\$186,162,533
Other Financing Uses	3,063	16,005	49,743
Total Expenditures & Sources (Uses)	\$183,992,723	\$185,505,305	\$186,212,276

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

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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.

Summary of Revenues

In the "All Other Governmental Funds" group as depicted in **Figure A-13**, the District experienced a decline of \$0.5 million in "Total Revenues" from the prior year (excluding other financing sources) and an overall revenue decrease of \$63.3 million or 58% when all sources are included. The following points highlight the significant changes from the previous year. (All figures compare total revenues including other financing sources.)

Figure A-13
All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2013 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	\$ 123,308	\$ 15,089,384	\$10,658,907	\$ 4,602,109	\$3,700,079	\$ 226,887	\$ 34,400,674	76.0 %	\$ 54,130
State	-	16,516	5,078	2,138	-	447,231	470,963	1.0	(391,488)
Federal	620,545	623,871	-	-	-	236,557	1,480,973	3.3	(188,223)
Total Revenues	\$ 743,853	\$ 15,729,771	\$10,663,985	\$ 4,604,247	\$3,700,079	\$ 910,675	\$ 36,352,610	80.3	\$ (525,581)
Bond Proceeds	-	-	-	-	-	-	-	0.0	-
Other Financing Sources	7,988,753	229,670	-	709,987	-	-	8,928,410	19.7	(62,779,129)
Total Revenue & Other	\$ 8,732,606	\$ 15,959,441	\$10,663,985	\$ 5,314,234	\$3,700,079	\$ 910,675	\$ 45,281,020	100.0 %	\$(63,304,710)

- **Debt Service Fund** revenues were down \$7.0 million or 45% from the previous fiscal year reflecting decreases in other financing sources necessary to provide for debt service payment obligations.
- **SILO Fund** revenues were down \$55.1 million or 78% from the previous fiscal year reflecting two debt issuances that were booked in FY2012 totaling \$53.4 million compared to no debt issues in FY2013.
- **Management Fund** revenues were up \$3.5 million or 50% 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 \$0.5 million or 10% largely due to increases of \$0.4 million in other financing sources driven by the sale of District property.
- **Activity Fund** revenues were down \$0.5 million or 11% due to a decline in student activities sales revenues.
- **Flood Recovery Fund** revenues are down \$4.7 million or 84% from the previous year as flood recovery efforts reach a conclusion. It is estimated that \$4.2 million in flood related funds are still owed the District from FEMA and State Emergency Management sources.

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Summary of Expenditures

In the “All Other Governmental Funds” group, as depicted in **Figure A-14**, the District experienced an overall decrease of \$25.5 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.)

- **SILO Fund** expenditures in this fund, made possible in part with local option sales tax (SILO) funds, decreased \$13.8 million or 41% when compared to the previous year as the District’s construction of the new \$44.5 million Educational Leadership and Services (ELS) administrative complex was completed with significant costs booked in the prior period with minor related costs booked in FY2013.

Figure A-14

**All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2013 Expenditures**

Expenditure Function	Major Funds		Other Gov. Funds				Flood Recovery Fund	Total	% of Total	Dollar Change Previous Yr.
	Debt Service	SILO	Manage- ment	PPEL	Activity Fund					
Regular instruction	\$ -	\$ 1,648,952	\$ 3,424,416	\$ -	\$ -	\$ -	\$ -	\$ 5,073,368	8.7%	\$ 1,943,788
Other instruction	-	-	-	-	3,572,532	-	-	3,572,532	6.1%	\$ (519,956)
Student support services	-	-	788	-	-	-	-	788	0.0%	\$ (1,919)
Instructional staff services	-	7,785	31,527	-	-	-	-	39,312	0.1%	\$ (1,141,230)
General administration services	-	62,033	124,539	-	-	-	-	186,572	0.3%	\$ 92,008
School administration services	-	-	641,317	-	-	-	-	641,317	1.1%	\$ 29,980
Business services	-	189,516	188,276	7,295	-	-	9,454	394,541	0.7%	\$ 222,909
Operations and maintenance	-	-	1,537,041	346,442	-	-	215,527	2,099,010	3.6%	\$ (335,943)
Student transportation	-	-	499,557	1,200,719	-	-	-	1,700,276	2.9%	\$ 1,094,717
Food Service	-	-	116,539	-	-	-	-	116,539	0.2%	\$ 18,550
Community services	-	-	107,824	-	-	-	-	107,824	0.2%	\$ 13,958
Facilities/acquisition	-	22,677,114	-	1,456,143	-	-	1,499,991	25,633,248	44.0%	\$ (14,976,248)
Debt Service Principal	2,495,000	-	-	-	-	-	-	2,495,000	4.3%	\$ -
Debt Service Interest	5,482,908	-	-	-	-	-	-	5,482,908	9.4%	\$ (355,670)
Bond Issuance Costs	-	-	-	-	-	-	-	-	0.0%	\$ (924,019)
Total Expenditures	\$ 7,977,908	\$24,585,400	\$ 6,671,824	\$ 3,010,599	\$ 3,572,532	\$ 1,724,972	\$ 1,724,972	\$47,543,235		\$ (14,839,075)
Other Financing Uses	52,671	8,570,802	63,935	1,835,490	-	-	217,933	10,740,831	18.4%	(10,651,827)
Total Expenditures & Other	\$ 8,030,579	\$33,156,202	\$ 6,735,759	\$ 4,846,089	\$ 3,572,532	\$ 1,942,905	\$ 1,942,905	\$58,284,066	100.0%	\$ (25,490,902)

- **Physical Plant and Equipment Levy (PPEL) Fund** expenditures increased by \$1.5 million or 28% over the previous year. The timing of expenditures related to facility repair and the acquisition of vehicles are largely responsible for the increase in expenditures.
- **Flood Recovery Fund** expenditures decreased overall by \$1.8 million or 60% from the previous year. Lower expenditures reflect the District’s flood recovery progress marking the fifth fiscal year of recording flood recovery related costs. It is estimated that fiscal year 2014 will be the final year in which flood related costs will be incurred.

Cedar Rapids Community School District

**Management's Discussion and Analysis
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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**.

Fund Balances	June 30, 2013	June 30, 2012	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 3,506,455	\$ 11,091,220	\$ (7,584,765)	-68.4%
Special Revenue Funds*	4,457,552	401,779	4,055,773	1009.5%
Capital Projects Funds**	23,246,072	41,006,918	(17,760,846)	-43.3%
Debt Service Fund	12,735,936	12,033,909	702,027	5.8%
Total	\$ 43,946,015	\$ 64,533,826	\$(20,587,811)	-31.9%

*Special Revenue Funds				
<i>Activity</i>	\$ 1,117,318	\$ 989,771	\$ 127,547	12.9%
<i>Management</i>	\$ 3,340,234	\$ (587,992)	\$ 3,928,226	N/A
<i>Total</i>	\$ 4,457,552	\$ 401,779	\$ 4,055,773	N/A

**Capital Projects Funds				
<i>SILO</i>	\$ 23,679,295	\$ 40,876,056	\$ (17,196,761)	-42.1%
<i>PPEL</i>	\$ 5,085,497	\$ 4,617,352	\$ 468,145	10.1%
<i>Flood Recovery</i>	\$ (5,518,720)	\$ (4,486,490)	\$ (1,032,230)	N/A
<i>Total</i>	\$ 23,246,072	\$ 41,006,918	\$ (17,760,846)	-43.3%

The **General Fund** ending fund balance experienced a decrease of \$7.6 million or 69% from the previous fiscal year. This is largely a result of continued student enrollment declines, low levels of State per pupil funding and missed staff reduction targets for the period. In response, a budget reduction package \$4.5 million was implemented and the General Fund cash reserve levy was raised by \$4.5 million for FY2014.

The **Special Revenue Funds** ending balances, (Activity and Management funds combined) experienced an increase of \$4.1 million largely attributed to increases in the Management fund ending balance from -\$0.6 million to \$3.3 million. The negative fund balance position, brought on by unanticipated increased costs for early retirement and property, casualty and workers compensation insurance premiums was erased.

Ending balances within the **Capital Projects Funds**, (SILO, PPEL and Flood Recovery) declined by \$17.8 million or 43% in aggregate. This reduction was largely driven by a planned spend down of the SILO Fund reserves following a \$53.4 million debt issuance in FY2012.

Capital Asset and Debt Administration

Capital Assets

As indicated in **Figure A-16**, by the end of 2013, the District had invested, net of depreciation, \$179 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. This amount represents an increase of 14.4% over the previous year. Increases in the "Buildings" category, the largest contributor to the overall increase, was related to

Cedar Rapids Community School District

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capitalized improvements to District infrastructure funded by debt issuances and local option sales tax revenues.

Since fiscal year 2002 the District has added \$151.5 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. Additional information on capital asset activity may be found under Note 5 “Capital Assets” in the Notes to 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
	2012	2013	2012	2013	2012	2013	2012-2013
Land	\$ 10.4	\$ 10.4	\$ -	\$ -	\$ 10.4	\$ 10.4	0.0%
Construction in progress	35.2	33.4	-	-	35.2	33.4	-5.1%
Buildings	105.7	128.6	-	-	105.7	128.6	21.7%
Equipment	2.1	2.7	0.5	0.6	2.6	3.3	26.9%
Vehicles	2.5	3.3	-	-	2.5	3.3	32.0%
	<u>\$ 155.9</u>	<u>\$ 178.4</u>	<u>\$ 0.5</u>	<u>\$ 0.6</u>	<u>\$ 156.4</u>	<u>\$ 179.0</u>	<u>14.4%</u>

Note: totals may not add due to rounding.

Long-Term Debt

As noted in **Figure A-17**, the District had \$118.8 million in long debt outstanding compared to \$121.3 million in the previous fiscal year. This represents a decrease of 2% 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, 2013 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.

Figure A-17

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

	Total School District		Total Percentage Change
	2012	2013	2012-2013
School refunding bonds	25,995,000	23,500,000	-9.6%
SILO Revenue Bonds	83,425,000	83,425,000	0.0%
QSCB	11,842,461	11,842,461	-
Total	<u>\$121,262,461</u>	<u>\$118,767,461</u>	<u>-2.1%</u>

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

As of June 30, 2013 the District did not exceed its 5% legal debt margin. The District had \$118.8 million in debt applicable to the 5% statutory limit compared to a debt limit of \$410.7 million. Additional information on long term debt may be found under Note 6 "Bonded and Other Long Term Liabilities" in the Notes to Basic Financial Statements as well as the statistical section at the end of this report.

Factors bearing on the District's Future

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

The Flood of 2008: On June 11-14th 2008, the City of Cedar Rapids experienced a flood event of epic magnitude. 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. Two key financial factors are related to this event. First, the District has experienced four consecutive years of enrollment losses amounting to 5.5% of total enrollment since the flood event. Much of these enrollment losses are related to the flood and subsequent flood recovery efforts. Funding for Iowa Schools is directly tied to student enrollment. Declining enrollment equates to declining revenues. Secondly, as a public assistance recipient of Federal and State reimbursements for qualifying flood recovery expenditures the District is highly reliant on the responsiveness of FEMA and State Emergency Management for timely reimbursements. At this time, the District is waiting on reimbursements totaling approximately \$4.2 million that have lagged actual expenditures by one year.

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 \$358.1 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: 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. 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% and for FY2013 and FY2014 growth is 2%. These low growth rates put enormous financial pressure upon the District in light of growing operating costs, particularly increases in staff wages and benefits.

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

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 wages 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. The picture for FY2014 is a bit brighter as average settlements with employees will increase total compensation packages by approximately 3.25% while new money growth in State funding for the same period is 3.22%.

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 16,778 when enrollments were counted in October of 2012. 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.

Missed Budget Reduction Targets: Planned General Fund budget reduction targets in FY's 2012 and 2013, designed to stabilize fund reserves in response to declining enrollment and low growth in State funding were not fully implemented. The planned savings not realized as a result of missed budget reduction targets totaled \$4.3 million and further exacerbated declining reserves.

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, 2013 and 2014 premiums increased 3.6% 6.4% and 3.5%, 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. In the 2013-14 legislative cycle, the State legislature enacted a property tax relief measure for commercial property owners that will provide some benefit.

National and State Economic Conditions: The state of the national economy has historically influenced the state of the State economy. While it appears that the economy has improved at both national and State levels, future funding to schools in Iowa will undoubtedly continue to be directly affected by our economy.

Recent 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.

Cedar Rapids Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2013

Future Debt Issuances: As of the publication of this document, the District anticipates another SILO backed revenue bond sale in mid to late fiscal year 2014 to support the District's increased investments in technology and additional infrastructure improvements identified within the new 10 year Facilities Master Plan that was completed in April, 2013. Total outstanding long term bonded debt as of June 30, 2013 is \$118,767,461.

