

Comprehensive Annual Financial Report

Cedar Rapids Community School District

Fiscal Year Ended June 30, 2006

Prepared by:

Steve Graham  
Executive Director of Business Services,  
Board Treasurer

Beth McGrath  
Accounting Manager

346 Second Avenue S.W.  
Cedar Rapids, Iowa 52404



# CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

## Table of Contents

	<u>Page</u>
<b><u>Introductory Section</u></b>	7
Letter of Transmittal	8
GFOA Certificate of Achievement	19
ASBO Certificate of Excellence	20
Leadership Team	21
Board of Directors and District Officials	22
<b><u>Financial Section</u></b>	23
<b>Independent Auditor's Report</b>	24
<b>Management's Discussion and Analysis (MD&amp;A)</b>	27
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements (GWFS)	47
Statement of Net Assets	48
Statement of Activities	49
Fund Financial Statements (FFS)	51
Governmental Funds:	
Balance Sheet – Governmental Funds	52
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	54
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	55
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities	56
Proprietary Funds:	
Statement of Net Assets – Proprietary Fund	57
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund	58
Statement of Cash Flows – Proprietary Fund	59
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	60
Notes to the Financial Statements	61

# CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

## Table of Contents

	<u>Page</u>
<b><u>Financial Section (continued)</u></b>	
<b>Required Supplementary Information:</b>	81
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	82
Notes to Required Supplementary Information – Budgetary Reporting	83
<b>Supplemental Information</b>	85
Combining and Individual Fund Statements and Schedules:	
General Fund:	87
Statement of Revenues, Expenditures, and Changes in Fund Balance	88
Nonmajor Governmental Funds:	95
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	97
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	98
Capital Assets Used in the Operation of Governmental Funds:	99
Schedule of Capital Assets – By Source	100
Schedule of Changes in Capital Assets – By Function	101
Schedule of Capital Assets – By Function	102
<b><u>Statistical Section</u></b>	103
Financial Trends:	
Net Assets by Component	105
Expenses, Program Revenues, and Net (Expense)/Revenue	106
General Revenues and Total Change in Net Assets	107
Fund Balances, Governmental Funds	108
Governmental Funds Revenues	109
Governmental Funds Expenditures and Debt Service Ratio	110
Other Financing Sources and Uses and Net Change in Fund Balances – Governmental Funds	111
Revenue Capacity:	
Assessed Value and Taxable Value of Property	112
Direct and Overlapping Property Tax Rates	114
Principal Property Tax Payers	115
Property Tax Levies and Collections	116

# CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

## Table of Contents

	<u>Page</u>
<b><u>Statistical Section (continued)</u></b>	
Debt Capacity:	
Outstanding Debt by Type	117
Direct and Overlapping Governmental Activities Debt	118
Legal Debt Margin Information	119
Demographic and Economic Trends:	
Demographic and Economics Statistics	120
Principal Employers	121
Operating Information:	
Full Time-Equivalent* District Employee by Type	122
Operating Statistics	123
School Building Information	124
<b><u>Internal Controls and Compliance Section</u></b>	131
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards	132
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	134
Schedule of Expenditures of Federal Awards	136
Schedule of Findings and Questioned Costs	138
Summary Schedule of Prior Federal Audit Findings	141
Corrective Action Plan for Federal Audit Findings	142



## **Introductory Section**



December 31, 2006

To the Board of Directors:

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the Cedar Rapids Community School District, (the "District") for the year ending June 30, 2006. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

For fiscal year 2001-2002, Governmental entities, whose revenues exceed \$100 million, were required to meet the new reporting guidelines as promulgated by the Governmental Accounting Standards Board, (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments." (GASB-34). Consequently, fiscal year ending June 30, 2006, marks the fifth year in which our report includes all required revisions to conform to the new standards promulgated under GASB-34.

This year's CAFR includes a newly revised and improved statistical section as required by GASB-44. The purpose of GASB-44 is to provide statement readers an improved historical perspective, context and detail to assist in using the information in the financial statements to better understand and assess the District's economic condition.

The statistical section is divided into five categories including financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

### **Management Responsibility**

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes the entire District. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

### **CAFR**

The 2006 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Internal Controls and Compliance.



**1. The Introductory Section.** This section includes a transmittal letter, economic outlook of the community, the District's accomplishments, a District Financial Profile, the District's Leadership Team and a list of the Board of Directors and District officials.

**2. The Financial Section.** The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplemental information, and combined and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

**3. The Statistical Section.** The newly revised and improved statistical section as previously stated above, provides the reader with unaudited financial and demographic information, generally presented on a multi-year basis.

**4. The Internal Controls and Compliance Section.** The School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

## **Reporting Entity**

This report includes all entities or organizations that are required to be included in the School District's reporting entity. The District is not included in any other reporting entity, nor is any other entity included within this report. The basic criteria for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a governmental unit's reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity.

A seven-member elected Board of Directors who serve three-year terms governs the Cedar Rapids Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The District is the second largest of Iowa's public school systems with a "certified" enrollment of 17,755 students. The District operates a total of three regular high schools and one alternative high school, six middle schools and twenty-four elementary schools. The District provides a full range of educational services appropriate to students in early childhood 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. Public preschool, called the Step Up Preschool Program, is available to approximately 128 four-five year olds based on income levels and student needs. Finally, a Gifted and Talented learning program provides identified students at all levels an enriched and differentiated curricular program.

The District also provides day care services for infants through age five and extended day programs for students in several of the school buildings through a partnership with St. Luke's Hospital. The District is supported financially by state aid, property taxes, income surtaxes, state and federal grants for special projects, and local revenue received for tuition and other services.

## **Economic Condition and Outlook**

Because of its central location, Cedar Rapids has a tradition as an economic capital for more than 600,000 Eastern lowans living within 60 minutes of the city. Cedar Rapids takes pride in its leadership in service industries, retail sales, and other related business such as insurance and government services. Cedar Rapids is home to more than 275 different manufacturing plants. It has some two-dozen Fortune 500 companies, international exports reaching record numbers for the United States, and ties with companies from around the world. These include Canada, Denmark, Ireland, Korea, Japan, the Netherlands, Switzerland and the United Kingdom.

Cedar Rapids is the manufacturing capital of Iowa and the state's second largest city. Manufactured exports from the Cedar Rapids area are estimated at over \$500 million. More than 100 countries receive an almost endless variety of products and services from businesses and industries located in Cedar Rapids. Export products include road-building, earth moving, pharmaceutical and food processing equipment, home appliances, avionics and telecommunications equipment, grains and their by-products, computer software, computer hardware and more.

More than 120,000 people live in Cedar Rapids. The surrounding towns make Linn County a community of more than 190,000 residents. The 2000 Census showed this area as one of the strongest growth areas in Iowa.

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 like Chicago, Minneapolis, Milwaukee, Omaha, St. Louis and Kansas City.

Rockwell Collins remains the largest employer in the Cedar Rapids area producing advanced communications and aviation electronics for government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communication systems.

Virtually every commercial airliner worldwide flies with Collins equipment and almost 70 percent of all U.S. military airborne communications is transmitted on Collins equipment. In new business dimensions, the company is advancing the technologies of interactive in-flight entertainment, direct broadcast satellite TV and cabin management systems for commercial and business aircraft. As a leader in GPS technology, Rockwell Collins is applying its expertise to improve air traffic management and safety in increasingly crowded airways. Employing more

than 2,500 scientists and engineers, Rockwell Collins has the state's largest technical workforce. Rockwell Collins also supports the teaching of math and science in schools with a well-established K-12 education partnership program.

Other companies within the electronic equipment and components industry include VDO Automotive Corporation, Intermec, Skyworks Solutions Inc, WABTEC, Trapeze Group, SiRF Technology and Schneider Electric to name a few. These companies make the Cedar Rapids area one of the largest communities per capita for electrical and software engineers.

Construction activity, which includes developments in commercial, industrial and single/multiple dwelling categories, increased 25 percent from the previous year. Building permit valuation for all construction activity in the City of Cedar Rapids stood at \$199,620,736 in 2005, compared to \$158,936,944 in 2004. Single-family housing starts in Cedar Rapids experienced an increase over the prior year growing from \$34,423,845 in 2004, to \$37,783,146 in 2005. Permits for 348 new single-family dwellings were issued in Cedar Rapids in 2005 compared to 338 permits issued the previous year. In the Cedar Rapids metropolitan area, 687 permits for single-family dwellings were issued, virtually the same number, (683) as the previous year.

Retail sales in the Cedar Rapids metropolitan area reached an all time high in 2005. Retail sales (as measured in 1996 dollars) were \$2.83 billion in 2005 up from \$2.73 billion in 2004. The three largest sectors of retail sales in the Cedar Rapids metropolitan area were automobile sales at \$664.85 million, general merchandise at \$415.74 million and food store sales at \$361.07 million. Since 2000 retail sales have enjoyed a "real" growth rate (discounting the effects of inflation) of approximately 10%.

Mean household income, (as measured in 1996 dollars) in the Cedar Rapids metropolitan area increased to \$67,598 in 2005, from \$67,126 in 2004. Income per capita, (also measured in 1996 dollars) shows similar trends increasing to \$27,980 in 2005 from \$27,662 the previous year. The civilian labor force in the Cedar Rapids metropolitan area increased from 137,030 in 2004 to 140,210 as of October 2005. Unemployment dropped from 5.1% to 4.5% over the same time period.

Steeped in the lore and history of Cedar Rapids is the early emergence of agriculture-based businesses. The sector continues to make up an important base of the economy. Quaker Food and Beverages, a division of Pepsico Inc. runs the world's largest cereal manufacturing plant in Cedar Rapids. General Mills, HJ Heinz, Ralston Foods, Diamond V Mills, Penford Products, ADM Corn Processing and Cargill all have key positions in our agriculture-based economy.

Cedar Rapids is also home to Genencor International, SunOpta Ingredients, JRS Pharma LP, J Rettenmaier USA LP and Red Star Yeast LLC. These bioproducts plants illustrate good marriages between high technology and agribusiness. Genencor is a leading producer of industrial enzymes and other chemicals. Customers routinely use their products to make common household items such as laundry detergents and soft drinks.

The insurance and financial services sectors have been a source of growth and strength in the area economy. United Fire Group and GreatAmerica Leasing are headquartered in Cedar Rapids, AEGON, the fifth largest insurance company in the world, has its largest U.S. employee presence and corporate offices in Cedar Rapids. Toyota Financial Services Center, Principal Financial Group, Fiserv Insurance Solutions and GE Capital/Vendor Financial Services Center are just a few of the other highly recognized, quality companies from this industry that are located in the Cedar Rapids area.

Cedar Rapids is also a regional leader in service industries, retail sales, and other businesses such as health care and government services. The variety of business and industry not only helps insulate the community from rocky economic times, it also virtually assures newcomers of finding a job that fits their skills and education.

Economic development organizations and local governments in Linn County have teamed with colleagues to the south in Johnson County to market the region as an ideal location for companies using the highest level of technology within their given industries. The "Technology Corridor" encompasses a wide region including the Cedar Rapids and Iowa City metropolitan areas and several surrounding communities.

The Technology Corridor has a dynamic line-up of companies utilizing the highest level of technology within their industry like Rockwell Collins, ACT, Integrated DNA, Genercor International and NCS/Pearson. In 2004, Forbes ranked Iowa City no. 3 and Cedar Rapids no. 32 for "Best Places for Business and Careers".

### **District Accomplishments and Activities in 2005-2006**

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 2005-06 school year. It was a year of notable activities accomplishments and achievements in many areas indeed! Some of the more noteworthy are:

**District high school students welcome summer exchange visitors:** Families of Jefferson, Kennedy, and Washington high school students hosted visitors from France this summer as part of a learning exchange program. During the 25-day visit, students worked on improving their speaking skills and visited various cultural attractions.

**District painting on loan to Chicago Art Institute:** *Young Corn*, 1931, one of Grant Wood's greatest regionalist paintings, owned by the Cedar Rapids Community School District, will hang in the galleries of the Art Institute of Chicago in place of Wood's internationally-recognized masterpiece *American Gothic*, 1930.

**Spreading A Reading Epidemic:** Frances Kennedy, Dubuque native and author of *The Pickle Patch Bathtub*, recently spent a day at Taylor Elementary School. Students enjoyed hearing excerpts from the book, read by the author, and got a lesson in goal setting, as she explained her diligence in achieving her dream to become a published author.