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 Position
June 30, 2013**

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 54,118,006	\$ 3,089,086	\$ 57,207,092
Receivables:			
Taxes:			
Current year	718,083	-	718,083
Succeeding year	83,489,012	-	83,489,012
Interest	481,476	224	481,700
Other	517,441	243,529	760,970
Due from other governments	11,757,033	143,384	11,900,417
Internal balances	654,221	(654,221)	-
Inventories	242,215	90,417	332,632
Prepaid items	24,415	-	24,415
Total current assets	152,001,902	2,912,419	154,914,321
Noncurrent assets:			
Restricted cash and investments	12,900,243	-	12,900,243
Capital assets:			
Land and construction in progress	43,790,222	-	43,790,222
Depreciable assets	200,537,530	2,982,183	203,519,713
Less: accumulated depreciation	(65,926,531)	(2,353,642)	(68,280,173)
Net capital assets	178,401,221	628,541	179,029,762
Total noncurrent assets	191,301,464	628,541	191,930,005
Total assets	343,303,366	3,540,960	346,844,326
Liabilities			
Current liabilities:			
Accounts payable	9,793,814	46,900	9,840,714
Accrued expenses, primarily salaries and benefits payable	16,757,390	328,511	17,085,901
Due to other governments	1,833,825	1,287	1,835,112
Accrued interest payable	2,267,654	-	2,267,654
Unearned revenue	284,694	154,187	438,881
Current portion of long-term obligations	6,942,783	-	6,942,783
Total current liabilities	37,880,160	530,885	38,411,045
Noncurrent liabilities:			
Pollution remediation liability	10,911	-	10,911
Noncurrent portion of long-term obligations	126,599,336	-	126,599,336
Total noncurrent liabilities	126,610,247	-	126,610,247
Total liabilities	164,490,407	530,885	165,021,292
Deferred Inflows of Resources			
Unavailable revenue - property taxes	75,990,535	-	75,990,535
Unavailable revenue - income surtaxes	7,498,477	-	7,498,477
Total deferred inflows of resources	83,489,012	-	83,489,012
Net Position			
Net investment in capital assets	67,290,267	628,541	67,918,808
Restricted for:			
Categorical funding	4,599,248	-	4,599,248
Debt service	2,125,782	-	2,125,782
Management levy purposes	3,340,234	-	3,340,234
Student activities	1,117,318	-	1,117,318
Physical plant and equipment	5,085,497	-	5,085,497
School infrastructure	20,920,960	-	20,920,960
Unrestricted	(9,155,359)	2,381,534	(6,773,825)
Total net position	\$ 95,323,947	\$ 3,010,075	\$ 98,334,022

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

**Statement of Activities
Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction:				
Regular instruction	\$ 71,109,802	\$ 2,510,945	\$ 10,727,562	\$ 83,263
Special instruction	40,851,842	2,850,793	3,304,040	22,291
Vocational instruction	1,410,611	28,705	222,296	-
Other instruction	20,469,838	3,964,362	6,873,904	1,965
Total instruction	133,842,093	9,354,805	21,127,802	107,519
Support services:				
Student services	5,656,741	-	30,558	-
Instructional staff services	7,534,866	316,971	-	-
General administration services	4,693,205	-	-	790,865
School administration services	12,144,472	-	-	-
Business services	6,293,509	97,408	-	-
Operations and maintenance	17,142,185	-	-	77,308
Student transportation	7,951,558	119,365	51,434	3,438
Total support services	61,416,536	533,744	81,992	871,611
Noninstructional programs:				
Food services	116,539	-	-	-
Community services	137,933	602,545	-	-
Total noninstructional programs	254,472	602,545	-	-
Interest on long-term debt	7,061,533	-	310,272	-
Other expenses, AEA flowthrough	6,626,750	-	6,626,750	-
Total governmental activities	209,201,384	10,491,094	28,146,816	979,130
Business-type activities				
Noninstructional programs:				
Daycare services	4,462,868	4,214,598	74,869	-
Nutrition services	7,892,438	3,246,044	4,932,927	176,698
Total business-type activities	12,355,306	7,460,642	5,007,796	176,698
Total school district	\$ 221,556,690	\$ 17,951,736	\$ 33,154,612	\$ 1,155,828

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 position

Net position, beginning

Net position, ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
	Governmental	Business-Type	
	Activities	Activities	Total
\$	(57,788,032)	\$ -	\$ (57,788,032)
	(34,674,718)	-	(34,674,718)
	(1,159,610)	-	(1,159,610)
	(9,629,607)	-	(9,629,607)
	(103,251,967)	-	(103,251,967)
	(5,626,183)	-	(5,626,183)
	(7,217,895)	-	(7,217,895)
	(3,902,340)	-	(3,902,340)
	(12,144,472)	-	(12,144,472)
	(6,196,101)	-	(6,196,101)
	(17,064,877)	-	(17,064,877)
	(7,777,321)	-	(7,777,321)
	(59,929,189)	-	(59,929,189)
	(116,539)	-	(116,539)
	464,612	-	464,612
	348,073	-	348,073
	(6,751,261)	-	(6,751,261)
	-	-	-
	(169,584,344)	-	(169,584,344)
	-	(173,401)	(173,401)
	-	463,231	463,231
	-	289,830	289,830
	(169,584,344)	289,830	(169,294,514)
	68,392,133	-	68,392,133
	4,381,606	-	4,381,606
	13,964,236	-	13,964,236
	6,483,657	-	6,483,657
	76,163,093	-	76,163,093
	464,753	2,805	467,558
	2,106,025	67,536	2,173,561
	232,136	(232,136)	-
	172,187,639	(161,795)	172,025,844
	2,603,295	128,035	2,731,330
	92,720,652	2,882,040	95,602,692
\$	95,323,947	\$ 3,010,075	\$ 98,334,022



Fund Financial Statements





Cedar Rapids Community School District

**Balance Sheet
Governmental Funds
June 30, 2013**

	General	Debt Service	School Infrastructure Local Option Sales Tax
Assets			
Cash and cash equivalents	\$ 17,459,534	\$ 118,938	\$ 22,984,149
Receivables:			
Taxes:			
Current year	568,801	-	-
Succeeding year	71,211,702	-	-
Interest	1,971	34	478,523
Other	406,213	-	82,384
Due from other governments	4,127,283	-	2,306,646
Due from other funds	1,027,359	-	5,527,228
Inventories-supplies and materials	242,215	-	-
Restricted cash	-	12,900,243	-
Prepaid items	24,415	-	-
Total assets	\$ 95,069,493	\$ 13,019,215	\$ 31,378,930
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,677,746	\$ -	\$ 7,516,884
Accrued expenditures, primarily salaries and benefits payable	16,808,162	-	-
Due to other governments	1,828,030	-	-
Due to other funds	34,915	-	182,751
Unearned revenue	1,415	283,279	-
Total liabilities	20,350,268	283,279	7,699,635
Deferred inflows of resources:			
Unavailable revenue - property taxes	63,713,225	-	-
Unavailable revenue - income surtaxes	7,498,477	-	-
Unavailable revenue - intergovernmental	1,068	-	-
Total deferred inflows of resources	71,212,770	-	-
Fund balances:			
Nonspendable	266,630	-	-
Restricted	4,599,248	12,735,936	20,920,960
Assigned	-	-	2,758,335
Unassigned	(1,359,423)	-	-
Total fund balances	3,506,455	12,735,936	23,679,295
Total liabilities, deferred inflows of resources and fund balances	\$ 95,069,493	\$ 13,019,215	\$ 31,378,930

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	13,555,385	\$	54,118,006
	149,282		718,083
	12,277,310		83,489,012
	948		481,476
	28,844		517,441
	5,323,104		11,757,033
	1,450		6,556,037
	-		242,215
	-		12,900,243
	-		24,415
<u>\$</u>	<u>31,336,323</u>	<u>\$</u>	<u>170,803,961</u>
\$	599,184	\$	9,793,814
	3,422,451		20,230,613
	5,795		1,833,825
	5,684,150		5,901,816
	-		284,694
<u>\$</u>	<u>9,711,580</u>	<u>\$</u>	<u>38,044,762</u>
	12,277,310		75,990,535
	-		7,498,477
	5,323,104		5,324,172
<u></u>	<u>17,600,414</u>	<u></u>	<u>88,813,184</u>
	-		266,630
	9,543,049		47,799,193
	-		2,758,335
	(5,518,720)		(6,878,143)
<u></u>	<u>4,024,329</u>	<u></u>	<u>43,946,015</u>
<u>\$</u>	<u>31,336,323</u>	<u>\$</u>	<u>170,803,961</u>

Cedar Rapids Community School District

**Reconciliation of Total Governmental Fund Balances to Net Position of
Governmental Activities
June 30, 2013**

Total governmental fund balances		\$ 43,946,015
Amounts reported for governmental activities in the statement of net position 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	\$ 244,327,752	
Accumulated depreciation	<u>(65,926,531)</u>	178,401,221
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 inflows of resources in the funds.		
		5,324,172
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	(118,767,461)	
Bond premiums	(685,993)	
Accrued interest on long-term debt	(2,267,654)	
Pollution remediation	(10,911)	
Other postemployment benefits	(3,960,748)	
Compensated absences (vacations)	(874,560)	
Early retirement payable	<u>(5,780,134)</u>	<u>(132,347,461)</u>
Net position of governmental activities		<u><u>\$ 95,323,947</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, 2013**

	General	Debt Service	School Infrastructure Local Option Sales Tax
Revenues:			
Local sources:			
Local taxes	\$ 64,173,910	\$ -	\$ 13,964,236
Tuition	4,953,225	-	-
Other local sources	3,197,546	123,308	1,125,148
State sources	95,428,890	-	16,516
Federal sources	8,472,585	620,545	623,871
Total revenues	176,226,156	743,853	15,729,771
Expenditures:			
Current:			
Instruction:			
Regular instruction	66,356,040	-	1,648,952
Special instruction	40,581,394	-	-
Vocational instruction	1,395,557	-	-
Other instruction	16,734,953	-	-
Total instruction	125,067,944	-	1,648,952
Support services:			
Student services	5,622,604	-	-
Instruction staff services	7,562,864	-	7,785
General administration services	3,225,085	-	62,033
School administration services	12,170,003	-	-
Business services	5,899,236	-	189,516
Operations and maintenance	14,508,956	-	-
Student transportation	5,479,091	-	-
Other support services, AEA flowthrough	6,626,750	-	-
Total support services	61,094,589	-	259,334
Noninstructional programs:			
Food service	-	-	-
Community services	-	-	-
Total noninstructional programs	-	-	-
Other expenditures:			
Debt service:			
Principal	-	2,495,000	-
Interest	-	5,482,908	-
Capital outlay, facilities acquisition	-	-	22,677,114
Total other expenditures	-	7,977,908	22,677,114
Total expenditures	186,162,533	7,977,908	24,585,400
Excess (deficiency) of revenues over expenditures	(9,936,377)	(7,234,055)	(8,855,629)
Other financing sources (uses):			
Proceeds on disposal of capital assets	-	-	-
Transfers in	2,401,355	7,988,753	229,670
Transfers out	(49,743)	(52,671)	(8,570,802)
Total other financing sources (uses)	2,351,612	7,936,082	(8,341,132)
Net change in fund balances	(7,584,765)	702,027	(17,196,761)
Fund balances at beginning of year	11,091,220	12,033,909	40,876,056
Fund balances at end of year	\$ 3,506,455	\$ 12,735,936	\$ 23,679,295

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total Governmental Funds	
\$	15,083,485	\$	93,221,631
	-		4,953,225
	4,104,497		8,550,499
	454,447		95,899,853
	236,557		9,953,558
	<u>19,878,986</u>		<u>212,578,766</u>
	3,424,416		71,429,408
	-		40,581,394
	-		1,395,557
	<u>3,572,532</u>		<u>20,307,485</u>
	<u>6,996,948</u>		<u>133,713,844</u>
	788		5,623,392
	31,527		7,602,176
	124,539		3,411,657
	641,317		12,811,320
	205,025		6,293,777
	2,099,010		16,607,966
	1,700,276		7,179,367
	-		6,626,750
	<u>4,802,482</u>		<u>66,156,405</u>
	116,539		116,539
	<u>107,824</u>		<u>107,824</u>
	<u>224,363</u>		<u>224,363</u>
	-		2,495,000
	-		5,482,908
	<u>2,956,134</u>		<u>25,633,248</u>
	<u>2,956,134</u>		<u>33,611,156</u>
	<u>14,979,927</u>		<u>233,705,768</u>
	4,899,059		(21,127,002)
	307,055		307,055
	402,932		11,022,710
	(2,117,358)		(10,790,574)
	<u>(1,407,371)</u>		<u>539,191</u>
	3,491,688		(20,587,811)
	532,641		64,533,826
\$	<u>4,024,329</u>	\$	<u>43,946,015</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, 2013**

Net change in fund balances, governmental funds \$ (20,587,811)

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 position 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	\$ 25,748,205	
Depreciation expense	<u>(2,747,848)</u>	23,000,357

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.