**Van Buren Elementary Awarded \$10,000 Partnership Grant:** Van Buren Elementary School has been awarded a \$10,000 Elfun Community Foundation grant through their School + Community Partnership with GE Capital. The school was chosen from over 150 applicants. Monies will be used us to make significant improvements to the Van Buren school campus

**Iowa Recognition for Performance Excellence (IRPE):** The Cedar Rapids Community Schools achieved the bronze award for its 2006 Level III application to the Iowa Recognition for Performance Excellence (IRPE) Program. The District was among seven state organizations to receive such an honor for their applications. The IPRE application process is comprehensive and detailed. Applicants provide responses to multiple questions for the seven categories comprising the nationally-recognized Baldrige Criteria for Performance Excellence.

**District receives IRPE examiner award:** The Iowa Quality Center and the Iowa Recognition for Performance Excellence Executive Council annually recognizes the organization that

supports the examiner base of the IRPE process with the most people. The 2005 honor was recently presented to the Cedar Rapids Community School District. The district had eight examiners in 2005. The district also participated with examiners in 2004.

**Annual Report to the Community:** The District's 2005-2006 Annual Report to the Community was distributed and communicated to the community this past fall. Printed copies may be obtained from the District Community Relations Office, 346 Second Avenue, SW.

**District Focuses on Technology Plan:** The District Technology Department presented to the Board of Education a five-year technology plan. The updated technology plan will support the District's vision of "Excellence for all," assist in accomplishing the goal of increasing achievement, and help to fulfill the core value of visionary leadership.

**District Receives Grant to Support Continuous Improvement:** The Cedar Rapids Community School District received a \$25,000 Good Neighbor Citizenship Grant from State Farm Insurance Companies. The funds will help to advance continuous improvement initiatives across the District, specifically supporting training for teachers and other staff members.

**Metro Students Provide Hurricane Relief during Spring Break:** Thirteen Students with staff members as chaperons from Metro High School skipped the opportunity to sleep in and relax and chose instead to spend their Spring Break vacation helping to rebuild the community of Pass Christian, Mississippi. Hurricane Katrina heavily damaged the area in August 2005.

**Monitoring Progress in Special Services:** The Special Services Department has launched an extensive professional development program focused on progress monitoring. The entire team of 263 special education teachers has been learning how to most effectively monitor student progress in the instructional areas of reading, math, and writing, as well as behavior.

**Jefferson High School Introduces Learning Communities:** Jefferson High School is building professional learning communities to improve student achievement and better focus staff preparation time. With a district emphasis on continuous improvement, Jefferson administration and teachers spent six months developing the new plan. This spring, the high school will develop plans to move to directed learning rather than invitational learning, and will make systems-thinking part of the everyday school culture.

### **Improved Learning Environments**

The District completed the fifth year of its \$52.7 million facilities plan funded by voter-approved bonds plus federal and state grants. The repairs, upgrades, and new spaces continued to improve the learning and teaching environment in our schools. The final project, a heating, ventilation, air conditioning, and water pipe replacement at Wilson School was completed during this past year, marking a completion of the major facilities improvement initiative.

### **Updated Teaching Tools**

The Instructional Support Levy (ISL) funding mechanism allows for a significant investment in new curriculum, teaching tools, and technology. For fiscal year 2006 the total budget for the ISL was \$7.93 million. The District expended the following amounts in support of instruction.

- \$1.31 million for kindergarten reading assistance
- \$1.55 million for counseling
- \$2.65 million for technology software, hardware, support, and staff development
- \$.97 million for building based instructional materials and supplies
- \$.93 million for curriculum needs (textbooks, learning materials, staff development, etc.)
- \$.13 continuous quality improvement initiatives

## **Business Partnerships**

Every school in the District has one official business partner, and some have as many as five. A few examples include:

- Timberland Corporation designed and funded a butterfly garden and outdoor learning center at Polk Elementary.
- Mercy Medical Center provided medical career tours for students at McKinley Middle School.
- GE Capital funded the purchase of Orff xylophones for Van Buren Elementary, helping to inspire imagination and creativity in students.

## **Budgetary Highlights**

### **Budgetary Controls**

The Board of Directors annually adopts a budget on a basis consistent with generally accepted accounting principles. In accordance with state law, annual budgets are adopted for the General, Management, Student Activity, Physical Plant and Equipment Levy, Capital Projects, Debt Service and Nutrition Services Funds as a whole. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

By April 15 of each year, the budget must be adopted by an affirmative vote of a majority of the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Once adopted, the budget can be amended through the same process, with all budget amendments to be completed by May 31 of the budget year affected.

Expenditures during a school year may not exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District cost for that year plus the actual miscellaneous revenue received for that year plus the actual unspent balance from the preceding year.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. Combined budgeted expenditures from all District funds, Governmental and Proprietary, are “certified” based upon four functional categories. These four functional areas are instruction, support services, non-instructional programs and other expenditures.

It is the actual expenditures in each of these categories that are compared at year-end to the “certified” spending levels to determine whether or not the District has exceeded its certified budget in any one of these respective categories. Overall, District expenditures did not exceed the certified budget, although in the total Support Services functional category the budget was exceeded by 1.5% which was caused by the State of Iowa mandated general ledger account conversion which reclassified over \$1 million in expenses originally classified as Instructional into the total Support Services function category.

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.

**Financial Policies:** In the fall of each year, the Board of Education reviews annually a document called the "Budget Assumptions." The budget assumptions serve as the "financial policy foundation" from which decisions are made in preparation and formulation of the District budget for the upcoming budget year. Among many key policies with financial implications included in the budget assumptions, is the policy related to fund reserve level targets. The District has committed itself to establishing and maintaining a General Fund reserve level of between 8% and 10% of budgeted expenditures. For June 30, 2006 a 12% reserve level was achieved.

### **General Fund Budgetary Highlights**

Of all Governmental Funds, the General Fund is by far the largest, comprising over three quarters of all Governmental Fund expenditures in the fiscal year. Due to the sheer size of the General Fund it is important to point out a few important highlights that occurred during the 2005-2006 fiscal year.

- State allowable growth for public schools in fiscal year 2005-2006 was 4%. Combined with a slight increase in the "budget enrollment" of 35.3 pupils to 17,691.10, and a loss of \$142,898 in State budget guarantee funding, the rate of revenue growth or "new money" was 4.04% over the prior year. This was a significant improvement from the 1% growth rate in the prior year.
- The impact of maintaining a strong cash reserve levy, as well as targeted budget reductions over four consecutive fiscal years ending in FY2006, is reflected in the improved ending fund balance trends of the General Fund as follows:
  - FY03: \$4.9 million, or 3.7% of fund expenditures
  - FY04: \$10.1 million, or 7.6% of fund expenditures
  - FY05: \$16.8 million, or 12.3% of fund expenditures
  - FY06: \$18.8 million, or 12.7% of fund expenditures
- Due to the significant improvements in General Fund reserves, the District reduced the cash reserve levy from \$7.92 million in FY05, to \$4.95 million in FY06.
- General Fund expenditures, excluding other financing uses, totaled \$148.0 million for the fiscal year compared with \$136.5 million in the previous year, representing an increase of \$11.5 million in expenditures, or 8% budget growth.
- General Fund revenues, excluding other financing sources, totaled \$148.6 million for the fiscal year compared with \$143.4 million in the previous year, representing an increase of \$5.2 million in revenues, or 3.6% budget growth.

### **Internal Control**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal

control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

### **Enterprise Operation**

Revenues in the Nutrition Services Fund totaled \$6,859,330, representing an increase of \$289,526 over the fiscal year 2005 amount. Operating expenses and transfers to other funds for the Nutrition Services Fund totaled \$6,512,901, representing an increase of \$374,455, from the fiscal year 2005 amount. Retained earnings were \$1,807,467 at June 30, 2006 compared to \$1,461,038 for the prior fiscal period, resulting in an increase of \$346,429 for the year.

The fund's finances were solid for fiscal year 2005-2006, despite no increases in meal ticket prices. Increases in student meal participation of over 8% in the past five years, in a period of flat overall District enrollments, is the fundamental reason for financial improvement in the fund.

A major achievement in the Food and Nutrition Department was the installation of a point of sale meal accounting system, which was fully operational during the 2002-2003 school year. Payment for this system will be over a five-year period, resulting in additional operating costs to the program. Continued vigilance of the School Nutrition program finances will be necessary over the course of the next several years as the department implements the replacement of aging kitchen equipment at many locations in our District.

### **Debt Administration**

On December 12, 2000, the District successfully passed a \$46 million 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. As of June 30, 2006, the District has total general obligation bonded indebtedness of \$39.325 million.

### **Cash Management**

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, bank certificates of deposit and short-term commercial paper during the fiscal year ended June 30, 2006.

Interest revenue of \$1,569,260 was earned on all investments for the year ended June 30, 2006. This represents an increase of \$649,372 or 71% over fiscal year 2005 earnings. Higher investment revenues experienced by the District in all funds except the Capital Projects Fund



are attributable to the Federal Reserve's monetary policy of raising the federal funds interest rates throughout the course of the last several years. The Capital Projects Fund had a decrease in earnings, because of the lower amount of principal invested as the District's capital improvement program nears its conclusion.

## **Risk Management**

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Association of School Board's, (IASB) group plan carried by Employer's Mutual Insurance Company. The IASB insurance plan continues to be used by almost all of the K-12 public school districts and Area Education Agencies in the state of Iowa.

## **Independent Audit**

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively 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, 2005. This was the eleventh consecutive year that the District has achieved these prestigious awards. Each Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principals and applicable legal requirements.

These Certificates are valid for a period of one year only. We believe that our current CAFR continues to meet the requirements for both awards and therefore, we are submitting it to GFOA and ASBO to determine its eligibility for each Certificate.

## **Acknowledgments**

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to District staff, and public employees at various Linn County agencies who assisted in providing valuable information in the preparation of this report. A special thank you is extended to Beth McGrath the Accounting Manager, for assistance in planning, designing, preparing and reviewing this financial report.

Finally, sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.

A handwritten signature in black ink, appearing to read "Steve Graham". The signature is written in a cursive style with a vertical red line to its right.

Steve Graham  
Executive Director of Business  
Services, Board Treasurer

A handwritten signature in black ink, appearing to read "Dr. David Markward". The signature is written in a cursive style.

Dr. David Markward  
Superintendent of Schools

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Cedar Rapids  
Community School District  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

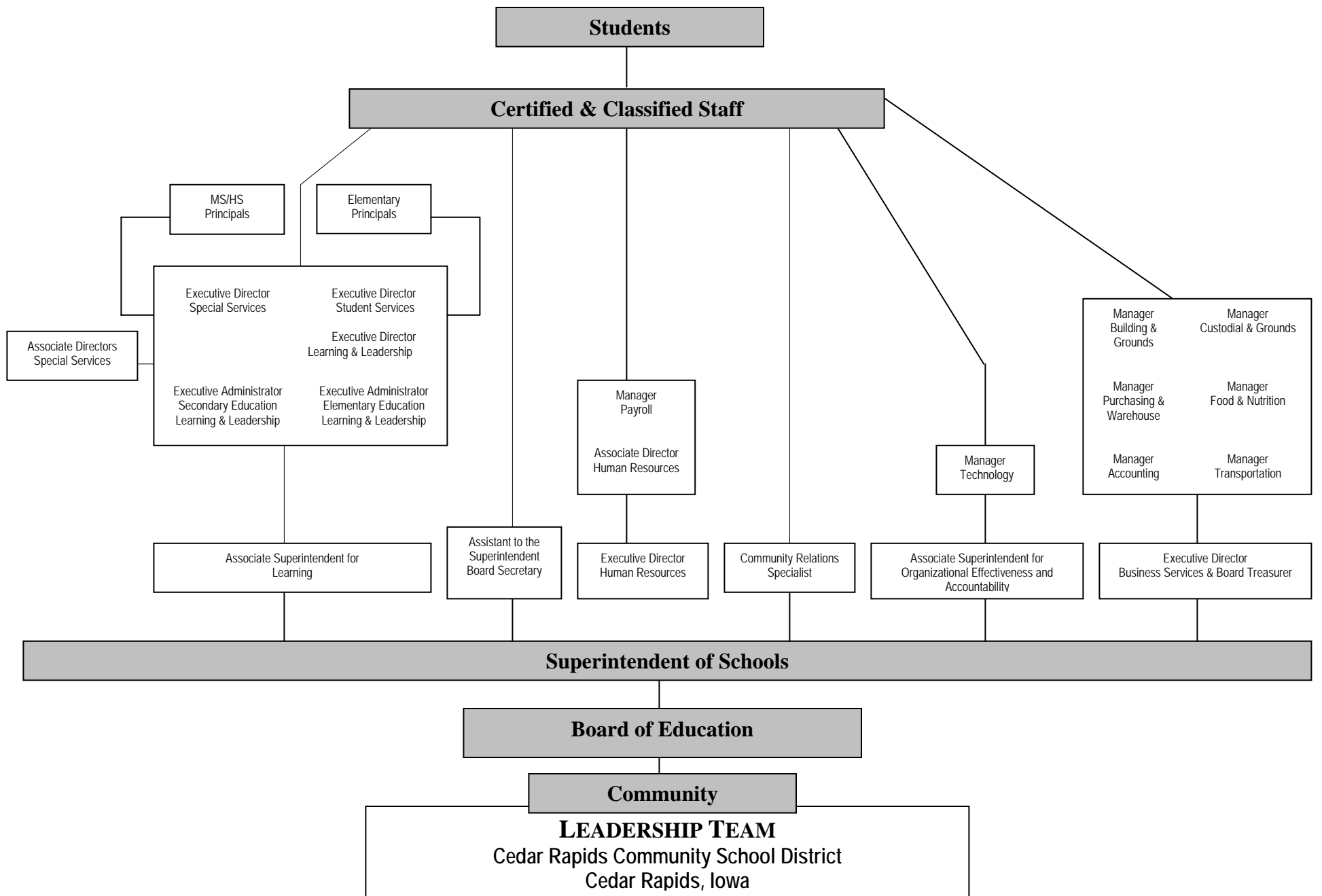
**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2005**