Proceeds on disposal of capital assets		(307,055)
Loss on disposal of capital assets		(190,807)

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 \$1,401,128. Vacation earned was less than the prior year amount by \$849,390.

2,250,518

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 inflows of resources. They are, however, recorded as revenues in the statement of activities.

(1,006,223)

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 position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Repayment of long-term liabilities		2,495,000
Amortization of premiums and bond issuance costs		(1,581,593)

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		33,371
Increase in other postemployment benefits		(1,505,430)

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.

Change in net position - governmental activities		2,968
		<u>\$ 2,603,295</u>

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

**Statement of Net Position
Proprietary Funds
June 30, 2013**

	Business-Type Activities		Total
	Nutrition Services	Nonmajor Daycare Services	
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,400,344	\$ 688,742	\$ 3,089,086
Interest receivable	224	-	224
Other receivables	43,054	200,475	243,529
Due from other governments	13,387	129,997	143,384
Due from other funds	24,714	4,014	28,728
Inventories - supplies and materials	90,417	-	90,417
Total current assets	2,572,140	1,023,228	3,595,368
Noncurrent assets, furniture and equipment, net	628,541	-	628,541
Total assets	3,200,681	1,023,228	4,223,909
Liabilities			
Current liabilities:			
Accounts payable	8,503	38,397	46,900
Accrued expenses	23,799	304,712	328,511
Due to other governments	-	1,287	1,287
Due to other funds	247,878	435,071	682,949
Unearned revenue	154,187	-	154,187
Total liabilities	434,367	779,467	1,213,834
Net Position			
Investment in capital assets	628,541	-	628,541
Unrestricted	2,137,773	243,761	2,381,534
Total net position	\$ 2,766,314	\$ 243,761	\$ 3,010,075

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2013**

	Business-Type Activities		
	Nutrition Services	Nonmajor Daycare Services	Total
Operating revenue, charges for services	\$ 3,252,908	\$ 4,275,270	\$ 7,528,178
Operating expenses:			
Payroll costs	3,901,422	3,764,538	7,665,960
Purchased services	105,172	116,298	221,470
Supplies and materials	3,795,543	582,032	4,377,575
Depreciation	90,301	-	90,301
Total operating expenses	7,892,438	4,462,868	12,355,306
Operating (loss)	(4,639,530)	(187,598)	(4,827,128)
Nonoperating revenues:			
State sources	70,853	-	70,853
Federal sources	4,862,074	74,869	4,936,943
Interest income	2,805	-	2,805
Total nonoperating revenues	4,935,732	74,869	5,010,601
Income (loss) before capital contributions and transfers	296,202	(112,729)	183,473
Capital contributions	176,698	-	176,698
Transfers in	-	36,801	36,801
Transfers out	(223,461)	(45,476)	(268,937)
	(46,763)	(8,675)	(55,438)
Change in net position	249,439	(121,404)	128,035
Net position, beginning of year	2,516,875	365,165	2,882,040
Net position, end of year	\$ 2,766,314	\$ 243,761	\$ 3,010,075

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013**

	Business-Type Activities		
	Nutrition Services	Nonmajor Daycare Services	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 3,024,541	\$ -	\$ 3,024,541
Cash received from services	232,312	4,409,950	4,642,262
Cash received from miscellaneous operating activities	7,828	58,172	66,000
Cash payments to employees for services	(3,917,331)	(3,753,917)	(7,671,248)
Cash payments to suppliers for good and services	(3,416,947)	(691,966)	(4,108,913)
Net cash provided by (used in) operating activities	(4,069,597)	22,239	(4,047,358)
Cash flows from noncapital financing activities:			
State lunch and breakfast reimbursements	70,853	-	70,853
Federal lunch and breakfast reimbursements	4,369,593	19,325	4,388,918
Transfers from other funds	-	36,801	36,801
Transfers to other funds	(223,461)	(45,476)	(268,937)
Payments to interfund accounts	(4,187)	(23,497)	(27,684)
Proceeds from interfund accounts	34,221	-	34,221
Net cash provided by (used in) noncapital financing activities	4,247,019	(12,847)	4,234,172
Cash flows from capital and related financing activities, acquisition of capital assets			
	(25,233)	-	(25,233)
Cash flows from investing activities, interest on investments			
	2,581	-	2,581
Net increase in cash and cash equivalents	154,770	9,392	164,162
Cash and cash equivalents:			
Beginning	2,245,574	679,350	2,924,924
Ending	\$ 2,400,344	\$ 688,742	\$ 3,089,086
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:			
Operating (loss)	\$ (4,639,530)	\$ (187,598)	\$ (4,827,128)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	90,301	-	90,301
Commodities consumed	481,399	-	481,399
Changes in assets and liabilities:			
Decrease in receivables, net	5,949	192,852	198,801
Decrease in inventories	1,217	-	1,217
Increase (decrease) in accounts payable and accrued expenses	(14,757)	16,985	2,228
Increase in unearned revenues	5,824	-	5,824
Net cash provided by (used in) operating activities	\$ (4,069,597)	\$ 22,239	\$ (4,047,358)
Noncash items:			
Noncapital financing activities, federal commodities	\$ 481,399	\$ -	\$ 481,399
Capital and related financing activities, capital contributions	176,698	-	176,698

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2013

Assets

Cash

\$ 5,831

Liabilities

Accounts payable

\$ 5,831

See Notes to Basic Financial Statements.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2013

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 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 position 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 position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2013

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*.

In fiscal year 2013, the District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. The adoption of these Statements changed the presentation of the basic financial statements to a statement of net position format, reclassified certain assets and liabilities to deferred inflows/outflows of resources and the District wrote-off bond issuance costs that had previously been capitalized.

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.

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. 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.

The District reports the *Daycare Services Fund*, a nonmajor enterprise fund, used to account for the daycare services of the District.

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, 2013

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 and budgeted for. 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 position 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.

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.

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 and flood treasury notes which are stated at cost.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2013

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

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 and income surtaxes 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 a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied and budgeted for.

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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

The income surtax receivable represents the fiscal year 2013 levy which will be collected by the District in fiscal year 2014. Although the income surtax receivable has been recorded as of June 30, 2013, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2014, the year for which it is levied.

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, 2013, 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.

Reported inventories in the General Fund are offset by a nonspendable fund balance 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.

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2013**

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

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 position. 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, works of art 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, 2013, has also been accrued as a liability.

Deferred inflows of resources: In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, income surtaxes and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the property tax and income surtaxes revenues remain a deferred inflow and will be recognized as revenue in the year for which they are levied and budgeted for.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2013

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

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 becomes due. Proceeds and premiums/discounts 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 position. As of June 30, 2013, the District did not have any long-term obligations related to its business-type activities. Bond premiums are amortized over the life of the bonds 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 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, 2013

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 policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Net position: Net investment in capital assets 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 investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds were \$8,342,500 for the Debt Service Fund. In the government-wide statement of net position, net position is reported as restricted when constraints placed on net position 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 position restricted by enabling legislation consists of \$20,920,960 for capital projects from the school infrastructure local option sales tax, \$5,085,497 for the physical plant and equipment levy, \$4,599,248 for categorized funding, \$2,125,782 for debt service and \$3,340,234 for management levy purposes.

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, 2013.

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, 2013, the District held \$2,065,553 in United States Treasury Notes maturing July 1, 2028 related to debt service reserves or nonoperating funds.

Credit risk: The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The District's investments consist solely of United States Treasury Notes which are not subject to credit risk.

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

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2013**

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, 2013 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, 2013, interfund receivables and payables were as follows:

	Receivables	Payables
General Fund	\$ 1,027,359	\$ 34,915
School Infrastructure Local Option Sales Tax Fund	5,527,228	182,751
Nonmajor governmental funds	1,450	5,684,150
Total governmental funds	<u>6,556,037</u>	<u>5,901,816</u>
Nutrition Services Fund	24,714	247,878
Nonmajor enterprise, Daycare Services Fund	4,014	435,071
Total proprietary funds	<u>28,728</u>	<u>682,949</u>
Total all funds	<u>\$ 6,584,765</u>	<u>\$ 6,584,765</u>

The interfund balances relate to expenditures initially paid from the General Fund for supplies and payroll costs, which need to be reimbursed by other proprietary and governmental funds. Additionally, \$5,500,758 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	\$ 2,401,355	\$ 49,743
Debt Service Fund	7,988,753	52,671
School Infrastructure Local Option Sales Tax Fund	229,670	8,570,802
Nonmajor funds, governmental funds	402,932	2,117,358
Nutrition Services Fund	-	223,461
Nonmajor enterprise fund, Daycare Services Fund	36,801	45,476
	<u>\$ 11,059,511</u>	<u>\$ 11,059,511</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, 2013

Note 5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

Governmental Activities	Balance June 30, 2012	Additions	Retirements and Transfers	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 10,402,588	\$ 47,187	\$ 62,609	\$ 10,387,166
Construction-in-progress	35,163,686	21,916,745	23,677,375	33,403,056
Total capital assets, not being depreciated	45,566,274	21,963,932	23,739,984	43,790,222
Capital assets, being depreciated:				
Buildings and improvements	153,781,656	23,779,752	611,734	176,949,674
Furniture and equipment	12,952,347	2,191,073	1,916,327	13,227,093
Vehicles	9,760,454	1,490,823	890,514	10,360,763
Total capital assets, being depreciated	176,494,457	27,461,648	3,418,575	200,537,530
Less accumulated depreciation for:				
Buildings and improvements	48,088,743	413,722	185,923	48,316,542
Furniture and equipment	10,830,877	1,602,500	1,906,885	10,526,492
Vehicles	7,242,385	731,626	890,514	7,083,497
Total accumulated depreciation	66,162,005	2,747,848	2,983,322	65,926,531
Total capital assets, being depreciated, net	110,332,452	24,713,800	435,253	134,610,999
Governmental activities capital assets, net	\$ 155,898,726	\$ 46,677,732	\$ 24,175,237	\$ 178,401,221
Business-Type Activities	Balance June 30, 2012	Additions	Retirements and Transfers	Balance June 30, 2013
Capital assets, being depreciated, furniture and equipment	\$ 2,790,417	\$ 201,931	\$ 10,165	\$ 2,982,183
Less accumulated depreciation	2,273,506	90,301	10,165	2,353,642
Business-type activities capital assets, net	\$ 516,911	\$ 111,630	\$ -	\$ 628,541
Depreciation expense was charged to governmental functions as follows:				
Regular instruction	\$ 904,813			
School administration services	695,832			
Operations and maintenance	490,804			
Student transportation	656,399			
Total	\$ 2,747,848			
Depreciation expense was charged to business-type functions as follows:				
Nutrition services	\$ 90,301			

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2013**

Note 6. Bonded and Other Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2013 were as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds payable:					
Revenue bonds	\$ 95,267,461	\$ -	\$ -	\$ 95,267,461	\$ -
School refunding bonds	25,995,000	-	(2,495,000)	23,500,000	2,595,000
Premiums	783,176	-	(97,183)	685,993	-
Total bonds payable	122,045,637	-	(2,592,183)	119,453,454	2,595,000
Other liabilities:					
Compensated absences	1,723,950	1,624,739	(2,474,129)	874,560	874,560
Other postemployment benefits	2,455,318	3,359,553	(1,854,123)	3,960,748	-
Early retirement payable - health	6,885,729	455,885	(1,712,550)	5,629,064	1,466,982
Early retirement payable - TSA	4,020,856	1,672,530	(2,069,093)	3,624,293	2,006,241
Total long-term liabilities	\$ 137,131,490	\$ 7,112,707	\$ (10,702,078)	\$ 133,542,119	\$ 6,942,783

The Management Fund (for early retirement pay and other postemployment benefits) 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 receives the accumulated days' salary in equal annual installments spread out over three years beginning in October of the same year following early separation.

Administrators age 55 through 65 whose age plus years of service with the District totals 75 shall be eligible for early retirement pay. Administrators will be allowed benefits upon submission of a written resignation accepted by the Board of Directors. The early retirement incentive for each eligible administrative employee is equal to an amount representing 195 days' pay. The daily rate of pay shall be the administrator's contract salary in effect during the last full year of employment, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for administrators.