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

President

Interim Executive Director



**Cedar Rapids Community School District**

**Board of Directors and District Officials**

**Year ended June 30, 2006**

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
-------------	--------------	---------------------

---

**Board of Directors**

(Before September 2005 election)

Mary Meisterling	President	2005
Ann Rosenthal	Vice-President	2005
Ken Childress	Director	2006
Jeff Ilten	Director	2006
Keith J. Westercamp	Director	2006
Becki Lynch	Director	2007
Melissa Kiliper-Ernst	Director	2007

**Board of Directors**

(After September 2005 election)

Mary Meisterling	President	2008
Keith J. Westercamp	Vice-President	2006
Ken Childress	Director	2006
Jeff Ilten	Director	2006
Becki Lynch	Director	2007
Melissa Kiliper-Ernst	Director	2007
Ann Rosenthal	Director	2008

**District Officials**

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

## **Financial Section**

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 2006 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2006 on our consideration of Cedar Rapids Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



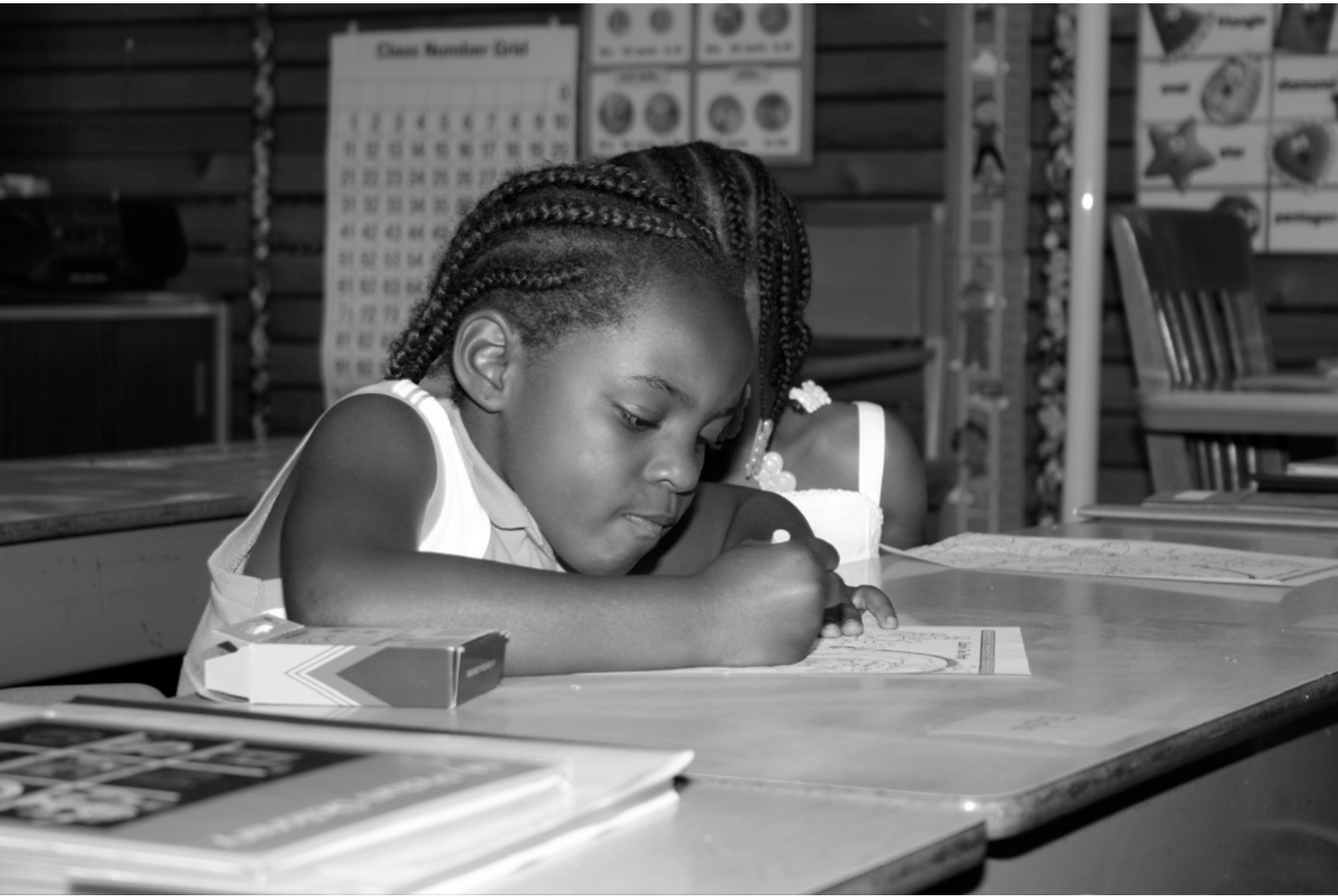
The management's discussion and analysis and budgetary comparison information on pages 28 through 46 and 82 through 84 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Rapids Community School District's basic financial statements. The combining and individual fund financial statements and schedules, and internal controls and compliance section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Clinton, Iowa  
October 10, 2006



**Management's Discussion  
and Analysis  
(MD&A)**

## Management Discussion and Analysis

This section of the Cedar Rapids Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2006. 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.

### Financial Highlights

- For the second consecutive year, the District has lowered its tax levy rate from \$15.74 (per thousand of taxable valuation) in FY05 to \$14.90 for FY07. The levy rate for FY06 was \$15.25. This was possible in large part to the reduction of the cash reserve levy. The cash reserve levy is used to increase General Fund cash reserves.
- The District's \$52.7 million plan of facilities construction and improvement progressed through its sixth fiscal year, with significantly all projects completed as of June 30, 2006.

This program was made possible by overwhelming voter approval of a \$46 million general obligation bond issue on December 12, 2000. Federal and State grants totaling \$4.75 million have also helped to fully fund all capital projects. Capital expenses over the past six fiscal years now total over \$54.3 million.

Combined with revenues totaling \$55.4 million, the balance in the Capital Projects fund, (\$1.1 million as of June 30, 2006) will be returned to the District's Physical Plant and Equipment Levy (PPEL) fund in FY 2007, and used to help fund infrastructure improvements at Kenwood Elementary School.

- On March 1, 2006, the District issued \$31.385 million in school refunding bonds. The purpose of the sale was to reduce interest costs of the general obligation debt over the life of the bonds. Total interest costs have been reduced from \$18,784,600 to \$17,251,921, for a net savings of \$1,532,679 over the remaining life of the general obligation debt ending on June 1, 2021.
- The District completed a year long "account conversion" process. Throughout FY 2006, the Iowa Department of Education assisted all K-12 Public Schools in the State to convert all general ledger expense and revenue accounts to a new federally mandated chart of accounts. This conversion process changed many of the District's more than 10,000 expense and revenue accounts into a new account format. The Federal Government required all K-12 Public Schools in the State to comply with this new accounting methodology, or risk the loss of Federal Funding.
- The impact of maintaining a strong cash reserve levy, as well as targeted budget reductions over four consecutive fiscal years ending in FY2006, is reflected in the improved ending fund balance trends of the General Fund as follows:
  - FY03: \$4.9 million, or 3.7% of fund expenditures
  - FY04: \$10.1 million, or 7.6% of fund expenditures
  - FY05: \$16.8 million, or 12.3% of fund expenditures
  - FY06: \$18.8 million, or 12.7% of fund expenditures

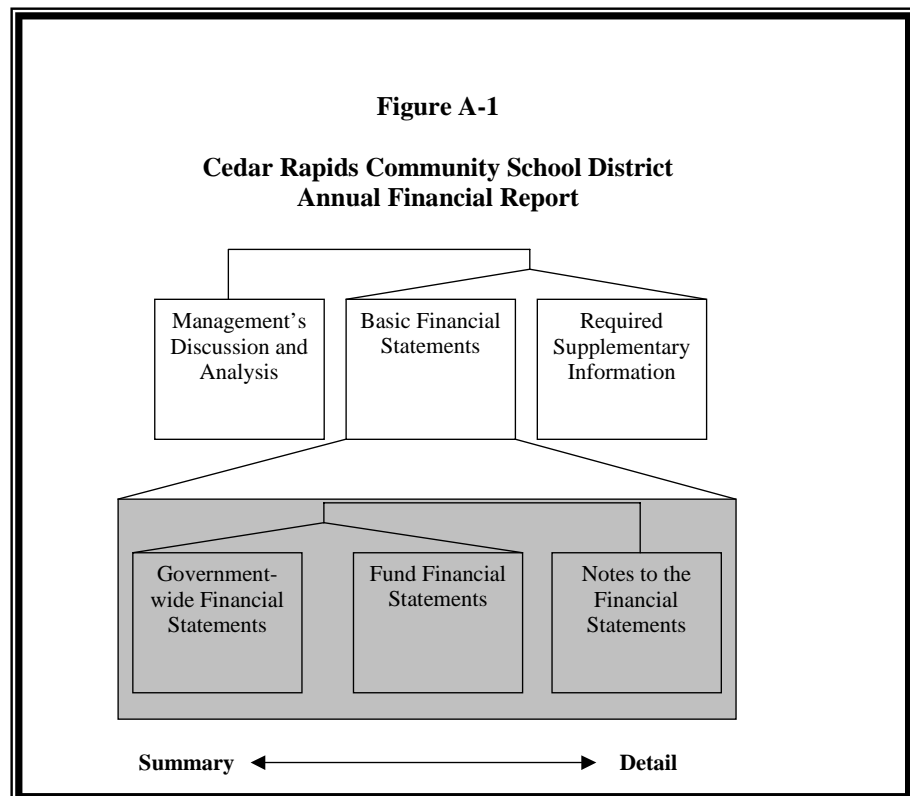
- General Fund investment revenues continue the rebound that began in fiscal year 2004. Interest revenues totaled \$1,099,453 million for fiscal year 2006 compared to \$535,146 in the previous fiscal year. This tremendous growth is a result of an increase in interest rates from 3.19% to 5.18% during the fiscal year as well as increases in the fund's cash reserves.

## Overview of the Financial Statements

- This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:
- The first two statements are **Government-wide financial statements** that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The **governmental funds statements** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- **Proprietary funds statements** offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. **Figure A-1** shows how the various parts of this annual report are arranged and related to one another.