Cedar Rapids Community School District

Notes to Basic Financial Statements June 30, 2013

Note 6. Bonded and Other Long-Term Liabilities (Continued)

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, 2013 totaled \$3,781,643 of which the Management Fund paid \$3,725,324 and the General Fund paid \$56,319. The cost of early retirement payments for health benefits expected to be liquidated currently are recorded as a liability of the Management and General Funds included in accrued expenditures in the amounts of \$1,416,210 and \$50,772, respectively, because the liability has matured. The cost of early retirement payments for salaries expected to be liquidated currently are recorded as accrued expenditures liability in the Management Fund in the amount of \$2,006,241. 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, 2013 bonded indebtedness are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,095,000	508,222	3,603,222
2019 - 2021	9,300,000	748,042	10,048,042
	<u>\$ 23,500,000</u>	<u>\$ 4,593,306</u>	<u>\$ 28,093,306</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, 2013**

Note 6. 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 \$151,664,642. For fiscal year 2013, the total principal and interest paid and total net revenues were \$4,367,398 and \$13,964,236, respectively. Additionally assets are deposited into irrevocable trusts for the accumulation of future debt service. As of June 30, 2013, \$12,900,243 has been deposited into the trusts.

<u>Year Ending June 30:</u>	Principal	Interest	Total
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	-	4,367,398	4,367,398
2019 - 2023	19,600,000	20,271,990	39,871,990
2024 - 2028	39,000,000	12,173,303	51,173,303
2029 - 2030	36,667,461	2,114,898	38,782,359
	<u>\$ 95,267,461</u>	<u>\$ 56,397,181</u>	<u>\$ 151,664,642</u>

As of June 30, 2013 the District did not exceed its legal debt limit of \$410,694,758.

The District participates in the Iowa School Cash Anticipation Program. The District has a line of credit they are able to draw on, and then pay back the total amount drawn within the same fiscal year. Following is the activity for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance
Anticipation warrants	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -

Cedar Rapids Community School District

Notes to Basic Financial Statements June 30, 2013

Note 7. 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 5.78 percent of their annual salary and the District is required to contribute 8.67 percent of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$11,309,522, \$10,673,605 and \$8,892,581, respectively, equal to the required contribution for each year.

Note 8. 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 354 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 \$1,854,123, net of retiree premiums paid to the District in 2013.

Cedar Rapids Community School District

**Notes to Basic Financial Statements
June 30, 2013**

Note 8. Postemployment Benefits Other Than Pension Benefits (continued)

Annual OPEB cost and net OPEB obligation: The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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, 2011	\$ 1,911,406	141.1%	\$ 1,078,146
June 30, 2012	3,607,699	61.8	2,455,318
June 30, 2013	3,359,553	55.2	3,960,748

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	\$ 3,565,820
Interest on net OPEB obligation	98,213
Adjustment to annual required contribution	(304,480)
Annual OPEB cost (expense)	3,359,553
Contributions	(1,854,123)
Increase in net OPEB obligation	1,505,430
Net OPEB obligation, beginning of year	2,455,318
Net OPEB obligation, end of year	\$ 3,960,748

Funded status and funding progress: The results of the July 1, 2011 valuation were rolled forward to June 30, 2013. The funded status of the plan as of June 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 15,068,320
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 15,068,320
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 128,232,819
UAAL as a percentage of covered payroll	11.75%

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.

Cedar Rapids Community School District

Notes to Basic Financial Statements June 30, 2013

Note 8. Postemployment Benefits Other Than Pension Benefits (Continued)

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, an annual health care cost trend rate of 6 percent per year and an inflation rate of 3 percent. 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 open basis.

Note 9. Commitments

Total outstanding contractual commitments for construction projects at June 30, 2013 for the Physical Plant and Equipment Levy Fund was \$944,264, and for the School Infrastructure Local Option Sales Tax Fund was \$11,661,860.

The District had encumbrances in the General Fund, School Infrastructure Local Option Sales Tax Fund and Nonmajor Governmental Funds of \$818,726, \$21,406,121 and \$1,196,574, respectively.

Note 10. 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 11. 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 \$6,626,750 for the year ended June 30, 2013. The District's budgeted and actual share is included in these financial statements.

Cedar Rapids Community School District

Notes to Basic Financial Statements June 30, 2013

Note 12. 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, 2013 was \$11,369,672. 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 13. Pollution Remediation Liability

The District had three remodeling projects that require asbestos removal as part of the overall improvement projects. The amount of the asbestos removal liability of \$122,779 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 \$10,911 in the government-wide financial statements based on remaining future costs related to the removal projects.

Note 14. Deficit Fund Equity

The Flood Recovery Fund had a deficit balance of \$5,518,720 at June 30, 2013. 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 SILO Sales Tax Fund to cover any non-FEMA eligible expenses that were flood related.

Note 15. Contingencies

The District participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2013

Note 16. 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 \$15,762. Rental expense for the District's most significant operating leases was \$189,149 for the year ended June 30, 2013.

Minimum rental expense:

2014	\$ 126,786
2015	61,394

Note 17. 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	\$ 242,215	\$ -	\$ -	\$ -	\$ 242,215
Prepays	24,415	-	-	-	24,415
Total Nonspendable	266,630	-	-	-	266,630
Restricted:					
Categorical funding	4,599,248	-	-	-	4,599,248
Debt service	-	12,735,936	-	-	12,735,936
Management levy purposes	-	-	-	3,340,234	3,340,234
Student activities	-	-	-	1,117,318	1,117,318
Physical plant and equipment	-	-	-	5,085,497	5,085,497
School infrastructure	-	-	20,920,960	-	20,920,960
Total Restricted	4,599,248	12,735,936	20,920,960	9,543,049	47,799,193
Assigned,					
School infrastructure	-	-	2,758,335	-	2,758,335
Unassigned	(1,359,423)	-	-	(5,518,720)	(6,878,143)
Total fund balances	\$ 3,506,455	\$ 12,735,936	\$ 23,679,295	\$ 4,024,329	\$ 43,946,015

Cedar Rapids Community School District

Notes to Basic Financial Statements

June 30, 2013

Note 18. Pending Governmental Accounting Standards Board (GASB) Pronouncement

The GASB has issued a statement not yet implemented by the District. The District's management has not yet determined the effect this Statement will have on the District's financial statements. However, the District plans to implement the standard by the required date. The Statement which will impact the District is as follows:

- 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. Under GASB Statement No. 68, each employer in a multiple-employer defined benefit cost-sharing plan will record a previously unrecorded liability representing their "proportionate share" of the plan's net pension liability. 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, 2013**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 106,725,355	\$ 7,530,983	\$ 114,256,338
State sources	95,899,853	70,853	95,970,706
Federal sources	9,953,558	4,936,943	14,890,501
Total revenues	212,578,766	12,538,779	225,117,545
Expenditures:			
Instruction	133,713,844	2,334	133,716,178
Support services	66,156,405	644,050	66,800,455
Noninstructional programs	224,363	11,708,922	11,933,285
Other expenditures, including AEA flowthrough	33,611,156	-	33,611,156
Total expenditures	233,705,768	12,355,306	246,061,074
Excess (deficiency) of revenues over expenditures	(21,127,002)	183,473	(20,943,529)
Other financing sources (uses):			
Sale of capital assets	307,055	-	307,055
Capital contributions	-	176,698	176,698
Transfers in	11,022,710	36,801	11,059,511
Transfers out	(10,790,574)	(268,937)	(11,059,511)
Total other financing sources (uses)	539,191	(55,438)	483,753
Net change in fund balances	(20,587,811)	128,035	(20,459,776)
Fund balance, beginning	64,533,826	2,882,040	67,415,866
Fund balance, ending	\$ 43,946,015	\$ 3,010,075	\$ 46,956,090

See Note to Required Supplementary Information.

Budget Amounts		Variances Over (Under)	
Original	Final	Original to Final	Final to Actual
\$ 117,316,477	\$ 115,769,541	\$ (1,546,936)	\$ (1,513,203)
96,761,071	96,559,326	(201,745)	(588,620)
17,142,165	14,418,322	(2,723,843)	472,179
231,219,713	226,747,189	(4,472,524)	(1,629,644)
128,073,752	149,379,751	(21,305,999)	(15,663,573)
71,327,475	72,418,921	(1,091,446)	(5,618,466)
5,104,859	12,582,048	(7,477,189)	(648,763)
36,193,516	46,324,725	(10,131,209)	(12,713,569)
240,699,602	280,705,445	(40,005,843)	(34,644,371)
(9,479,889)	(53,958,256)	(44,478,367)	33,014,727
-	15,000	15,000	292,055
-	-	-	176,698
11,586,838	11,964,980	378,142	(905,469)
(11,586,838)	(11,964,980)	(378,142)	905,469
-	15,000	15,000	468,753
(9,479,889)	(53,943,256)	(44,463,367)	33,483,480
56,871,760	71,735,097	(14,863,337)	4,319,231
\$ 47,391,871	\$ 17,791,841	\$ (29,600,030)	\$ 29,164,249



Cedar Rapids Community School District

Note to Required Supplementary Information June 30, 2013

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 2012-13 Budget document. The 2012-13 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 2012-13, amendments increased the instructional functional area by \$21,305,999, increased total support services by \$1,091,446 and increased the non-instructional programs by \$7,477,189. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures were increased by \$10,131,209 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 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, 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
June 30, 2013	07/01/2011	-	15,068,320	15,068,320	-	128,232,819	11.75

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, (2) an annual health care cost trend rate of 6 percent and (3) an inflation rate of 3 percent.
- d. Amortization period and method is 30 years and level dollar open.

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, 2013**

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 54,836,179
Utility tax replacement excise tax	2,854,074
Income surtax	6,483,657
Tuition	4,953,225
Transportation	119,365
Investment earnings	15,825
Student activities	19,204
Fees and rents	421,167
Sales of services	1,119,516
Other	1,502,469
Total local sources	<u>72,324,681</u>
State sources:	
Foundation aid	74,840,756
Preschool foundation aid	1,062,177
Salary improvement program	8,491,479
AEA flowthrough	6,626,750
Nonpublic aid	602,815
Iowa Early Intervention Block grant	1,098,765
At-risk grants	1,038,703
Miscellaneous state grants	1,639,502
Other	27,943
Total state sources	<u>95,428,890</u>
Federal sources:	
Title I grants	3,060,498
Carl Perkins grant	185,684
Title II grants	638,577
Individuals with Disabilities Education Act	1,053,434
Medicaid direct reimbursement	3,268,325
Other	266,067
Total federal sources	<u>8,472,585</u>
Total revenues	<u>176,226,156</u>

(Continued)

Cedar Rapids Community School District

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

Major Fund - General

Year Ended June 30, 2013

	<u>Actual</u>
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 45,782,512
Employee benefits	11,522,901
Purchased services	6,048,716
Supplies	2,354,596
Capital outlay	587,013
Other	60,302
	<u>66,356,040</u>
Special instruction:	
Salaries	29,337,682
Employee benefits	6,748,302
Purchased services	4,063,324
Supplies	379,953
Capital outlay	30,620
Other	21,513
	<u>40,581,394</u>
Vocational instruction:	
Salaries	985,193
Employee benefits	236,999
Purchased services	30,584
Supplies	61,664
Capital outlay	79,452
Other	1,665
	<u>1,395,557</u>
Other instruction:	
Salaries	12,009,417
Employee benefits	2,632,470
Purchased services	984,237
Supplies	826,459
Capital outlay	206,987
Other	75,383
	<u>16,734,953</u>
Total instruction	<u>125,067,944</u>

(Continued)

Cedar Rapids Community School District

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

Major Fund - General

Year Ended June 30, 2013

	<u>Actual</u>
Support services:	
Student services:	
Salaries	\$ 4,252,498
Employee benefits	1,040,183
Purchased services	263,189
Supplies	39,862
Capital outlay	21,469
Other	5,403
	<u>5,622,604</u>
Instruction staff services:	
Salaries	5,323,664
Employee benefits	1,216,566
Purchased services	536,275
Supplies	306,394
Capital outlay	80,778
Other	99,187
	<u>7,562,864</u>
General administration services:	
Salaries	1,812,916
Employee benefits	520,309
Purchased services	737,493
Supplies	79,929
Capital outlay	17,994
Other	56,444
	<u>3,225,085</u>
School administration services:	
Salaries	9,079,322
Employee benefits	2,767,610
Purchased services	164,871
Supplies	109,913
Capital outlay	4,552
Other	43,735
	<u>12,170,003</u>
Business services:	
Salaries	3,273,178
Employee benefits	931,433
Purchased services	1,080,659
Supplies	537,204
Capital outlay	28,170
Other	48,592
	<u>5,899,236</u>

(Continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Major Fund - General
 Year Ended June 30, 2013

	<u>Actual</u>
Support services (continued):	
Operations and maintenance:	
Salaries	\$ 6,786,291
Employee benefits	2,425,594
Purchased services	1,105,911
Supplies	4,141,475
Capital outlay	44,423
Other	5,262
	<u>14,508,956</u>
Student transportation:	
Salaries	3,234,327
Employee benefits	593,950
Purchased services	486,162
Supplies	1,131,873
Capital outlay	27,399
Other	5,380
	<u>5,479,091</u>
	<u>54,467,839</u>
Other expenditures, AEA flow-through	<u>6,626,750</u>
Total expenditures	<u>186,162,533</u>
(Deficiency) of revenues over expenditures	<u>(9,936,377)</u>
Other financing sources (uses):	
Transfers in	2,401,355
Transfers out	(49,743)
Total other financing sources	<u>2,351,612</u>
Net change in fund balance	<u>(7,584,765)</u>
Fund balance, beginning of year	<u>11,091,220</u>
Fund balance, end of year	<u>\$ 3,506,455</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, 2013**

	Special Revenue		Capital Projects
	Student Activity	Management	Physical Plant and Equipment Levy
Assets			
Cash and cash equivalents	\$ 1,205,211	\$ 6,849,860	\$ 5,500,314
Receivables:			
Taxes:			
Current year	-	103,362	45,920
Succeeding year	-	7,500,023	4,777,287
Interest	-	777	171
Other	854	27,237	-
Due from other governments	-	-	-
Due from other funds	-	-	1,450
Total assets	\$ 1,206,065	\$ 14,481,259	\$ 10,325,142
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)			
Liabilities:			
Accounts payable	\$ 46,902	\$ 182,911	\$ 350,656
Accrued expenditures, primarily salaries and benefits payable	-	3,422,451	-
Due to other governments	-	5,795	-
Due to other funds	41,845	29,845	111,702
Total liabilities	88,747	3,641,002	462,358
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	7,500,023	4,777,287
Unavailable revenue - intergovernmental	-	-	-
Total deferred inflows of resources	-	7,500,023	4,777,287
Fund balances (deficit):			
Restricted	1,117,318	3,340,234	5,085,497
Unassigned	-	-	-
Total fund balance (deficit)	1,117,318	3,340,234	5,085,497
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$ 1,206,065	\$ 14,481,259	\$ 10,325,142

<u>Capital Projects</u>		
Flood Recovery		Total Nonmajor Governmental Funds
\$ -	\$	13,555,385
-		149,282
-		12,277,310
-		948
753		28,844
5,323,104		5,323,104
-		1,450
<u>\$ 5,323,857</u>	<u>\$</u>	<u>31,336,323</u>
\$ 18,715	\$	599,184
-		3,422,451
-		5,795
5,500,758		5,684,150
<u>5,519,473</u>		<u>9,711,580</u>
-		12,277,310
5,323,104		5,323,104
<u>5,323,104</u>		<u>17,600,414</u>
-		9,543,049
(5,518,720)		(5,518,720)
<u>(5,518,720)</u>		<u>4,024,329</u>
<u>\$ 5,323,857</u>	<u>\$</u>	<u>31,336,323</u>

Cedar Rapids Community School District

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
Year Ended June 30, 2013**

	Special Revenue		Capital Projects
	Student Activity	Management	Physical Plant and Equipment Levy
Revenues:			
Local sources:			
Local taxes	\$ -	\$ 10,483,499	\$ 4,599,986
Other local sources	3,700,079	175,408	2,123
State sources	-	5,078	2,138
Federal sources	-	-	-
Total revenues	3,700,079	10,663,985	4,604,247
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	3,424,416	-
Other instruction	3,572,532	-	-
Total instruction	3,572,532	3,424,416	-
Support services:			
Student services	-	788	-
Instruction staff services	-	31,527	-
General administration services	-	124,539	-
School administration services	-	641,317	-
Business services	-	188,276	7,295
Operations and maintenance	-	1,537,041	346,442
Student transportation	-	499,557	1,200,719
Total support services	-	3,023,045	1,554,456
Noninstructional programs:			
Food service	-	116,539	-
Community services	-	107,824	-
	-	224,363	-
Facilities acquisition	-	-	1,456,143
Total expenditures	3,572,532	6,671,824	3,010,599
Excess (deficiency) of revenues over expenditures	127,547	3,992,161	1,593,648
Other financing sources (uses):			
Proceeds on disposal of capital assets	-	-	307,055
Transfers in	-	-	402,932
Transfers out	-	(63,935)	(1,835,490)
Total other financing sources (uses)	-	(63,935)	(1,125,503)
Net changes in fund balances	127,547	3,928,226	468,145
Fund balance (deficit), beginning of year	989,771	(587,992)	4,617,352
Fund balance (deficit), end of year	\$ 1,117,318	\$ 3,340,234	\$ 5,085,497

<u>Capital Projects</u>		
Flood Recovery		Total Nonmajor Governmental Funds
\$ -	\$	15,083,485
226,887		4,104,497
447,231		454,447
236,557		236,557
<u>910,675</u>		<u>19,878,986</u>
-		3,424,416
-		3,572,532
-		<u>6,996,948</u>
-		788
-		31,527
-		124,539
-		641,317
9,454		205,025
215,527		2,099,010
-		1,700,276
<u>224,981</u>		<u>4,802,482</u>
-		116,539
-		107,824
-		<u>224,363</u>
1,499,991		2,956,134
<u>1,724,972</u>		<u>14,979,927</u>
(814,297)		<u>4,899,059</u>
-		307,055
-		402,932
<u>(217,933)</u>		<u>(2,117,358)</u>
(217,933)		(1,407,371)
(1,032,230)		3,491,688
<u>(4,486,490)</u>		<u>532,641</u>
<u>\$ (5,518,720)</u>	<u>\$</u>	<u>4,024,329</u>

Cedar Rapids Community School District

Statement of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash	\$ 7,717	\$ 781	\$ (2,667)	\$ 5,831
Liabilities				
Accounts payable	\$ 7,717	\$ 781	\$ (2,667)	\$ 5,831

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

Schedule 1
Cedar Rapids Community School District

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Governmental activities										
Invested in capital assets*, net of related debt	\$ 67,290,267	\$ 42,660,794	\$ 62,090,605	\$ 57,843,722	\$ 53,695,772	\$ 34,637,424	\$ 29,071,894	\$ 30,011,701	\$ 26,105,053	\$ 19,839,878
Restricted (3)	37,189,039	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
Unrestricted (2)	(9,155,359)	(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
Total Governmental activities	95,323,947	92,720,662	82,534,976	75,192,275	73,050,769	66,062,163	49,875,742	44,952,135	40,347,585	27,688,964
Business type activities										
Invested in capital assets, net of related debt	628,541	516,911	546,333	540,774	527,720	564,015	505,235	462,850	453,163	522,688
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,381,534	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
Total Business type activities	3,010,075	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
Primary Government										
Net investment in capital assets (1)	67,918,808	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
Restricted	37,189,039	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
Unrestricted	(6,773,825)	1,057,616	(9,501,021)	3,604,044	3,975,780	16,014,815	14,640,083	11,292,062	13,389,033	6,819,501
Total Primary Government	\$ 98,334,022	\$ 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

Source: CRCSO Financial Records

(1) Between FY2008 & FY2009 net investment in capital assets, increased by 54 percent or \$19 million, largely due to an increase of \$6.7 million in capital assets and the payment of \$7.5 million in remaining debt on a \$10 million, 2001 general obligation bond issue.

(2) Unrestricted Net Position 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 Position increased from \$32 million to \$51.4 million in FY2012 largely due to an increase of \$17 million in the SILO Fund related to debt issuances committed to sinking fund/reserve fund requirements and capital investments in infrastructure. A reduction of 17.2 million in FY13 is reflective of planned spend down of these restricted funds.

Schedule 2
Cedar Rapids Community School District

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

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Expenses					
Governmental activities:					
Instruction:					
Regular instruction	\$ 71,109,802	\$ 69,875,055	\$ 74,294,843	\$ 72,402,579	\$ 71,990,885
Special instruction	40,851,842	39,144,288	38,942,281	37,719,118	40,305,169
Vocational instruction	1,410,611	1,376,871	1,329,036	1,227,137	1,182,005
Other instruction	20,469,838	20,624,027	24,545,868	22,605,625	19,943,628
Total Instruction	<u>133,842,093</u>	<u>131,020,241</u>	<u>139,112,028</u>	<u>133,954,459</u>	<u>133,421,687</u>
Support services:					
Student services	5,656,741	5,359,869	4,977,631	4,538,595	4,561,206
Instructional staff services	7,534,866	7,621,472	8,475,277	8,129,012	6,984,503
General administration services	4,693,205	4,653,363	3,545,874	3,538,854	3,281,946
School administration services	12,144,472	12,249,699	13,906,071	12,328,078	12,346,434
Business services	6,293,309	5,680,845	6,068,161	5,622,533	5,936,881
Operations and maintenance	17,142,185	17,982,029	17,837,328	18,398,999	23,205,730
Student transportation	7,951,558	6,610,408	7,359,083	5,548,807	4,615,988
Total support services	<u>61,416,336</u>	<u>60,157,685</u>	<u>62,169,425</u>	<u>58,104,878</u>	<u>60,932,688</u>
Non-instructional programs:					
Food Services	116,539	97,989	168,194	201,939	174,635
Community services	137,933	93,866	27,825	17,196	36,646
Total non-instructional expenditures	<u>254,472</u>	<u>191,855</u>	<u>196,019</u>	<u>219,135</u>	<u>211,281</u>
Other expenditures:					
Facilities acquisition/construction			-	-	-
Interest on long-term debt	7,061,533	6,969,583	3,033,480	2,467,687	2,964,692
AEA flow through	6,626,750	6,585,536	7,259,732	7,235,780	6,606,831
Total other expenditures	<u>13,688,283</u>	<u>13,555,119</u>	<u>10,293,212</u>	<u>9,703,467</u>	<u>9,571,523</u>
Total governmental activities	<u>209,201,184</u>	<u>204,924,900</u>	<u>211,770,684</u>	<u>201,981,939</u>	<u>204,137,179</u>
Business type activities:					
Non-instructional programs:					
Day care services	4,462,868	4,490,566	4,288,063	3,862,538	3,582,403
Nutrition services	7,892,438	7,666,183	7,468,171	7,377,936	7,267,744
Total Business type activities	<u>12,355,306</u>	<u>12,156,749</u>	<u>11,756,234</u>	<u>11,240,474</u>	<u>10,850,147</u>
Total primary government expenses	<u>221,556,490</u>	<u>217,081,649</u>	<u>223,526,918</u>	<u>213,222,413</u>	<u>214,987,326</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	9,354,805	9,618,215	9,911,113	9,698,875	10,796,979
Support	533,744	382,035	404,214	516,918	124,095
Non-Instruction	602,545	663,854	620,996	626,433	595,378
Operating grants and contributions ⁽¹⁾	28,146,816	28,242,870	38,179,998	42,074,181	29,048,356
Capital grants and contributions ⁽²⁾	979,130	3,421,846	6,657,524	2,639,870	10,577,612
Total governmental activities	<u>39,617,040</u>	<u>42,328,820</u>	<u>55,773,845</u>	<u>55,556,277</u>	<u>51,142,420</u>
Business type activities:					
Charges for services					
Day care services	4,214,598	4,504,350	4,214,767	3,729,707	3,531,998
Nutrition Services	3,246,044	3,308,093	3,389,056	3,555,839	3,457,122
Operating grants and contributions					
Day care services	74,869	84,491	79,298	59,221	40,897
Nutrition Services	4,932,927	4,669,048	4,483,597	4,278,906	3,863,594
Capital grants and contributions					
Day care services	-	-	-	175,000	-
Nutrition Services	176,698	-	-	-	62,578
Total business type activities	<u>12,645,136</u>	<u>12,565,982</u>	<u>12,166,718</u>	<u>11,798,673</u>	<u>10,956,189</u>
Total primary government program revenues	<u>52,262,176</u>	<u>54,894,802</u>	<u>67,940,563</u>	<u>67,354,950</u>	<u>62,098,609</u>
Net (Expense)/Revenue					
Governmental activities	(169,584,144)	(162,596,080)	(155,996,839)	(146,425,662)	(152,994,759)
Business type activities	289,830	409,233	410,484	558,199	106,042
Total primary government net expense	<u>\$ (169,294,314)</u>	<u>\$ (162,186,847)</u>	<u>\$ (155,586,355)</u>	<u>\$ (145,867,463)</u>	<u>\$ (152,888,717)</u>

Source: CRCSD 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. Further decline in FY2013 is reflective of a decline in FEMA reimbursements. The District estimates that FEMA and State Emergency Management still owe \$4.2 in flood expenditure reimbursements.