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



**Figure A-2: Major Features of the District Wide and Fund Financial Statements**

	District-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	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## Government-Wide Financial Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

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

wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

**Net Assets** – Significant changes in the District's net assets are evidenced in **Figure A-3**. Combined total assets have increased by 18.3 percent or \$32.2 million while combined total liabilities have increased 20.3 percent or \$27.3 million. During fiscal year 2006, the District sold \$31.385 million in school refunding general obligation bonds. The results of this sale are reflective in both increases in the categories of Current and other assets as well as Long-term

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

	Governmental		Business-type		Total		Total Percentage Change
	Activities		Activities		School District		
	2005	2006	2005	2006	2005	2006	
Current and other assets	\$106.3	\$138.2	\$1.3	\$1.5	\$107.6	\$139.7	29.8%
Capital assets	68.1	68.2	0.5	0.5	68.6	68.7	0.1%
<b>Total assets</b>	<b>174.4</b>	<b>206.4</b>	<b>1.8</b>	<b>2.0</b>	<b>176.2</b>	<b>208.4</b>	<b>18.3%</b>
Current liabilities	89.5	87.7	0.2	0.1	89.7	87.8	-2.1%
Long-term debt	44.5	73.7	0.0	0.0	44.5	73.7	65.6%
<b>Total liabilities</b>	<b>134.0</b>	<b>161.4</b>	<b>0.2</b>	<b>0.1</b>	<b>134.2</b>	<b>161.5</b>	<b>20.3%</b>
Net assets							
Invested in capital assets							
net of related debt	26.1	30.0	0.5	0.5	26.6	30.5	14.7%
Restricted	1.9	5.0	0.0	0.0	1.9	5.0	163.2%
Unrestricted	12.4	9.9	1.0	1.3	13.4	11.2	-16.4%
<b>Total net assets</b>	<b>\$40.4</b>	<b>\$44.9</b>	<b>\$1.5</b>	<b>\$1.8</b>	<b>\$41.9</b>	<b>\$46.7</b>	<b>11.5%</b>

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

debt. An increase of combined total net assets of \$4.8 million occurred over the fiscal year largely driven by increases in capitalized physical assets as a result of the District's \$52.7 million five year capital improvement program.



Changes in Net Assets, as shown in **Figure A-4**, show that the District as a whole experienced a 3.3% increase in operating revenues while experiencing an 8.8% increase in operating expenses. The increase of \$2.3 million in operating grants and contributions is largely a result of increases in overall categorical funding in the General Fund. An increase of \$3.8 million in state foundation aid during the period is largely responsible for the 6.3% increase in state revenue. An overall reduction of \$0.9 million in property taxes/income surtaxes resulted largely from a reduction in the General Fund cash reserve levy of \$3 million. The cash reserve levy is 100% supported by local property taxes.

On the other side of the ledger, an increase of \$13.8 million or 8.8% resulted in the fiscal period. Overall growth in expenditures was driven by staffing increases from 2,306.9 full time equivalent (FTE) employees in fiscal 2005 to 2,360.8 FTE for fiscal 2006 within the General Fund. The State of Iowa mandated a comprehensive change in the chart of accounts used by public school districts for financial reporting purposes. As a result, valid comparisons between fiscal year 2005 and 2006, particularly in the expenditure area are difficult. The effect of this account

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2005-2006
	2005	2006	2005	2006	2005	2006	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 13.8	\$ 14.2	\$ 3.5	\$ 3.4	\$ 17.3	\$ 17.6	1.7%
Operating Grants & Contributions	17.1	19.1	3.1	3.4	20.2	22.5	11.4%
Capital Grants & Contributions	0.6	0.1	-	-	0.6	0.1	-83.3%
General revenues							
Property taxes/Income surtaxes	66.2	65.1	-	-	66.2	65.1	-1.7%
State formula aid not restricted	64.0	68.0	-	-	64.0	68.0	6.3%
Other	1.9	2.5	-	-	1.9	2.5	31.6%
<b>Total revenues</b>	<b>163.6</b>	<b>169.0</b>	<b>6.6</b>	<b>6.8</b>	<b>170.2</b>	<b>175.8</b>	<b>3.3%</b>
<b>Expenses</b>							
Instruction	99.1	90.9	-	-	99.1	90.9	-8.3%
Pupil & Instructional Services	13.1	11.5	-	-	13.1	11.5	-12.2%
Administrative & Business	13.0	18.1	-	-	13.0	18.1	39.2%
Maintenance & operations	11.3	26.5	-	-	11.3	26.5	134.5%
Transportation	2.7	3.2	-	-	2.7	3.2	18.5%
Other	11.7	14.3	6.1	6.3	17.8	20.6	15.7%
<b>Total expenses</b>	<b>150.9</b>	<b>164.5</b>	<b>6.1</b>	<b>6.3</b>	<b>157.0</b>	<b>170.8</b>	<b>8.8%</b>
<b>Other Financing Sources</b>							
Transfers In	0.1	0.2	-	-	0.1	0.2	100.0%
Transfers out	-	-	(0.1)	(0.2)	(0.1)	(0.2)	100.0%
<b>Total transfers</b>	<b>0.1</b>	<b>0.2</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 12.8</b>	<b>\$ 4.7</b>	<b>\$ 0.4</b>	<b>\$ 0.3</b>	<b>\$ 13.2</b>	<b>\$ 5.0</b>	<b>-62.1%</b>

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

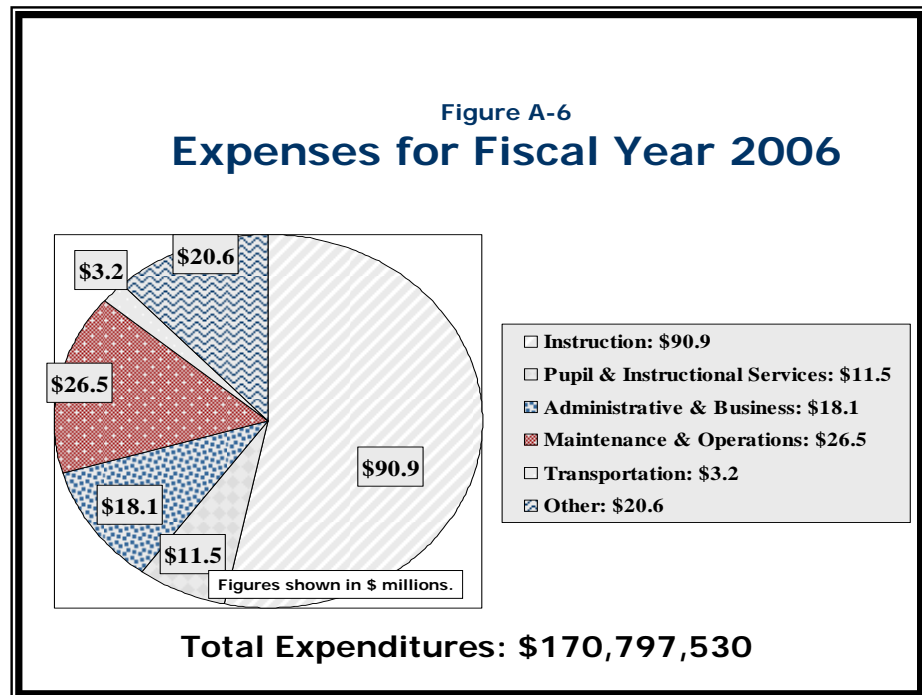
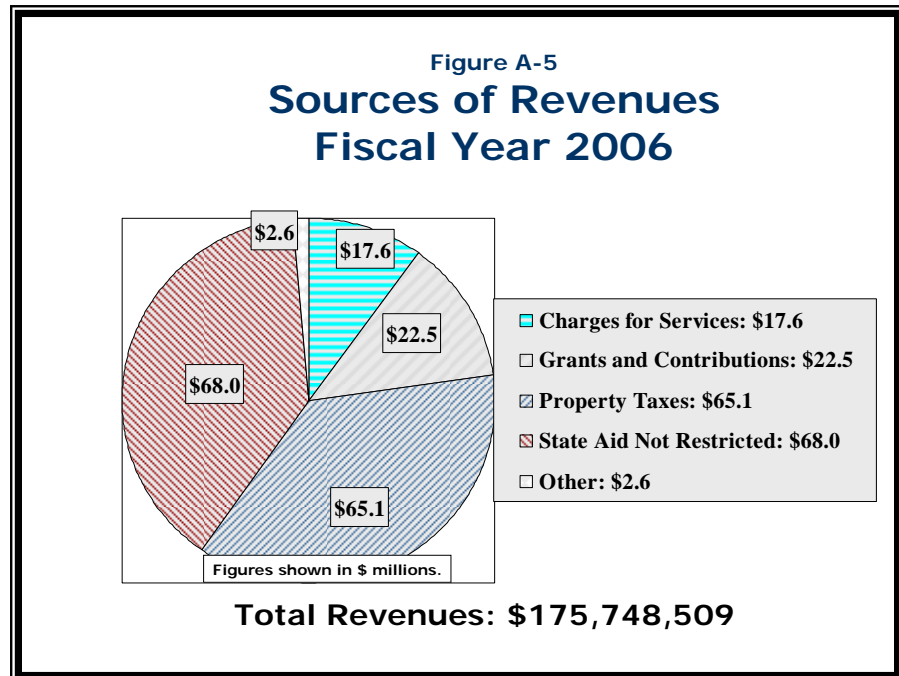
conversion “shifted” costs that were formerly reported as instructional in nature and reclassified them to administrative or maintenance category expenditures. Comparisons in succeeding fiscal years will be more relevant.

**Figure A-5** shows the sources of total District revenues. Property Taxes, the largest revenue source, comprise 37% of District revenues while State Foundation Aid holds a nearly equal share at 39%. Grant revenues from Federal, State and local sources, playing an increasingly important role in funding District programs, represent 13% of District revenues. Charges for services, largely tuition charges, comprise 10% of District revenues.

Total District expenses are reflected in **Figure A-6**. As can be seen, the majority of District resources (60%) are devoted to direct Instruction and Pupil & Instructional Services. Bond supported capital projects totaling \$0.9 million are reported in the "Other" category. Fiscal year 2006 marks the final complete fiscal year of the District's \$52.7 million capital improvements program supported primarily by the sale of \$46 million in general obligation bonds. The "Other" category also includes \$5.5 million in state mandated "flow through" funding support to Grant Wood Area Education Agency. Grant Wood AEA is an intermediary educational unit providing instructional support to 33 public school Districts and 35 nonpublic schools in eastern Iowa.

### Governmental Activities

The strength of the local economy was evident as the unemployment rate decreased slightly from 5.1% to 4.5% over the past year in the metro area. Additionally, the District continued to experience an increase in the overall property tax base. As can be seen in **Figure A-7**, taxable valuation increased slightly from \$3.99 billion to \$4.05 billion for FY2006. Though the current



year's increase was slight, overall property tax valuation trends show that over the past eight years, average annual growth has been 2.5 percent.

Despite the historical growth in our property tax base, which tends to mitigate increases in the tax levy rate, the overall District tax rate trends over recent years, as depicted in **Figure A-8**, have shown a gradual increase overall with a significant increase of over 18% between FY2002 and FY2003.

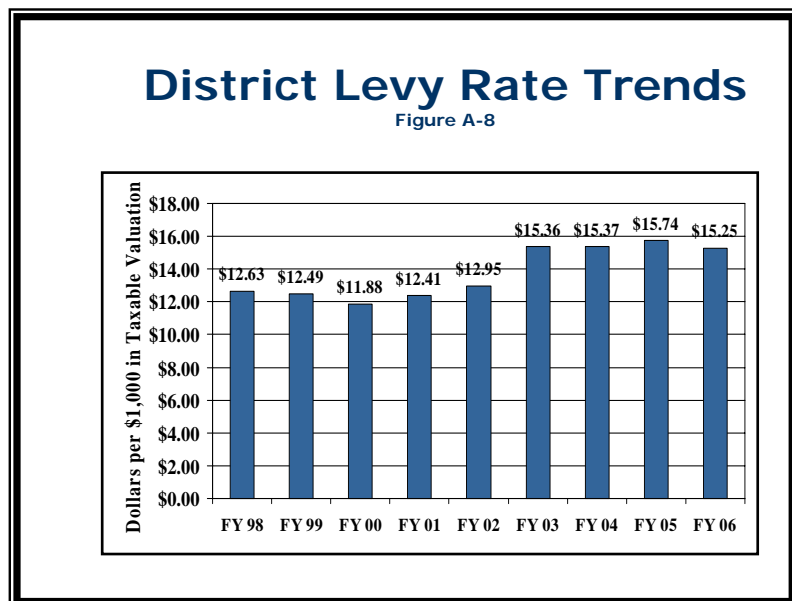
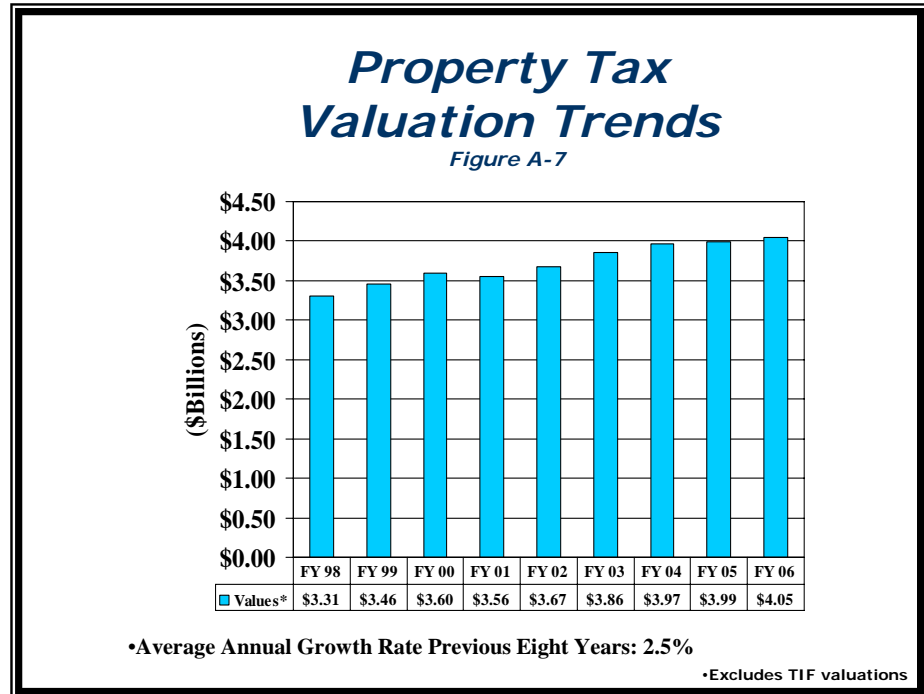
The reasons for this significant increase are three fold: First, the District increased its cash reserve levy in order to replace a loss of \$2.75 million due to an across the board cut in state foundation aid, and to build cash reserves that had been depleted in recent years.