(Continued)

Schedule 2 (continued)
Cedar Rapids Community School District

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

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Expenses					
Governmental activities:					
Instruction:					
Regular instruction	\$ 57,529,082	\$ 52,798,449	\$ 35,244,717	\$ 44,819,744	\$ 44,043,950
Special instruction	50,293,076	49,433,979	47,377,434	46,809,075	45,228,653
Vocational instruction	1,138,270	1,052,903	1,033,006	955,000	892,460
Other instruction	7,261,577	6,991,546	7,269,449	6,501,494	6,946,843
Total Instruction	<u>116,222,005</u>	<u>110,276,877</u>	<u>90,924,606</u>	<u>99,085,313</u>	<u>97,111,906</u>
Support services:					
Student services	4,420,226	4,195,708	4,413,031	3,310,220	4,632,090
Instructional staff services	7,035,747	6,579,274	7,037,494	9,805,511	7,727,069
General administration services	2,825,902	2,351,789	2,811,090	1,436,593	1,034,397
School administration services	11,521,526	10,869,328	10,216,281	8,142,005	7,672,309
Business services	5,772,893	5,092,014	4,771,895	3,461,843	3,607,752
Operations and maintenance	16,265,748	15,502,986	26,502,896	11,312,146	10,913,085
Student transportation	3,944,228	3,383,138	3,212,985	2,746,897	2,314,212
Total support services	<u>51,786,270</u>	<u>47,974,237</u>	<u>58,965,672</u>	<u>40,215,215</u>	<u>37,900,914</u>
Non-instructional programs:					
Food Services	120,444	156,605	124,903	-	-
Community services	55,146	1,266,905	2,511,824	2,438,130	2,361,262
Total non-instructional expenditures	<u>175,590</u>	<u>1,423,510</u>	<u>2,636,727</u>	<u>2,438,130</u>	<u>2,361,262</u>
Other expenditures:					
Facilities acquisition/construction	1,706,264	3,251,130	4,008,904	1,953,053	3,967,494
Interest on long-term debt	3,131,456	3,230,399	2,452,755	2,108,287	2,205,516
AEA flow through	6,232,507	5,916,552	5,527,722	5,231,164	5,232,029
Total other expenditures	<u>11,070,227</u>	<u>12,398,081</u>	<u>11,989,381</u>	<u>9,292,504</u>	<u>11,405,039</u>
Total governmental activities	<u>179,254,092</u>	<u>172,072,705</u>	<u>164,516,386</u>	<u>151,031,162</u>	<u>148,779,121</u>
Business type activities:					
Non-instructional programs:					
Day care services	3,345,702	1,565,083	-	-	-
Nutrition services	6,889,696	6,602,417	6,281,144	6,078,235	5,823,143
Total Business type activities	<u>10,235,398</u>	<u>8,167,500</u>	<u>6,281,144</u>	<u>6,078,235</u>	<u>5,823,143</u>
Total primary government expenses	<u>189,489,490</u>	<u>180,240,205</u>	<u>170,797,530</u>	<u>157,109,397</u>	<u>154,602,264</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	10,601,806	10,595,248	10,646,676	10,617,346	10,768,359
Support	158,590	430,377	515,063	428,590	149,079
Non-Instruction	466,431	1,965,778	3,007,013	2,724,666	2,624,322
Operating grants and contributions	24,276,159	21,281,797	19,133,035	17,091,295	16,448,596
Capital grants and contributions	50,000	-	25,225	560,383	1,207,873
Total governmental activities	<u>35,552,986</u>	<u>34,273,200</u>	<u>33,327,012</u>	<u>31,422,280</u>	<u>31,198,229</u>
Business type activities:					
Charges for services					
Day care services	3,299,664	1,536,100	-	-	-
Nutrition Services	3,440,611	3,455,744	3,427,753	3,456,798	3,333,124
Operating grants and contributions					
Day care services	22,128	4,591	-	-	-
Nutrition Services	3,455,026	3,524,044	3,370,984	3,082,460	2,737,108
Capital grants and contributions					
Day care services	-	-	-	-	-
Nutrition Services	-	-	-	-	-
Total business type activities	<u>10,217,429</u>	<u>8,520,479</u>	<u>6,798,737</u>	<u>6,539,258</u>	<u>6,070,232</u>
Total primary government program revenues	<u>45,770,415</u>	<u>42,793,679</u>	<u>40,125,749</u>	<u>37,961,538</u>	<u>37,268,461</u>
Net (Expense)/Revenue					
Governmental activities	(143,701,106)	(137,799,505)	(131,189,374)	(119,608,882)	(117,580,892)
Business type activities	(17,969)	352,979	517,593	461,023	247,089
Total primary government net expense	<u>\$ (143,719,075)</u>	<u>\$ (137,446,526)</u>	<u>\$(130,671,781)</u>	<u>\$(119,147,859)</u>	<u>\$(117,333,803)</u>

Schedule 3
Cedar Rapids Community School District

General Revenues and Total Change in Net Position
(accrual basis of accounting)
Last Ten Fiscal Years

	Fiscal Year									
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Net (Expense)/Revenue										
Governmental activities	\$ (169,584,144)	\$ (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)
Business-type activities	289,830	409,233	410,484	410,484	558,199	(17,969)	352,979	517,593	461,023	247,089
Total primary government net expense	(169,294,314)	(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)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes levied for general purposes(1)	68,392,133	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
Property taxes levied for debt service	4,381,606	4,266,592	4,062,241	4,025,457	695	1,789,051	3,606,784	3,667,686	3,886,785	3,866,591
Property taxes levied for capital projects	13,964,236	15,499,785	16,467,769	16,792,473	4,036,178	4,273,948	4,024,504	3,865,918	4,197,782	4,053,427
Local option sales tax(2)	6,483,657	6,245,479	6,018,754	7,286,421	16,910,932	16,198,462	-	-	-	-
Income surtaxes	76,163,093	75,965,607	71,276,920	61,586,974	7,954,055	7,254,909	5,614,790	3,239,523	3,001,098	2,886,724
Grants not restricted to specific programs	464,753	2,221,668	248,167	1,096,081	73,743,422	73,666,870	71,330,072	67,944,624	64,003,288	61,534,656
Investment earnings	2,106,025	2,656,601	1,780,172	2,103,712	1,807,149	2,949,098	3,346,105	1,510,041	892,596	500,030
Miscellaneous	232,136	235,752	242,600	202,168	457,346	520,723	739,479	968,048	1,124,595	901,678
Transfers	172,187,639	172,781,756	163,339,540	148,567,168	193,867	191,366	251,678	231,757	60,251	60,026
Total Governmental activities	172,187,639	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
Business-type activities										
Investment earnings	2,805	3,081	6,596	6,270	27,090	92,021	95,425	59,219	27,292	5,721
Miscellaneous	67,536	91,846	121,213	57,405	17,515	14,551	40,023	1,374	3,294	13,901
Transfers	(232,136)	(235,752)	(242,600)	(202,168)	(193,867)	(191,366)	(251,678)	(231,757)	(60,251)	(60,026)
Total Business-type activities	(161,795)	(140,825)	(114,791)	(138,493)	(149,262)	(84,794)	(116,230)	(171,164)	(29,665)	(40,404)
Total primary government	172,025,844	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
Change in Net Position										
Governmental activities	2,603,495	10,185,676	7,342,701	(7,429,671)	13,503,902	16,186,421	4,923,607	4,604,550	12,658,621	8,543,801
Business-type activities	128,035	268,408	295,693	271,991	408,937	(102,763)	236,749	346,429	431,358	206,685
Total primary government	\$ 2,731,530	\$ 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

Source: CRCSD Financial Records

(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									
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
General Fund										
Nonspendable	\$ 266,630	\$ 272,678	\$ 202,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,599,248	4,215,252	3,291,584	-	-	-	-	-	-	-
Unassigned	(1,359,423)	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
Unreserved	-	-	-	999,069	11,524,431	19,386,712	19,914,489	16,545,221	15,267,504	8,294,363
Total general fund	3,506,455	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
All Other Governmental Funds										
Restricted ⁽⁵⁾	\$ 43,199,945	\$ 55,758,753	\$ 32,282,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	2,758,335	2,758,335	2,758,335	-	-	-	-	-	-	-
Unassigned	(5,518,720)	(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
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
Debt service funds ⁽²⁾	-	-	-	113,436	24,769,620	31,805,918	31,884,219	31,897,942	26,096	714
Total all other governmental funds	40,439,560	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
Total all governmental funds	\$ 43,946,015	\$ 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

Source: CRCS 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.

(5) Increase of Restricted fund balance of \$23 million in FY2012 is related to the issuance of \$53 million in SLO funded debt partially unused. Planned expenditures of these funds further reduced this category in FY2013.

Schedule 5
Cedar Rapids Community School District

Governmental Funds Revenues

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Federal Sources:										
Federal grants(1)	\$ 9,953,558	\$ 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
Total federal sources	9,953,558	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
State Sources:										
State foundation aid(1)	74,840,756	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
State grants and other	21,059,097	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
Total state sources	95,899,853	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
Local sources										
Local taxes	93,221,631	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
Tuition	4,953,225	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
Other local sources	8,550,499	11,134,514	8,585,502	8,650,824	9,083,484	9,681,740	12,261,546	11,860,064	10,970,372	10,419,494
Total local sources	106,725,355	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
Total governmental revenues	\$ 212,578,766	\$ 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

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)

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
	Fiscal Year									
Instruction:										
Regular instruction	\$ 71,429,408	\$ 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
Special instruction	40,681,394	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
Vocational instruction	1,395,557	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
Other instruction	20,307,485	20,622,944	24,547,768	22,507,719	19,158,533	7,240,929	7,007,559	7,236,953	6,582,032	6,909,855
Total Instruction	133,713,844	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
Support services:										
Student services	5,623,392	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
Instructional staff services	7,602,176	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
General administration services	3,411,657	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
School administration services	12,811,320	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
Business services	6,293,777	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
Operations and maintenance	16,607,966	17,242,210	17,387,785	18,020,623	22,550,281	16,268,227	14,962,507	14,441,325	11,337,023	10,923,158
Student transportation	7,179,367	5,836,541	6,750,524	5,156,301	5,156,464	4,034,637	3,374,731	2,855,444	2,924,427	2,287,491
AEA flowthrough	6,626,750	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
Total support services	66,156,405	63,150,673	65,851,983	63,393,688	66,079,849	57,464,888	53,481,690	51,400,251	45,744,822	43,173,109
Non-instructional programs:										
Food service	116,539	97,989	168,194	201,939	174,635	120,444	156,605	124,903	-	-
Community services	107,824	93,866	27,825	17,196	8,727	55,146	1,367,196	2,499,084	2,439,805	2,336,378
Total non-instructional services	224,363	191,855	196,019	219,135	183,362	175,590	1,523,801	2,623,987	2,439,805	2,336,378
Other expenditures:										
Debt Service										
Principal	2,495,000	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
Interest	5,482,908	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
Bond Issuance Costs	-	924,019	759,582	-	-	-	-	-	-	-
Capital Outlay										
Facility acquisition/construction	25,633,248	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
Total other expenditures	33,611,156	49,867,093	44,386,566	45,287,931	29,714,236	10,837,575	8,037,363	7,186,100	14,684,160	16,743,049
Total expenditures	\$ 233,705,768	\$ 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
Transfers out	10,790,574	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
Total expenditures and transfers	\$ 244,496,342	\$ 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
Debt service as a percentage of noncapital expenditures	3.84%	4.07%	2.11%	13.01%	5.81%	2.91%	3.41%	2.60%	3.44%	2.91%

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)

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Excess of revenues over (under) expenditures	\$ (21,127,002)	\$ (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)
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	307,055	-	-	-	-	-	-	-	-	13,051
Payment to refunding escrow agent	-	-	-	-	-	-	-	(300,709)	-	-
Transfers in	11,022,710	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
Transfers out	(10,790,574)	(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)
Total other financing sources (uses)	539,191	53,940,635	42,316,051	202,168	193,867	191,366	251,678	32,069,792	60,251	73,077
Special item, misappropriated collections (1)	-	-	-	587,784	-	-	-	-	-	-
Net change in fund balances	\$ (20,587,811)	\$ 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)

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 SLO fund back debt sales totaling \$95.3 million during the period. The net change in fund balances of -\$20.6 million in FY2013 is due to the planned spend down of SLO bond resources from FY2012.

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

Calendar Year Assessed	Fiscal Year Collected	Assessed Valuations (Excluding Tax Increment Financing (TIF) Property)						Total
		Agriculture	Residential (net of personal exemptions)	Commercial	Industrial	Railroad	Utility with Gas & Elect	
2011	2013	\$54,064,493	\$5,976,761,826	\$1,403,278,699	\$103,785,961	\$13,304,326	\$662,699,848	\$8,213,895,153
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

Calendar Year Assessed	State Rollback Factors					
	Agriculture	Residential	Commercial	Industrial	Railroad	Utility
2011	57.5411%	50.7518%	100.0000%	100.0000%	100.0000%	100.0000%
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%

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
\$31,101,875	\$2,977,508,920	\$1,402,946,208	\$103,785,961	\$13,304,326	\$266,730,830	\$4,795,378,120	15.16089
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

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 Alto	Town of Robins	Linn County
2013	14.23893	0.92196	15.16089	15.21621	4.26168	15.15751	13.62416	12.43424	8.02375	6.11191
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

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 2011 for			Assessed Value 2002 for		
		FY11	Percentage of Total Assessed Valuation	FY02	Percentage of Total Assessed Valuation	
	Rank	Amount		Rank	Amount	
Assessed Value 2011 for	Assessed Value 2002 for					
FY 2013 Revenue	FY 2004 Revenue					
Interstate Power/Alliant/IES Steam	1	\$ 338,556,867	4.4%	1	\$ 199,812,900	3.3%
Nextera Energy Duane Arnold Plant	2	136,665,652	1.9%	-	-	-
ITC Midwest LLC	3	58,353,802	0.4%	-	-	-
AEGON/Life Investors Inc.	4	50,160,945	0.6%	2	53,657,645	0.9%
Central Iowa Power	5	36,116,291	0.4%	-	-	-
MidAmerican Energy	6	34,480,874	0.4%	5	25,464,263	0.4%
Hy-Vee Food Stores Inc.	7	30,855,721	0.3%	-	-	-
Mercy Hospital/Mercy Care Manager Hospital/Medical Clinics	8	23,301,327	0.3%	-	-	-
Walmart & Sam's Club	9	23,157,614	0.3%	-	-	-
Qwest	10	22,693,159	0.3%	4	26,279,211	0.4%
Westdale Capital Investments	-	-	-	3	49,202,194	0.8%
Windsor on the River LLC	-	-	-	6	22,948,083	0.4%
Robert Miell	-	-	-	7	20,307,260	0.3%
Connie Keener	-	-	-	8	17,767,865	0.3%
OPN LC	-	-	-	9	17,531,372	0.3%
Iowa Land and Building	-	-	-	10	17,376,194	0.3%
Total		\$ 754,342,252	9.3%		\$ 450,346,987	7.4%

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 Tax		Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (1)		Total Tax Collections	
	Fiscal Year	Fiscal Year	Current Tax Collections	Tax Collections	Amount	Percent of Levy	Amount	Percent of Levy	Amount	Percent of Levy	Amount	Percent of Levy
2013	\$72,888,477	\$72,760,306	\$711,951	\$72,048,355	98.8%	\$42,460	\$72,090,815	98.9%				
2012	69,864,901	69,909,567	727,345	69,182,222	99.0%	67,042	69,249,264	99.1%				
2011	67,108,461	67,110,199	825,699	66,284,500	98.8%	201,493	66,485,993	99.1%				
2010	61,170,457	59,481,415	1,077,430	58,403,985	95.5%	64,001	58,467,986	95.6%				
2009	58,614,162	58,347,217	802,705	57,544,512	98.2%	612,298	58,156,810	99.2%				
2008	59,659,811	59,093,282	274,757	58,818,525	98.6%	(10,393)	58,808,132	98.6%				
2007	61,312,422	61,442,992	800,875	60,642,117	98.9%	94,699	60,736,816	99.1%				
2006	62,132,270	61,923,318	766,557	61,156,761	98.4%	50,584	61,207,345	98.5%				
2005	63,213,538	62,969,294	873,275	62,096,019	98.2%	572,181	62,668,200	99.1%				
2004	61,416,731	60,184,324	630,166	59,554,158	97.0%	(17,118)	59,537,040	96.9%				

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										Net Bonded Debt ⁽¹⁾	Percentage of Personal Income ⁽¹⁾	Total Debt Per Capita ⁽¹⁾	Net Bonded Debt ⁽²⁾ Per Capita ⁽¹⁾	Taxable ⁽³⁾ Value of Property	Ratio of Net Bonded Debt ⁽²⁾ 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	Less Amount Restricted for Debt Service	Net Bonded Debt ⁽¹⁾						
2013	\$83,860,335	\$11,842,461	\$23,750,658	\$ -	\$ -	\$ -	\$ -	\$119,453,454	\$2,125,782	\$117,327,672	1.23%	\$455	\$447	\$4,795,378,120	2.45%	
2012	83,425,000	11,842,461	25,995,000	-	-	-	121,262,461	3,427,335	\$117,835,126	1.26%	465	\$452	4,596,613,222	2.56%		
2011	30,000,000	11,842,461	28,490,000	-	-	-	70,332,461	1,661,964	\$68,670,497	0.76%	272	\$266	4,413,597,697	1.56%		
2010	-	-	30,880,000	-	-	-	30,880,000	185,579	\$30,694,421	0.34%	120	\$119	4,379,304,353	0.70%		
2009	-	-	31,385,000	26,300,000	-	-	57,685,000	-	\$57,685,000	0.62%	226	\$226	4,252,041,112	1.36%		
2008	-	-	31,385,000	35,350,000	-	-	66,735,000	-	\$66,735,000	0.74%	264	\$264	4,128,554,614	1.62%		
2007	-	-	31,385,000	37,400,000	-	-	68,785,000	-	\$70,170,000	0.85%	276	\$276	4,065,717,578	1.66%		
2006	-	-	31,385,000	39,325,000	325,000	-	71,035,000	-	\$71,035,000	0.85%	287	\$286	4,050,367,970	1.75%		
2005	-	-	-	41,225,000	635,000	-	46,860,000	-	\$41,225,000	0.57%	191	\$168	3,988,485,012	1.03%		
2004	-	-	-	43,025,000	940,000	1,000,000	44,965,000	-	\$44,025,000	0.56%	185	\$181	3,976,283,189	1.11%		

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>	
2013	\$13,964,236	\$ -	\$4,367,398	\$ 3.20
2012	16,299,785	-	3,880,727	4.20
2011	15,667,769	-	694,531	22.56
2010	-	-	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-

Source: District Financial Records

**Schedule 14
Cedar Rapids Community School District**

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

	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	\$119,453,454	100.00 %	\$119,453,454
Overlapping:			
City of Cedar Rapids	\$164,306,334	66.53 %	\$109,313,004
City of Hiawatha	\$22,710,000	93.48 %	\$21,229,308
City of Marion	\$25,785,000	2.15 %	\$554,378
City of Robins	\$6,220,000	69.08 %	\$4,296,776
Kirkwood Community College	\$26,585,000	23.70 %	\$6,300,645
Linn County	\$19,630,000	51.59 %	\$10,127,117
Total Overlapping	265,236,334		151,821,228
 Total Direct and Overlapping Debt	 <u>\$384,689,788</u>	 70.52 %	 <u>\$271,274,682</u>

Source: Linn County Auditor

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(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									
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Assessed valuation	\$ 8,213,895,153	\$ 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
Legal debt limit (5% of Assessed Valuation)	410,694,758	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
District debt applicable	118,767,461	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
Legal debt margin	\$ 291,927,297	\$ 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
District debt applicable as a percentage of Legal debt limit	28.9%	29.9%	18.0%	8.0%	8.6%	9.7%	10.6%	11.9%	13.0%	14.8%

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 %
2012	262,530	\$9,748,000,000	\$37,131	5.4%
2011	260,580	9,657,820,000	37,063	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

Sources:

Woods and Poole Economics 2013 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

	2013			2004		
	<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.	8,700	1	5.11%	6,500	1	4.03%
Transamerica	3,872	2	2.27%	2,580	5	1.60%
St. Luke's Hospital	3,184	3	1.87%	3,060	2	1.90%
Cedar Rapids Community Schools	2,936	4	1.72%	2,817	4	1.74%
Mercy Medical Center	2,312	5	1.36%	2,257	7	1.40%
Kirkwood Community College	1,895	6	1.11%	1,364	9	0.84%
City of Cedar Rapids	1,311	7	0.77%			
Nordstrom Direct	1,200	8	0.70%			
Quaker Foods and Snacks	1,018	9	0.60%			
Linn Mar Community School District	954	10	0.56%			
Hy-Vee Food Stores				2,971	3	1.84%
Whirlpool Corporation				2,557	6	1.58%
MCI Communications (Worldcom)				2,071	8	1.28%
Wal Mart Stores				1,363	10	0.84%
Totals	27,382		16.07%	27,540		17.05%

Sources:

Cedar Rapids Economic Alliance - for individual employer employment.
Woods and Poole Economics 2012 Data Pamphlet - for total employment.

(1) Total employment encompasses the Cedar Rapids Metropolitan Statistical Area

**Schedule 18
Cedar Rapids Community School District**

Full Time-Equivalent (1) District Employee by Type

Last Ten Fiscal Years

	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05	FY04	Percentage Change FY2004-2013
Administration											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Deputy/Assistant Superintendent	2.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	0.0	1.0	100.0%
Principals and Assistants	49.0	48.0	48.0	48.0	48.0	48.0	49.0	49.0	51.0	50.0	-2.0%
District Administrators	10.0	12.0	13.0	13.0	14.0	13.0	13.0	13.0	13.0	15.0	-33.3%
Supervisors	7.0	7.0	7.0	8.0	9.0	8.0	8.0	7.0	7.0	7.0	0.0%
Total Administration	69.0	69.0	70.0	71.0	73.0	72.0	73.0	72.0	72.0	74.0	-6.8%
Teachers											
PreK-12 (3), Music, Physical Education and Art	930.4	938.1	952.1	969.5	940.8	942.0	933.0	930.5	906.1	921.7	0.9%
Special Education	222.3	213.6	218.4	219.4	252.9	258.1	265.5	255.8	249.5	257.0	-13.5%
Federal Programs	31.3	23.1	39.9	41.3	27.2	26.0	23.0	22.3	20.2	19.2	63.0%
Media Specialist	21.0	21.5	24.0	25.0	23.3	24.7	23.7	24.7	24.7	32.4	-35.2%
Counselors	46.0	49.8	47.0	48.8	48.6	46.3	46.0	45.5	45.1	45.4	1.3%
Total Teachers	1,251.0	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	-1.9%
Support Personnel											
Clerical	169.1	182.2	184.7	182.8	178.1	183.5	180.7	182.3	175.3	180.5	-6.3%
Teacher aides, Special Education	309.0	272.2	295.8	257.0	273.6	268.1	281.2	274.7	264.5	258.7	19.4%
Teacher aides, regular	135.9	132.0	135.2	124.1	120.2	95.1	90.4	81.6	84.2	82.2	65.3%
Custodial and maintenance	152.5	161.1	163.3	171.4	170.3	168.4	169.9	171.9	174.4	173.3	-12.0%
Bus drivers/Attendants	114.0	115.0	113.6	111.0	105.7	105.6	104.1	98.9	98.2	92.9	22.7%
Food service workers	138.8	138.4	141.5	134.3	133.9	136.8	133.6	130.6	129.4	132.1	5.1%
Nurses/Volunteer Coordinator	14.0	14.0	14.5	14.5	15.5	15.5	15.1	14.7	14.7	14.5	-3.4%
Crafts and trades	11.0	12.0	18.6	22.8	18.1	18.9	19.6	18.1	18.4	19.4	-43.3%
Data processing	0.0	0.0	0.0	3.5	3.8	3.8	3.8	3.8	3.8	3.8	-100.0%
Day care	105.7	117.7	108.1	105.0	99.8	101.0	97.1	92.3	88.0	87.1	21.4%
Other(2)	88.6	69.8	65.8	54.3	55.5	57.3	58.1	63.6	66.4	64.9	36.5%
Total Support Personnel	1,238.6	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	11.6%
Total Staff	2,558.6	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	4.0%

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
2013	16,651	\$174,582,525	\$10,485	4.2%	\$221,556,690	\$13,306	2.8%	1,251.0	13.3	8,019	48.4%
2012	16,778	168,807,093	10,061	-1.7%	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%

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 2012 counts are used for FY2013 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

complete

	Fiscal Year									
	<u>2013</u>	<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>
Building										
High Schools (9-12)										
Jefferson (1959)	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110	310,110
Square feet	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,803	1,803
Capacity	1,467	1,525	1,538	1,625	1,655	1,667	1,632	1,579	1,563	1,614
Enrollment										
Kennedy (1968)										
Square feet	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600	288,600
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,804	1,804
Enrollment	1,721	1,766	1,792	1,790	1,807	1,813	1,829	1,885	1,781	1,748
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	450	451	451
Enrollment	337	415	462	585	566	568	556	569	575	543
Washington (1959)										
Square feet	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694	312,694
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,797	1,797
Enrollment	1,381	1,409	1,414	1,435	1,476	1,531	1,651	1,620	1,595	1,539
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	700	699	699
Capacity	644	636	622	640	640	653	630	651	657	658
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	900	901	901
Enrollment	883	870	895	835	876	880	952	928	926	883

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

complete

Building	Fiscal Year									
	<u>2013</u>	<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>
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	700	699	699
Enrollment	556	562	561	541	516	512	555	618	659	712
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	564	549	555	504	496	570	628	645	646	643
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	700	701	701
Enrollment	616	658	653	646	667	699	730	738	713	699
Wilson (1928)										
Square feet	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807
Capacity	650	650	650	650	650	650	650	650	652	652
Total Enrollment	379	508	504	774	785	804	833	846	838	904
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	400	398	398
Enrollment	354	339	332	312	316	302	312	328	333	318
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	500	498	498
Enrollment	345	309	301	320	366	328	359	370	375	385