Second, the District began full payment on general obligation bond debt as authorized by voters following a December 12, 2000, voter approved \$46 million bond issue to fund District infrastructure improvements.

Finally, the Board of Education approved an increase in the property tax funded early retirement program to encourage District staff to retire and allow attrition to reduce the number of employees on the payroll in order to reduce the General Fund budget.

The levy rate in FY06 declined from \$15.74 to \$15.25 per \$1,000 of taxable valuation. This was due in large part to the District's reduction in the property tax dependant, "cash reserve levy" from \$8 million in FY05 to \$4.95 million in FY06. Additionally, the District increased its reliance on income surtax by \$2 million and shifted an equal amount away from local property tax.

**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 \$164.5 million.
- Some of the cost was financed by the users of the District's programs, (\$17.6 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$19.2 million).
- Most of the District's costs (\$131.2 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$65.1 million in property taxes/income surtaxes, \$68.0 million in unrestricted state aid based on the statewide education aid formula.
- Property taxes and state education aid exceeded net governmental costs by \$1.9 million, along with \$1.5 million in interest earnings accounted for a significant amount of the \$4.9 million increase in Government-wide net assets from Governmental Activities.

**Figure A-9**

**Net Cost of Governmental Activities (in millions of dollars)**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2005	2006	2005-2006	2005	2006	2005-2006
Instruction	\$ 99.1	\$ 90.9	-8.3 %	\$ 77.1	\$ 66.8	-13.4 %
Pupil & Instructional Services	13.1	11.5	-12.2	12.5	11.2	-10.4
Administrative & Business	13.0	18.1	39.2	12.9	18.0	39.5
Maintenance & operations	11.3	26.5	134.5	11.3	26.5	134.5
Transportation	2.7	3.2	18.5	2.6	3.0	15.4
Other	11.7	14.3	22.2	3.3	5.7	72.7
<b>Total</b>	<b>\$ 150.9</b>	<b>\$ 164.5</b>	<b>9.0 %</b>	<b>\$ 119.7</b>	<b>\$ 131.2</b>	<b>9.6 %</b>

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

### Business-Type Activities

Revenues of the District's business-type activities rose approximately 3% over the previous year from \$6.6 million to \$6.8 million. Charges for services totaled \$3.4 million, with operating grants and contributions (federal and state subsidies) totaling \$3.4 million. Expenses for the year increased 3% over the previous year from \$6.1 million to \$6.3 million. (Refer to **Figure A-4**.) At the present time, the Nutrition Services Fund is the only fund categorized as a Business-Type Activity.

### Other highlights of the Nutrition Services Fund include:

- Students qualifying for free and reduced meals remained steady at approximately 37.5% of District students.

- In May 2004, a comprehensive equipment replacement schedule was developed and approved, designating a line item in the Food and Nutrition budget for years 2005-2010.
- The department was able to adhere to the 2005-2006 replacement schedules with plans underway to implement year two.
- Meal prices remain the same for the 3rd consecutive year.
- Nutrient analysis for K-5 menus is now available on the District's Internet as a service for parents, students and school personnel.
- Continued growth in student participation with stable enrollment as follows:
  - 2000-01            Lunch 10,400            Breakfast 2,168
  - 2001-02            Lunch 10,462            Breakfast 2,157
  - 2002-03            Lunch 10,754            Breakfast 2,192
  - 2003-04            Lunch 10,992            Breakfast 2,221
  - 2004-05            Lunch 11,273            Breakfast 2,396
  - 2005-06            Lunch 11,471            Breakfast 2,540

### **Financial Analysis of the District's Funds**

A summary financial analysis of each individual District Fund follows:

#### **Business-Type Fund Highlights**

- The Food and Nutrition Fund as previously stated, is the District's only fund categorized as a Business-Type Fund. Retained earnings in the Food and Nutrition Fund increased a solid 24% from \$1.46 million to \$1.81 million over the past fiscal year. This increase 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 continues to be an important focus.
- Currently, the program has equipment valued at \$2.68 million with total accumulated depreciation of \$2.22 million. With nearly 83 percent of kitchen equipment fully depreciated it is clear that the program's equipment is aging and in need of continued investment.

#### **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 expense 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 breakdown of General Fund revenues by source follows in [Figure A-10](#). Compared with the prior fiscal year, total General Fund revenues increased by 4.8 % in FY 2006. Highlights of significant changes in revenues are summarized as follows:

- A decrease of 3.3% or \$1.7 million in local taxes is largely a result of lowering the General Fund's property tax reliant cash reserve levy from \$7.92 million in FY 2005 to \$4.95 million in FY 2006.

- Investment revenues increased significantly due to a combination of increases in fund reserves and interest rate increases over the past year. Interest rates increased from 3.19% on June 30, 2005 to 5.18% on June 30, 2006.
- State Foundation Aid revenues increased by 6.0% or \$3.8 million over the previous year. This increase reflects state allowable growth to the District.
- Increases in Other State Aid of 14.8% are a result of two additional state grants related to staff development for the District's teaching staff as well as normal growth in existing state grants.
- Increases in other federal aid are largely a result of a more than doubling of Medicaid direct services reimbursements to the District growing from \$502,026 in FY 2005 to \$1,059,662 in FY 2006.

**Figure A-10**

<b>General Fund Revenues by Source</b>	<b>FY 2006</b>		<b>FY 2005</b>		<b>Change</b>
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
<b>Local Sources</b>					
Local Taxes	\$50,555,395	34.0%	\$52,293,616	36.5%	-3.3%
Tuition	5,073,800	3.4%	5,320,560	3.7%	-4.6%
Student Fees and Activities	188,769	0.1%	63,420	0.0%	197.6%
Investment Earnings	1,099,453	0.7%	535,146	0.4%	105.4%
Other Local Sources	4,913,447	3.3%	4,640,532	3.2%	5.9%
<b>State Sources</b>					
State Foundation Aid	67,090,548	45.1%	63,294,455	44.1%	6.0%
Phase I, II and III	1,480,443	1.0%	1,465,574	1.0%	1.0%
Other State Aid	12,016,475	8.1%	10,467,074	7.3%	14.8%
<b>Federal Sources</b>					
Title I	2,197,092	1.5%	2,125,602	1.5%	3.4%
Other Federal Aid	3,997,553	2.7%	3,229,347	2.3%	23.8%
<b>Total Revenues</b>	<b>\$148,612,975</b>	<b>100.0%</b>	<b>\$143,435,326</b>	<b>100.0%</b>	<b>3.6%</b>
Other Financing Sources	<b>1,726,069</b>		<b>60,251</b>		<b>2764.8%</b>
<b>Grand Total Resources</b>	<b>\$150,339,044</b>		<b>\$143,495,577</b>		<b>4.8%</b>

General Fund expenses by function for fiscal years 2005 and 2006 are summarized in **Figure A-11**, as follows:

- Total Expenditures, before "Other Financing Uses" increased by 8.4% or \$11.5 million from the previous fiscal year.
- Within the "instruction" category, an increase of 51 FTE positions (amounting to a 3.3% overall staffing increase) coupled with an expected growth rate of approximately 4% in compensation, explain the 6.2% overall growth rate in wages and benefits paid to staff in this category. Wages and benefit increases are the main reason for the 5.8% overall increase in this category.

- Instructional staff support services and business administrative services as a combined category increased at an expected rate of 3.2% for the period. However, significant percentage fluctuations, higher for business administrative services and lower for instructional staff support services, was a result of the State of Iowa mandated account conversion. A variety of account “re-classifications” caused staff formally classified in the instructional support area to be re-classified as administrative in nature within the business administrative services category. Future reports will provide consistent comparability in this area.
- Operation and Maintenance expenditures grew by 29.3% as a result of changes in state accounting rules requiring \$1.67 million in interfund credits to the O & M budget previously recognized as an expense credit, to be categorized as revenue.
- Student transportation costs grew by 21.8% as a result of significant increases in fuel costs during the period.

**Figure A-11**

<b>General Fund</b>	<b>FY 2006</b>		<b>FY 2005</b>		<b>Change</b>
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
<b>Expenditures by Function</b>					
Instruction	\$96,510,377	65.2 %	\$91,252,850	66.9 %	5.8 %
Student Support Services	4,403,381	3.0	3,305,725	2.4	33.2
Instructional Staff Support Services	6,852,994	4.6	9,585,545	7.0	-28.5
Business Administrative Services	16,299,730	11.0	12,371,989	9.1	31.7
Operations and Maintenance	13,358,023	9.0	10,330,323	7.6	29.3
Student Transportation	2,524,208	1.7	2,073,076	1.5	21.8
Community Services	2,496,242	1.7	2,347,160	1.7	6.4
AEA Support - Direct to AEA	5,527,722	3.7	5,231,164	3.8	5.7
<b>Total Expenditures</b>	<b>\$147,972,677</b>	<b>100.0 %</b>	<b>\$136,497,832</b>	<b>100.0 %</b>	<b>8.4 %</b>
Other Financing Uses	<b>379,606</b>		<b>336,130</b>		<b>12.9</b>
<b>Total Expenditures and Uses</b>	<b>\$148,352,283</b>		<b>\$136,833,962</b>		<b>8.4 %</b>

**Figure A-11.b** provides a comparison of the original budget, re-estimated budget and actual revenues and expenditures in the General Fund for fiscal year 2006. Actual revenues exceeded re-estimated budget revenues by \$1.3 million while actual expenditures were \$2.5 million less than re-estimated budget expenditures for the period.

#### **All Other Governmental Funds**

The revenue and expense summaries that follow include all other Governmental Funds. These funds include the Special Revenue Funds, (comprised of the Activity, Management and PPEL Funds) Debt Service and Capital Projects Funds. The term, “Major Funds” is a designation

required under reporting standards promulgated by the Governmental Accounting Standards Board statement number 34 (GASB 34).

In addition to the General Fund, which is automatically included as a major fund, the District's most "significant" governmental and enterprise funds are also included. Significant, is

**Figure A-11.b**  
**General Fund Budget and Actual Comparison**  
**Fiscal Year 2006**

	Budget		Actual
	Original	Re-estimated	
<b>Revenues</b>			
Local Taxes	\$50,516,779	\$50,473,335	\$50,555,395
Tuition	5,550,000	5,700,000	5,073,800
Other local sources	5,114,563	5,581,958	6,201,669
State sources	80,337,974	80,789,039	80,587,466
Federal sources	5,626,923	6,479,570	6,194,645
Total Revenues	147,146,239	149,023,902	148,612,975
Other Financing Sources	-	-	1,726,069
<b>Total Revenues &amp; other sources</b>	<b>\$147,146,239</b>	<b>\$149,023,902</b>	<b>\$150,339,044</b>
<b>Expenditures</b>			
Instruction	\$99,271,080	\$102,540,039	\$96,510,377
Student Support Services	1,800,581	2,108,099	4,403,381
Instructional Staff Support Services	10,526,842	11,133,905	6,852,994
Business Administrative Services	12,939,018	13,218,441	16,299,730
Operations and maintenance	10,813,204	10,993,401	13,358,023
Student transportation	2,042,865	2,389,642	2,524,208
Community Services	2,527,452	2,628,622	2,496,242
AEA Support - Direct to AEA	5,971,831	5,527,722	5,527,722
Total Expenditures	145,892,873	150,539,871	147,972,677
Other Financing Uses	270,748	270,748	379,606
<b>Total Expenditures &amp; other uses</b>	<b>\$146,163,621</b>	<b>\$150,810,619</b>	<b>\$148,352,283</b>

determined by measuring the "value" of the fund's total assets, liabilities, revenues, or expenses and applying a 10% and 5% test. The ten percent test measures these values against all funds in the respective governmental or enterprise category. The five percent test measures these values against all governmental and enterprise funds combined. In addition, a fund may be considered major if the District believes that the fund is important to the users of its financial statements.

As can be seen in [Figure A-12](#), in addition to the General Fund, the Management, Physical Plant and Equipment Levy (PPEL) and Debt Service Funds are considered "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-12](#), the District experienced a decrease of \$0.37 million in "Total Revenues" from the prior year (excluding other financing sources) and a revenue increase of \$30.8 million when all sources are included. The following points highlight revenue changes in each fund.



- **Management Fund** revenue increases of over \$0.7 million are reflective of an increase in local property taxes levied to replenish depleted fund reserves caused by an early retirement incentive offering that increased fund expenditures by \$1 million in FY04 and negatively affected the fund balance.
- **PPEL Fund** revenues were largely unchanged from the previous fiscal year.
- **Debt Service Fund** total revenue increased from \$5.2 million in FY05 to \$36.4 million in FY06. This was due to the sale \$31.4 million in School Refunding general obligation bonds during the fiscal period. "Other Financing Sources" saw a decline of approximately \$1 million as revenues in this category in fiscal year 2005 included an inter-fund transfer payment from the PPEL to the Debt Service fund to retire a \$1 million QZAB bond.
- **Capital Projects Fund** revenues declined by \$1.4 million reflecting zero Iowa Demonstration Construction Grant federal funds received during this fiscal period as well as lower state sales tax and energy rebates related to capital project improvements.
- **Activity Fund** revenues grew from \$4.3 million in FY05 to \$4.7 million in FY06.

Figure A-12

All Other Governmental Funds, (Excluding General Fund)  
Fiscal Year 2006 Revenues

Revenue Source	Major Funds		Other Gov. Funds			Total FY 2006	% of Total	Dollar Change Previous Yr.
	Manage- ment	PPEL	Debt Service	Capital Projects	Activity Fund			
Local	\$ 6,658,022	\$ 4,412,259	\$ 3,934,353	\$ 126,714	\$ 4,656,260	\$ 19,787,608	37.8%	\$ 164,052
State	4,692	2,924	2,690	-	-	10,306	0.0%	38
Federal	-	25,225	-	-	-	25,225	0.0%	(535,158)
<b>Total Revenues</b>	<b>6,662,714</b>	<b>4,440,408</b>	<b>3,937,043</b>	<b>126,714</b>	<b>4,656,260</b>	<b>19,823,139</b>		<b>(371,068)</b>
Bond Proceeds	-	-	32,138,774	-	-	32,138,774	61.4%	32,138,774
Other Financing Sources	-	49,026	330,580	-	-	379,606	0.7%	(956,524)
<b>Total Revenue &amp; Other</b>	<b>\$ 6,662,714</b>	<b>\$ 4,489,434</b>	<b>\$ 36,406,397</b>	<b>\$ 126,714</b>	<b>\$ 4,656,260</b>	<b>\$ 52,341,519</b>	<b>100.0%</b>	<b>\$ 30,811,182</b>

### Summary of Expenses

In the "All Other Governmental Funds" group, as depicted in **Figure A-13**, the District experienced a decrease of \$7.4 million in "Total Expenditures" (excluding other financing uses) from the previous year. The following points highlight individual fluctuations within each of the fund's expenses from the previous year.

- **Management Fund** expenses were relatively steady, down slightly by \$0.1 million from the previous year. The District provides, early retirement, unemployment and property-casualty-worker compensation benefits from this fund.
- **PPEL Fund** expenses for infrastructure projects were approximately \$1.4 million lower than the previous fiscal year. In fiscal 2005 this fund experienced "spend down" of accrued reserves that had accumulated over the previous 4 years. Annual expenditures of \$4.1 million are in the normal range for this fund.

- **Debt Service** expenses held steady between FY2005 and FY2006 with a slight decrease related to lower bond principal and interest payments.

Figure A-13

**All Other Governmental Funds, (Excluding General Fund)  
Fiscal Year 2006 Expenditures**

Expenditure Function	Major Funds		Other Gov. Funds			Total FY 2005	% of Total	Dollar Change Previous Yr.
	Management	PPEL	Debt Service	Capital Projects	Activity Fund			
Regular instruction	\$ 2,745,498	\$ -	\$ -	\$ -	\$ -	2,745,498	14.3%	\$ (117,028)
Special Instruction	191,811	-	-	-	-	191,811	1.0%	(62,710)
Other instruction	-	22,033	-	-	4,759,348	4,781,381	24.8%	716,020
Student support services	3,854	-	-	-	-	3,854	0.0%	(804)
Instructional staff support	94,726	-	-	-	-	94,726	0.5%	(45,653)
General administration services	171,033	-	-	-	-	171,033	0.9%	29,678
School administration services	728,126	-	-	-	-	728,126	3.8%	85,962
Business services	19,415	502	1,999	-	-	21,916	0.1%	(38,477)
Operations and maintenance	967,037	116,265	-	-	-	1,083,302	5.6%	76,602
Student transportation	220,176	111,060	-	-	-	331,236	1.7%	(520,115)
Central services	-	-	-	-	-	-	0.0%	-
Community services	127,745	-	-	-	-	127,745	0.7%	35,100
Facilities/construction	-	2,419,344	-	534,913	-	2,954,257	15.3%	(6,508,910)
Debt Service Principal	-	-	2,210,000	-	-	2,210,000	11.5%	(895,000)
Debt Service Interest	-	-	2,021,843	-	-	2,021,843	10.5%	(94,150)
<b>Total Expenditures</b>	<b>5,269,421</b>	<b>2,669,204</b>	<b>4,233,842</b>	<b>534,913</b>	<b>4,759,348</b>	<b>17,466,728</b>		<b>(7,339,485)</b>
Other Financing Uses	52,480	1,441,712	300,709	120	-	1,795,021	9.3%	795,021
<b>Total Expenditures &amp; Other</b>	<b>\$ 5,321,901</b>	<b>\$ 4,110,916</b>	<b>\$ 4,534,551</b>	<b>\$ 535,033</b>	<b>\$ 4,759,348</b>	<b>\$ 19,261,749</b>	<b>100.0%</b>	<b>\$ (6,544,464)</b>

- **Capital Projects Fund** expenses declined considerably from the previous fiscal year. Expenses dropped from \$4.6 million to \$.5 million as the District moved closer towards completion of its \$52.7 million, five year capital improvements program. All capital projects were completed by the end of fiscal year 2006 with some final financial activity to be recorded in fiscal year 2007.
- **Activity Fund** expenses rose slightly from \$4.1 million in FY2005 to \$4.8 million in FY2006.

**Fund Balances: Governmental Funds**

Fund balances reflect the accumulated excess of revenues over expenses for governmental functions. A comparison of individual fund(s) balances can be seen in **Figures A-14 and A-15**.

The **General Fund** balance experienced an increase of nearly \$2.0 million or 11.8% from the previous fiscal year. This is a result of the District maintaining a cash reserve levy of \$5.0 million for the fiscal year. In addition, several categorical grants were left with “planned” unspent reserves in anticipation of several long-term program initiatives.

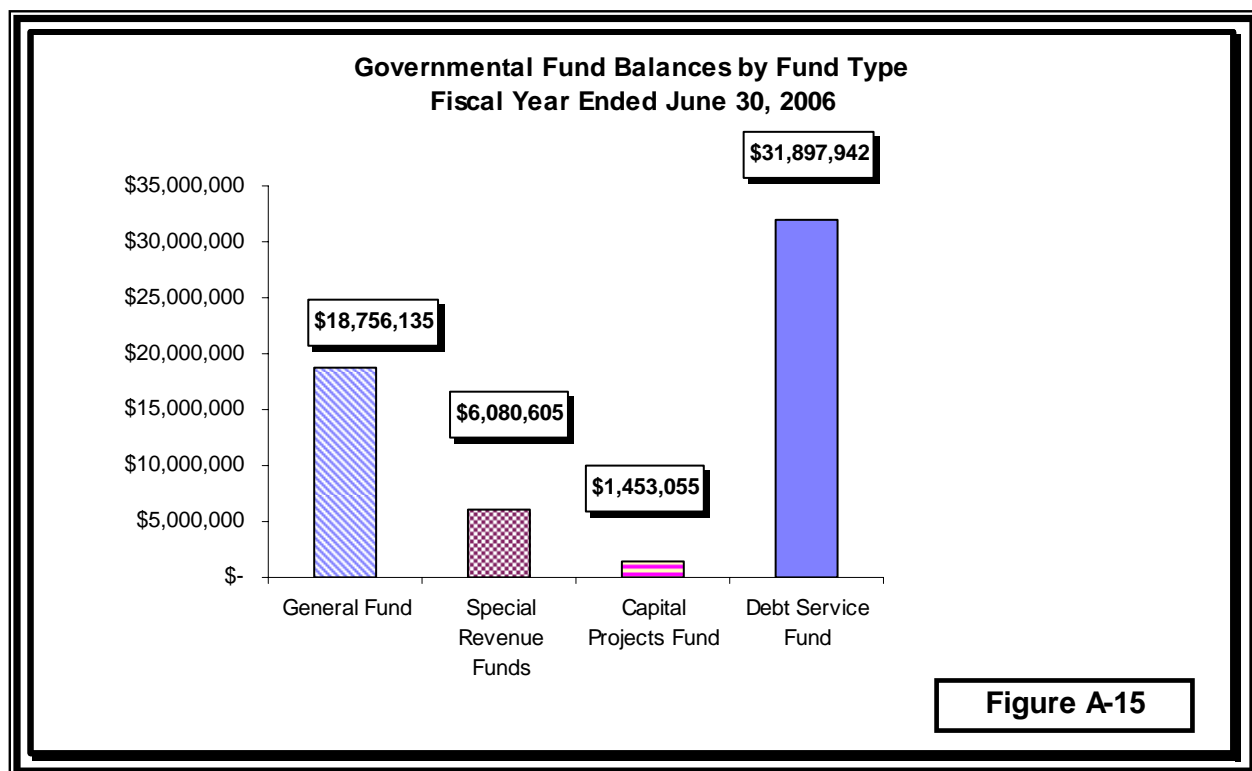
The **Special Revenue Funds**, (Activity, Management and PPEL funds combined) experienced an increase of approximately \$1.6 million in fund balance from the previous year. This can largely be attributed to an increase of \$1.4 million in the ending fund balance of the

Management Fund. The Management Fund balance on June 30, 2005 was  $-\$0.3$  million with a June 30, 2006 ending balance of  $\$1.1$  million. Activity and PPEL Fund reserves held relatively steady from the previous fiscal year.

The **Capital Projects Fund** experienced a continued draw down in its fund balance. The fund's balance was reduced by  $\$0.5$  million as capital projects expenses were paid from revenues received from  $\$46$  million in general obligation bond sales that occurred in fiscal years 2001 and 2002.

**Figure A-14**

<b>Fund Balances</b>	<b>June 30, 2006</b>	<b>June 30, 2005</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
General Fund	\$ 18,756,135	\$ 16,769,374	\$ 1,986,761	11.8%
Special Revenue Funds	6,080,605	4,464,362	1,616,243	36.2%
Capital Projects Fund	1,453,055	1,861,374	(408,319)	-21.9%
Debt Service Fund	31,897,942	26,096	31,871,846	122133.1%
<b>Total</b>	<b>\$ 58,187,737</b>	<b>\$ 23,121,206</b>	<b>\$ 35,066,531</b>	<b>151.7%</b>



The enormous growth in the ending balance of the Debt Service Fund is reflective of the sale of  $\$31.4$  million in School Refunding general obligation bonds during the fiscal period.

### Capital Asset and Debt Administration

#### Capital Assets

As indicated in **Figure A-16**, by the end of 2006, the District had invested, net of depreciation,  $\$68.7$  million in a broad range of assets, including school buildings, athletic facilities, computer

and audio-visual equipment, and administrative offices. This amount represents no material change from last fiscal year.