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

complete

Building		Fiscal Year												
		<u>2013</u>	<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>			
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	48,557	48,557	48,557
	Capacity	500	500	500	500	500	500	500	500	500	500	500	500	501
	Enrollment	454	424	408	458	433	423	413	421	420	420	420	420	410
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	40,675
	Capacity	400	400	400	400	400	400	400	400	400	400	400	400	399
	Enrollment	421	300	312	325	321	354	362	362	362	362	362	362	330
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	40,224
	Capacity	400	400	400	400	400	400	400	400	400	400	400	400	398
	Enrollment	231	187	222	287	295	306	328	318	309	309	318	309	295
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	74,805
	Capacity	600	600	600	600	600	600	600	600	600	600	600	600	598
	Enrollment	487	571	545	562	535	545	521	542	503	503	542	503	448
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	43,919
	Capacity	450	450	450	450	450	450	450	450	450	450	450	450	448
	Enrollment	385	151	154	151	179	223	234	237	192	192	237	179	
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	52,172
	Capacity	500	500	500	500	500	500	500	500	500	500	500	500	502
	Enrollment	340	292	301	304	331	352	335	321	335	335	321	335	362

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

complete

Building		Fiscal Year												
		<u>2013</u>	<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>			
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	54,677
	Capacity	550	550	550	550	550	550	550	550	550	550	550	550	552
	Enrollment	282	271	255	243	311	389	404	397	406	407	407	407	407
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	50,787
	Capacity	550	550	550	550	550	550	550	550	550	550	550	550	552
	Enrollment	391	390	382	395	424	462	400	457	412	399	412	399	399
Hoover (1954)	K-5													
	Square feet	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260	56,260
	Capacity	500	500	500	500	500	500	500	500	500	500	500	500	498
	Enrollment	344	338	342	367	358	360	307	282	291	284	282	291	284
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	37,580
	Capacity	540	540	540	540	540	540	540	540	540	540	540	540	537
	Enrollment	338	348	354	345	331	331	318	305	286	282	305	286	282
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	49,191
	Capacity	500	500	500	500	500	500	500	500	500	500	500	500	502
	Enrollment	303	224	243	230	279	304	311	319	353	366	319	353	366
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	52,660
	Capacity	500	500	500	500	500	500	500	500	500	500	500	500	502
	Enrollment	305	259	269	325	331	301	319	276	267	285	319	267	285
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	35,919
	Capacity	400	400	400	400	400	400	400	400	400	400	400	400	399
	Enrollment	262	286	274	286	273	284	277	280	279	262	280	279	262

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

complete

Building		Fiscal Year												
		<u>2013</u>	<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>			
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	350	350	350	350	348
	Enrollment		220	189	196	234	253	280	262	237	255			
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	37,580
	Capacity	540	540	540	540	540	540	540	540	537	537	537	537	537
	Enrollment	350	278	285	301	301	310	318	325	351	309			
Pierce (1965)	K-5													
	Square feet	47,308	47,308	47,308	47,308	47,308	47,308	47,308	47,308	47,308	47,308	47,308	47,308	43,471
	Capacity	475	475	475	475	475	475	475	475	473	473	473	473	435
	Enrollment	405	439	480	471	465	446	439	466	459	450			
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	29,934	29,934	29,934
	Capacity	350	350	350	350	350	350	350	350	348	348	348	348	348
	Enrollment	50	214	192	195	220	212	224	209	204	200			
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	48,170	48,170	48,170
	Capacity	475	475	475	475	475	475	475	475	477	477	477	477	477
	Enrollment	252	237	228	232	0	268	232	239	256	270			
Truman (1961)	K-5													
	Square feet	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129
	Capacity	400	400	400	400	400	400	400	400	401	401	401	401	401
	Enrollment	324	330	340	335	352	351	339	319	334	336			

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

complete

Building		Fiscal Year												
		<u>2013</u>	<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>			
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	37,580	37,580	37,580
	Capacity	475	475	475	475	475	475	475	475	475	475	475	476	476
	Enrollment	345	410	404	350	385	392	360	369	374	374	374	412	412
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	41,502	41,502	41,502
	Capacity	375	375	375	375	375	375	375	375	375	375	374	374	374
	Enrollment	315	260	258	232	248	221	232	251	241	241	241	230	230
Totals	Square feet	2,775,387	2,802,562	2,781,892	2,781,892									
	Capacity	20,580	20,930	20,925	20,738	20,738								
	Building Enrollment	15,831	15,975	16,066	16,597	16,772	17,414	17,620	17,734	17,734	17,734	17,526	17,417	17,417
	Percent Capacity	76.92%	76.33%	76.76%	79.30%	80.13%	83.20%	84.19%	84.73%	84.73%	83.76%	83.76%	83.99%	83.99%

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



**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**

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 or other legal matters about the District's operations for the year ended June 30, 2013, are based exclusively on knowledge obtained from procedures 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.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cedar Rapids, Iowa
November 26, 2013



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Cedar Rapids Community School District's (the District) compliance with the types of compliance requirements described in the *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, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Cedar Rapids, Iowa
November 26, 2013

Cedar Rapids Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Direct:			
U.S. Department of Human Services:			
HRSA - Affordable Care Act (ACA) Grant	93.501	N/A	\$ <u>30,558</u>
Total direct			<u>30,558</u>
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Nutrition Cluster:			
National School Lunch Program	10.555	4553	3,462,020
National School Lunch Program - USDA Commodities (noncash)	10.555	4951	<u>481,399</u>
			3,943,419
School Breakfast Program	10.553	4552	890,358
Fresh Fruit & Vegetable Pilot Program	10.582	Various	28,047
Child and Adult Care Food Program	10.558	4554	74,369
Team Nutrition Grant	10.574	4558	<u>750</u>
			<u>4,936,943</u>
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4501	2,419,568
Title I Grants to Local Educational Agencies - Delinquent	84.010	4501/431	30,838
Title I Grants to Local Educational Agencies - Carryover	84.010	4508	368,625
Title I Grants to Local Educational Agencies - SINA	84.010	4501/432	<u>241,467</u>
			3,060,498
Special Education Grants to States - IDEA Part B - High Cost Funds	84.027	4511	35,715
Title IIA Improving Teacher Quality State Grants - Class Size Reduction Program	84.367	4643	638,577
Special Education Improvement Grants	84.323	4526	21,319
Title III - Immigrant Children & Youth	84.365	4644	39,299
Gear Up Iowa	84.334	4674	62,745
Iowa Demonstration Construction Grant	84.215	4662	500,000
Perkins Vocational Education Program - Basic Grant	84.048	4531	185,684
Title VI A Grants for State Assessments and Related Activities -			
NCLB Assessment Grant	84.369	4648	104,566
E2T2 - Enhancing Education Through Technology	84.318	4585	5,105
Education for Homeless Children and Youth	84.196	4565	<u>24,000</u>
			<u>4,677,508</u>

(Continued)

Cedar Rapids Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
Indirect (continued):			
U.S. Department of Education:			
Passed through Grant Wood Area Education Agency: Special Education Grants to States IDEA Part B	84.027	4720	<u>996,400</u>
Passed through School Administrators of Iowa iSPIN - Iowa Statewide Parent Information	84.310	4795	<u>617</u>
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security: Disaster Grants - Public Assistance	97.036	42602355105	1,100,664
Hazard Mitigation Grant - Safe Room	97.039	N/A	<u>123,871</u>
			<u>1,224,535</u>
U.S. Department of Human Services:			
Passed through Iowa Department of Education AIDS Education	93.938	4577	<u>245</u>
Total Indirect			<u>11,836,248</u>
Total expenditures of federal awards			<u>\$ 11,866,806</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, 2013

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, 2013. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

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

Note 3. Total by CFDA Number

Total expenditures for the Special Education Grants CFDA No. 84.027 is \$1,032,115.

Cedar Rapids Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013**

Finding		Status	Corrective Action Plan or Other Explanation
Significant Deficiencies in Internal Control			
12-II-A	The District does not have an adequate system in place over capital assets.	Corrected	
Instances of Noncompliance Over Administering Federal Awards			
12-III-A	The District has not taken a physical inventory of equipment acquired under federal awards in the last two years as required.	Corrected	
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.	Not Corrected	See corrective action plan at 13-IV-G.
12-IV-I	The District invested in a Certificate of Deposit that was less than the required minimum interest rate.	Corrected	
12-IV-M	The Flood Recovery Fund had deficit balance of \$4,486,490 at June 30, 2012.	Not Corrected	See corrective action plan at 13-IV-M.
12-IV-M	The Management Fund had deficit balance of \$587,992 at June 30, 2012.	Corrected	

Cedar Rapids Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

I. Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

- 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
84.215	Iowa Demonstration Construction Grant

Dollar threshold used to distinguish between type A and type B programs: \$356,004

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, 2013

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

A. Internal Control

No matters reported.

B. Compliance Findings

No matters reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters reported.

B. Instances of Noncompliance

No matters reported.

IV. Other Findings Related to Required Statutory Reporting

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

Expenditures/expenses during the year ended June 30, 2013 did not exceed budget amounts.

13-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.

13-IV-C Travel Expenses

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

13-IV-D Business Transactions

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

13-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.

13-IV-F Board Minutes

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

13-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 (IDE). This is based on documentation maintained by the District to support the basic enrollment certified to the IDE for October 2012.

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

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 will contact the Iowa Department of Education and Iowa Department of Management notifying them of the above changes. The District will continue to monitor supporting information and reconciliation of data submitted to the Iowa Department of Education.

13-IV- H Supplementary Weighting

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

13-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.

13-IV-J Certified Annual Report

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

13-IV-K Categorical Funding

No instances were noted of categorical funding being used to supplant rather than supplement other funds.

13-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, 2013, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 40,876,056
Statewide sales, services and use tax	13,964,236
Interest earned	316,155
State revenue	335,060
Federal revenue	623,871
Miscellaneous revenue	490,449
Transfers from other funds	229,670
Expenditures/transfers out:	
Capital:	
Buildings	(23,103,054)
Equipment	(1,839,953)
Other improvements	(224,442)
Debt service for school infrastructure, revenue debt	(7,988,753)
Ending balance	<u>\$ 23,679,295</u>

(Continued)

Cedar Rapids Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	0.93740	\$ 7,988,753
Physical plant and equipment levy	0.70117	5,975,483

13-IV-M Deficit Balances

Finding: The Flood Recovery Fund had a deficit balance of \$5,518,720 as of June 30, 2013.

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.

Cedar Rapids Community School District

**Corrective Action Plan
Year Ended June 30, 2013**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Other Findings Related to Statutory Reporting				
13-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 13-IV-G.	June 2014	Steve Graham
13-IV-M	The Flood Recovery had a deficit balance of \$5,518,720 at June 30, 2013.	See response and corrective action plan at 13-IV-M.	June 2014	Steve Graham





Board of Education and Management
Cedar Rapids Community School District
Cedar Rapids, Iowa

In planning and performing our audit of the financial statements of the Cedar Rapids Community School District (the District) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) 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 competence 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 entity's 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.

Certain deficiencies in internal control that have been previously communicated to you, in writing, by us or by others within the District are not repeated herein.

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

Accounts receivable: A receivable in the Daycare Fund was written off during the audit process. We recommend the District review an aging of receivables on a periodic basis to determine if any of the receivables require an allowance or write off.

Early Retirement Calculation and Policy: One of six retirees tested had the incorrect amount of wellness days included in their calculation of their early retirement amount. We also noted there were retirees that filed their early retirement application after the policy deadline of February 1. We recommend a review of the early retirement calculation be completed to ensure the calculations are correct. We also recommend documenting the approval of the applications filed late for early retirement.

Iowa Demonstration Construction Grant Program: During our testing of the Iowa Demonstration Reimbursement Grant, we noted that there was a lack of documentation related to the suspension and debarment check, which is required by OMB Circular A-133. This grant was awarded in October 2010 when the District was implementing a policy and new procedures over suspension and debarment. We would recommend the District continue to follow the new policy in place to ensure these checks are being documented before a project that will be funded by federal grants is awarded.

The District did not maintain copies of the certified payroll reports from the contractors as required by OMB Circular A-133 and the Davis Bacon Act for the Iowa Demonstration Construction Grant. The District was also not able to obtain copies of these reports from the engineering firm that was reviewing the reports for the District. The District was able to obtain copies of the certified payroll reports directly from the contractor during the audit, but we were unable to determine if the reports were received on a timely basis. We recommend the District ensure the certified payroll reports are being received timely by the engineering firm or by the District to ensure they are in compliance with the grant requirements.

This communication is intended solely for the information and use of management, the Board of Education, the audit committee, others within the organization, 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

Cedar Rapids, Iowa
November 26, 2013