Since the end of fiscal year 2002 the District has added over \$42 million in capital assets net of depreciation. This is reflective of the construction and improvements to the District's infrastructure made possible with a voter approved \$46 million bond issue passed in December 12, 2000.

**Figure A-16**

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

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2005	2006	2005	2006	2005	2006	2005-2006
Land	\$ 8.4	\$ 8.4	\$ -	\$ -	\$ 8.4	\$ 8.4	0.0%
Construction in progress	18.8	7.7	-	-	18.8	7.7	-59.0%
Buildings	35.2	45.9	-	-	35.2	45.9	30.4%
Equipment	3.2	4.1	0.5	0.5	3.7	4.6	24.3%
Vehicles	2.5	2.1	-	-	2.5	2.1	-16.0%
	<b>\$ 68.1</b>	<b>\$ 68.2</b>	<b>\$ 0.5</b>	<b>\$ 0.5</b>	<b>\$ 68.6</b>	<b>\$ 68.7</b>	0.1%

Note: totals may not add due to rounding.

Excluding depreciation, the District has \$125 million in capital assets. Governmental funds account for \$122.4 million, with the remainder, \$2.6 million, in the Nutrition Services Fund, (Business-Type Fund). More detailed information about capital assets can be found in Note 6 to the financial statements.

### Long-Term Debt

At year-end, the District had \$71.035 million in general obligation bonds, school refunding bonds and other long-term debt outstanding. This represents an increase of nearly 70% over the previous fiscal year as can be seen in [Figure A-17](#).

The District sold \$46 million in general obligation bonds, approved by voters on December 12, 2000, to help finance a five-year, \$52.7 million in facilities construction and improvements throughout the District. Ten million in general obligation bonds were sold in fiscal year 2000-2001, with the remaining \$36 million sold in fiscal year 2001-2002. Both sales are to be repaid over a twenty-year period.

On March 1, 2006, the District issued \$31.385 million in school refunding bonds. The purpose of the sale was to reduce interest costs of the general obligation debt over the life of the bonds. Total interest costs have been reduced from \$18,784,600 to \$17,251,921, for a net savings of \$1,532,679 over the remaining life of the general obligation debt ending on June 1, 2021.

In fiscal year 2004-2005, the District repaid \$1 million in zero interest federal Qualified Zone Academy Bonds, (QZAB) which were used to fund HVAC improvements at Roosevelt Middle School.

As of June 30, 2006 the District did not exceed its legal debt margin of \$290,445,447. More detailed information about long-term debt can be found in Note 7 to the financial statements as well as the statistical section at the end of this report.

**Figure A-17**

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

	Total School District		Total Percentage Change
	<u>2005</u>	<u>2006</u>	<u>2005-2006</u>
General obligation bonds & notes (financed with property taxes)	\$41.225	\$39.325	-4.6%
School refunding bonds	0.000	31.385	
Capital loan payable	<u>0.635</u>	<u>0.325</u>	<u>-48.8%</u>
<b>Total</b>	<b>\$41.860</b>	<b>\$71.035</b>	<b>69.7%</b>

### Factors Bearing on the District's Future

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

- At this time the Board of Education has approved and has submitted a request to the Linn County Commissioner of Elections to schedule a county wide vote on February 13, 2007 to eligible county residents to vote for or against a local option sales tax measure that would increase the retail sales tax countywide by 1%. A simple county wide majority of 50% plus one is required for the issue to pass. All revenues generated from this sales tax increase would be transferred to the eleven public school districts residing in Linn County on a per pupil pro-rata basis. The Cedar Rapids Community School District would collect estimated sales tax revenues of \$129 million over the ten year life of the tax collection. If the vote is successful, the District will use these monies for heating, ventilation and air conditioning repairs to various secondary school buildings as well as investments in instructional technology and property tax relief.
- 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. It is certainly a possibility that the state could reduce this funding to schools again and force Districts to consider increasing the property tax supported cash reserve levy to replace these losses.
- Future enrollment stability is a critical element in maintaining a sound financial foundation. Over the past ten years, District "budget enrollments" a key factor in determining funding, have indicated a long-term pattern of slow decline. Over this period District budget enrollments have shown an overall decline of 210 students or 1% of total enrollment. After two consecutive annual increases in budget enrollments the District experienced an enrollment decrease of 77 students or 0.4% of total budget enrollment.
- In recent 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 over 82% of all expenditures in this fund are related to staff salaries and benefits. For fiscal year 2007, the overall growth rate in wages and benefits

for District staff appears to be increasing at a rate of approximately 3.2%. This compares favorably to increases in “regular program” revenue growth in the same period of 4.37%. Fiscal year 2007 marked the second consecutive year that staff reductions were not necessary following four consecutive years of budget cuts.

- Health insurance premiums increasing at a rate exceeding both the consumer price index and increases in District revenues will likely continue. The District received great news during the 2006 fiscal year that the rate increase for fiscal year 2007 would be only three percent. This compares to a 16% increase in fiscal year 2006 and increases that have at times exceeded 20% in recent years. Because most District employees pay all or a significant share of their health insurance premiums through a salary reduction program, net incomes for many of our District employees will be adversely effected by any future rate increases that exceed wage growth rates. At this time it is unknown what rate increase will be requested for fiscal year 2008.
- The continued link between residential and agriculture property values in the State of Iowa for taxation purposes have caused increases in the valuation of commercial property. Many commercial property interests believe this is unfair. In recent years in response to this dilemma, an increasing number of commercial property owners have successfully appealed their property assessments and have effectively reduced their tax burden. Unfortunately, a reduction in property tax collections, some retroactive, has adversely impacted the District’s tax receipts. A solution to this dilemma is in the hands of the State legislature.

### **Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability of the money it receives. If you have questions about this report or need additional financial information, contact Steve Graham, Executive Director – Business Services, Cedar Rapids Community School District, 346 Second Avenue SW, Cedar Rapids, IA 52404.

# **Government-Wide Financial Statements**

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Net Assets**

**June 30, 2006**

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 37,669,833	\$ 1,576,416	\$ 39,246,249
U.S. Treasury securities on deposit with escrow agent	31,830,243	-	31,830,243
Receivables:			
Property tax:			
Delinquent	861,824	-	861,824
Succeeding year	61,321,000	-	61,321,000
Other	1,379,741	63,177	1,442,918
Due from other governments	4,637,930	42,660	4,680,590
Internal balances	340,630	(340,630)	-
Inventories	158,181	134,745	292,926
Prepaid items	5,182	-	5,182
<b>Total current assets</b>	<b>138,204,564</b>	<b>1,476,368</b>	<b>139,680,932</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Land and construction in progress	16,160,166	-	16,160,166
Depreciable assets	106,255,195	2,681,738	108,936,933
Less: accumulated depreciation	(54,206,715)	(2,218,888)	(56,425,603)
<b>Total noncurrent assets</b>	<b>68,208,646</b>	<b>462,850</b>	<b>68,671,496</b>
<b>Total assets</b>	<b>206,413,210</b>	<b>1,939,218</b>	<b>208,352,428</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued items	16,416,949	37,184	16,454,133
Due to other governments	1,175,826	-	1,175,826
Accrued interest payable	597,025	-	597,025
Unearned revenue:			
Succeeding year property tax	61,321,000	-	61,321,000
Other	1,103,052	94,567	1,197,619
Current portion of long-term obligations	7,138,481	-	7,138,481
<b>Total current liabilities</b>	<b>87,752,333</b>	<b>131,751</b>	<b>87,884,084</b>
<b>Noncurrent liabilities:</b>			
Noncurrent portion of long-term obligations	73,708,742	-	73,708,742
<b>Total noncurrent liabilities</b>	<b>73,708,742</b>	<b>-</b>	<b>73,708,742</b>
<b>Total liabilities</b>	<b>161,461,075</b>	<b>131,751</b>	<b>161,592,826</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	30,011,701	462,850	30,474,551
Restricted for:			
Other special revenue purposes	4,992,969	-	4,992,969
Unrestricted	9,947,465	1,344,617	11,292,082
<b>Total net assets</b>	<b>\$ 44,952,135</b>	<b>\$ 1,807,467</b>	<b>\$ 46,759,602</b>

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



**Cedar Rapids Community School District**

**Statement of Activities**

**For the Year ended June 30, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular instruction	\$ 35,244,717	\$2,663,225	\$ 5,787,053	\$ -	\$ (26,794,439)	\$ -	\$ (26,794,439)
Special instruction	47,377,434	3,311,752	6,731,507	-	(37,334,175)	-	(37,334,175)
Vocational instruction	1,033,006	19,519	238,843	-	(774,644)	-	(774,644)
Other instruction	7,269,449	4,652,180	723,751	-	(1,893,518)	-	(1,893,518)
Total Instruction	<u>90,924,606</u>	<u>10,646,676</u>	<u>13,481,154</u>	<u>-</u>	<u>(66,796,776)</u>	<u>-</u>	<u>(66,796,776)</u>
Support services:							
Student services	4,413,031	-	43,514	-	(4,369,517)	-	(4,369,517)
Instructional staff services	7,037,494	255,208	-	-	(6,782,286)	-	(6,782,286)
General administration services	2,811,090	-	-	-	(2,811,090)	-	(2,811,090)
School administration services	10,216,281	-	-	-	(10,216,281)	-	(10,216,281)
Business services	4,771,895	71,086	-	-	(4,700,809)	-	(4,700,809)
Operations and maintenance	26,502,896	-	-	-	(26,502,896)	-	(26,502,896)
Student transportation	3,212,985	188,769	6,378	-	(3,017,838)	-	(3,017,838)
Total support services	<u>58,965,672</u>	<u>515,063</u>	<u>49,892</u>	<u>-</u>	<u>(58,400,717)</u>	<u>-</u>	<u>(58,400,717)</u>
Non-instructional programs:							
Food services	124,903	-	-	-	(124,903)	-	(124,903)
Community services	2,511,824	3,007,013	-	-	495,189	-	495,189
Total non-instructional programs	<u>2,636,727</u>	<u>3,007,013</u>	<u>-</u>	<u>-</u>	<u>370,286</u>	<u>-</u>	<u>370,286</u>
Other expenditures:							
Facilities acquisition/construction	4,008,904	-	74,267	25,225	(3,909,412)	-	(3,909,412)
Interest on long-term debt	2,452,755	-	-	-	(2,452,755)	-	(2,452,755)
AEA flowthrough	5,527,722	-	5,527,722	-	-	-	-
Total other expenditures	<u>11,989,381</u>	<u>-</u>	<u>5,601,989</u>	<u>25,225</u>	<u>(6,362,167)</u>	<u>-</u>	<u>(6,362,167)</u>
Total governmental activities	<u>164,516,386</u>	<u>14,168,752</u>	<u>19,133,035</u>	<u>25,225</u>	<u>(131,189,374)</u>	<u>-</u>	<u>(131,189,374)</u>
<b>Business-type activities:</b>							
Non-instructional programs:							
Food services	6,281,144	3,427,753	3,370,984	-	-	517,593	517,593
<b>Total school district</b>	<b><u>\$170,797,530</u></b>	<b><u>\$17,596,505</u></b>	<b><u>\$22,504,019</u></b>	<b><u>\$ 25,225</u></b>	<b><u>(131,189,374)</u></b>	<b><u>517,593</u></b>	<b><u>(130,671,781)</u></b>
<b>General revenues:</b>							
Taxes							
Property taxes, levied for general purposes					54,246,327	-	54,246,327
Property taxes, levied for debt service					3,667,686	-	3,667,686
Property taxes, levied for capital outlay					3,985,918	-	3,985,918
Income surtaxes					3,239,523	-	3,239,523
Grants not restricted to specific programs					67,944,624	1,000	67,945,624
Interest and investment earnings					1,510,041	59,219	1,569,260
Miscellaneous					968,048	374	968,422
<b>Transfers</b>					231,757	(231,757)	-
<b>Total general revenues and transfers</b>					<b><u>135,793,924</u></b>	<b><u>(171,164)</u></b>	<b><u>135,622,760</u></b>
<b>Change in net assets</b>					<b><u>4,604,550</u></b>	<b><u>346,429</u></b>	<b><u>4,950,979</u></b>
Net assets - beginning					40,347,585	1,461,038	41,808,623
Net assets - ending					<u>\$ 44,952,135</u>	<u>\$ 1,807,467</u>	<u>\$ 46,759,602</u>

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



## **Fund Financial Statements**

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Balance Sheet  
Governmental Funds**

**As of June 30, 2006**

	General	Management
<b>Assets</b>		
Cash and cash equivalents	\$ 25,877,928	\$ 4,446,885
U.S. Treasury securities on deposit with escrow agent	-	-
Receivables:		
Property tax:		
Delinquent	658,771	89,936
Succeeding year	46,930,000	6,244,000
Other	1,349,132	2,369
Due from other governments	4,637,677	-
Due from other funds	416,914	-
Inventories--supplies and materials	158,181	-
Prepaid items	5,182	-
<b>Total Assets</b>	<b>\$ 80,033,785</b>	<b>\$ 10,783,190</b>
 <b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable and accrued items	\$ 12,228,585	\$ 3,449,543
Due to other governments	1,175,826	-
Due to other funds	-	2,011
Unearned revenue:		
Succeeding year property tax	46,930,000	6,244,000
Other	943,239	-
<b>Total Liabilities</b>	<b>61,277,650</b>	<b>9,695,554</b>
 Fund Balances:		
Reserved for encumbrances	1,859,477	9,000
Reserved for inventories	158,181	-
Reserved for prepaid items	5,182	-
Reserved for categorical programs	188,074	-
Reserved for capital projects	-	-
Unreserved, undesignated reported in:		
General fund	16,545,221	-
Special revenue funds	-	1,078,636
Debt service	-	-
<b>Total Fund Balances</b>	<b>18,756,135</b>	<b>1,087,636</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 80,033,785</b>	<b>\$ 10,783,190</b>

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

Physical Plant and Equipment Levy	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,768,119	\$ 7,551	\$ 2,569,350	\$ 37,669,833
-	31,830,243	-	31,830,243
58,993	54,124	-	861,824
4,311,000	3,836,000	-	61,321,000
13,972	6,024	8,244	1,379,741
253	-	-	4,637,930
-	-	-	416,914
-	-	-	158,181
-	-	-	5,182
<u>\$ 9,152,337</u>	<u>\$ 35,733,942</u>	<u>\$ 2,577,594</u>	<u>\$ 138,280,848</u>

\$ 474,499	\$ -	\$ 264,322	\$ 16,416,949
-	-	-	1,175,826
57,311	-	16,962	76,284
4,311,000	3,836,000	-	61,321,000
159,813	-	-	1,103,052
<u>5,002,623</u>	<u>3,836,000</u>	<u>281,284</u>	<u>80,093,111</u>

1,281,405	-	280,000	3,429,882
-	-	-	158,181
-	-	-	5,182
-	-	-	188,074
-	-	1,173,055	1,173,055
-	-	-	16,545,221
2,868,309	-	843,255	4,790,200
-	31,897,942	-	31,897,942
<u>4,149,714</u>	<u>31,897,942</u>	<u>2,296,310</u>	<u>58,187,737</u>
<u>\$ 9,152,337</u>	<u>\$ 35,733,942</u>	<u>\$ 2,577,594</u>	<u>\$ 138,280,848</u>

**Cedar Rapids Community School District  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Assets  
 June 30, 2006**

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

**Total fund balance - governmental funds (page 53) \$ 58,187,737**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is	122,415,361	
Accumulated depreciation is	<u>54,206,715</u>	68,208,646

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	70,710,000	
Capital loans payable	325,000	
Accrued interest on long-term debt	597,025	
Compensated absences (vacations)	1,458,526	
Special termination benefits payable	<u>8,353,697</u>	(81,444,248)

**Total net assets - governmental activities (page 48) \$ 44,952,135**

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

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

**Year ended June 30, 2006**

	General	Management	Physical Plant and Equipment Levy	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Local sources:						
Local Taxes	\$ 50,555,395	\$ 6,475,609	\$ 3,985,918	\$ 3,667,686	\$ -	\$ 64,684,608
Tuition	5,073,800	-	-	-	-	5,073,800
Other local sources	6,201,669	182,413	426,341	266,667	4,782,974	11,860,064
State sources	80,587,466	4,692	2,924	2,690	-	80,597,772
Federal sources	6,194,645	-	25,225	-	-	6,219,870
<b>Total Revenues</b>	<b>148,612,975</b>	<b>6,662,714</b>	<b>4,440,408</b>	<b>3,937,043</b>	<b>4,782,974</b>	<b>168,436,114</b>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular instruction	45,872,090	2,745,498	-	-	-	48,617,588
Special instruction	47,154,485	191,811	-	-	-	47,346,296
Vocational instruction	1,028,230	-	-	-	-	1,028,230
Other instruction	2,455,572	-	22,033	-	4,759,348	7,236,953
<b>Total instruction</b>	<b>96,510,377</b>	<b>2,937,309</b>	<b>22,033</b>	<b>-</b>	<b>4,759,348</b>	<b>104,229,067</b>
Support Services:						
Student services	4,403,381	3,854	-	-	-	4,407,235
Instruction staff services	6,852,994	94,726	-	-	-	6,947,720
General administration services	2,513,730	171,033	-	-	-	2,684,763
School administration services	9,207,112	728,126	-	-	-	9,935,238
Business services	4,578,888	19,415	502	1,999	-	4,600,804
Operations and maintenance	13,358,023	967,037	116,265	-	-	14,441,325
Student transportation	2,524,208	220,176	111,060	-	-	2,855,444
<b>Total support services</b>	<b>43,438,336</b>	<b>2,204,367</b>	<b>227,827</b>	<b>1,999</b>	<b>-</b>	<b>45,872,529</b>
Non-instructional programs:						
Food service	-	124,903	-	-	-	124,903
Community services	2,496,242	2,842	-	-	-	2,499,084
<b>Total non-instructional programs</b>	<b>2,496,242</b>	<b>127,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,623,987</b>
Other expenditures:						
Debt Service:						
Principal	-	-	-	2,210,000	-	2,210,000
Interest	-	-	-	2,021,843	-	2,021,843
Capital Outlay:						
Facilities acquisition	-	-	2,419,344	-	534,913	2,954,257
Other support services	5,527,722	-	-	-	-	5,527,722
<b>Total other expenditures</b>	<b>5,527,722</b>	<b>-</b>	<b>2,419,344</b>	<b>4,231,843</b>	<b>534,913</b>	<b>12,713,822</b>
<b>Total Expenditures</b>	<b>147,972,677</b>	<b>5,269,421</b>	<b>2,669,204</b>	<b>4,233,842</b>	<b>5,294,261</b>	<b>165,439,405</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>640,298</b>	<b>1,393,293</b>	<b>1,771,204</b>	<b>(296,799)</b>	<b>(511,287)</b>	<b>2,996,709</b>
<b>Other Financing Sources (Uses):</b>						
Refunding debt issued	-	-	-	31,385,000	-	31,385,000
Premium on bonds	-	-	-	753,774	-	753,774
Payment to refunding escrow agent	-	-	-	(300,709)	-	(300,709)
Transfers in	1,726,069	-	49,026	330,580	-	2,105,675
Transfers out	(379,606)	(52,480)	(1,441,712)	-	(120)	(1,873,918)
<b>Total Other Financing Sources (Uses)</b>	<b>1,346,463</b>	<b>(52,480)</b>	<b>(1,392,686)</b>	<b>32,168,645</b>	<b>(120)</b>	<b>32,069,822</b>
<b>Net Change in Fund Balances</b>	<b>1,986,761</b>	<b>1,340,813</b>	<b>378,518</b>	<b>31,871,846</b>	<b>(511,407)</b>	<b>35,066,531</b>
Fund balances (deficits) at beginning of year	16,769,374	(253,177)	3,771,196	26,096	2,807,717	23,121,206
Fund balances at end of year	\$ 18,756,135	\$ 1,087,636	\$ 4,149,714	\$ 31,897,942	\$ 2,296,310	\$ 58,187,737

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

**Cedar Rapids Community School District**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Government-wide Statement of Activities**  
**Year Ended June 30, 2006**

**Total net change in fund balances - governmental funds (page 55)** **\$ 35,066,531**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capital outlays exceeds depreciation in the period.

	Capital outlays	\$ 14,653,568	
	Construction in progress completed	(11,697,758)	
	Depreciation expense	<u>(2,843,554)</u>	112,256

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (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, special termination benefits earned (\$2,774,852) was greater than the amounts paid (\$1,803,327) by \$971,525. Vacation earned (\$1,458,526) was less than the amounts paid (\$1,477,985) by \$19,459.

(952,066)

Proceeds from the sale of equipment is reported in the governmental funds (\$-0-), however in the statement of activities it is netted against the book value of the assets being deleted and reported as a loss on sale of capital assets (\$16,259).

(16,259)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

	Issued	(31,385,000)	
	Repaid	<u>2,210,000</u>	(29,175,000)

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. Accrued interest on bonds increased by \$430,912.

(430,912)

**Change in net assets - governmental activities (page 49)**

**\$ 4,604,550**

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



**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Net Assets  
Proprietary Fund**

**As of June 30, 2006**

	Business-Type Activity
	Nutrition Services
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,576,416
Other receivables	63,177
Due from other governments	42,660
Inventories - supplies and materials	134,745
<b>Total current assets</b>	<b>1,816,998</b>
Noncurrent Assets:	
Furniture and equipment (net)	462,850
<b>Total assets</b>	<b>2,279,848</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable and accrued items	37,184
Due to other funds	340,630
Unearned revenue	94,567
<b>Total liabilities</b>	<b>472,381</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	462,850
Unrestricted	1,344,617
<b>Total net assets</b>	<b>\$ 1,807,467</b>

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

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund**

**For the Year ended June 30, 2006**

	Business-Type Activity
	Nutrition Services
	<hr/>
<b>Operating revenues:</b>	
Local sources	\$ 3,429,126
<b>Total operating revenues:</b>	<hr/> 3,429,126 <hr/>
<b>Operating expenses:</b>	
Payroll costs	3,146,243
Purchased services	71,264
Supplies and materials	2,982,287
Depreciation	81,350
<b>Total operating expenses</b>	<hr/> 6,281,144 <hr/>
<b>Operating loss</b>	<hr/> (2,852,018) <hr/>
<b>Nonoperating revenues:</b>	
State sources	76,461
Federal sources	3,294,524
Interest income	59,219
<b>Total nonoperating revenues</b>	<hr/> 3,430,204 <hr/>
<b>Income before transfers</b>	578,186
<b>Transfers out</b>	<hr/> (231,757) <hr/>
Change in net assets	346,429
Net assets beginning of year	<hr/> 1,461,038 <hr/>
Net assets end of year	<hr/> \$ 1,807,467 <hr/> <hr/>

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

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Statement of Cash Flows**

**Proprietary Fund**

**For the Year ended June 30, 2006**

	Business-Type Activity
	Nutrition Services
<b>Cash Flows from Operating Activities:</b>	
Cash received from sale of lunches and breakfasts	\$ 3,195,604
Cash received from services	195,601
Cash received from miscellaneous operating activities	49,196
Cash payments to employees for services	(2,930,727)
Cash payments to suppliers for good and services	(2,669,961)
Net cash used in operating activities	(2,160,287)
<b>Cash Flows from Non-Capital Financing Activities:</b>	
State lunch and breakfast reimbursements	85,867
Federal lunch and breakfast reimbursements	2,909,008
Transfers to other funds	(231,757)
Net cash provided by non-capital financing activities	2,763,118
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(92,324)
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	57,247
Net increase in cash and cash equivalents	567,754
Cash and cash equivalents at beginning of year	1,008,662
Cash and cash equivalents at end of year	\$ 1,576,416
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,852,018)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	81,350
Loss on disposal of assets	1,287
Commodities consumed	395,749
Changes in assets and liabilities:	
Decrease in receivables, net	5,123
Increase in inventories	(18,084)
Increase in accounts payable and accrued expenses	933
Increase in due to other funds	219,221
Increase in deferred revenues	6,152
Net cash used in operating activities	\$ (2,160,287)
<b>Non-Cash Investing, Capital and Financing Activities:</b>	
During the year ended June 30, 2006, the District received federal commodities valued at \$381,696.	

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

**Cedar Rapids Community School District**  
**Statement of Fiduciary Assets and Liabilities**  
**As of June 30, 2006**

	<b>Agency Fund</b>
<b>Assets:</b>	
Cash	\$ 10,657
Total Assets	<u>\$ 10,657</u>
 <b>Liabilities:</b>	
Accounts payable	\$ 10,657
Total Liabilities	<u>\$ 10,657</u>

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

# **Cedar Rapids Community School District**

## **Notes to the Financial Statements**

**June 30, 2006**

### **1. Summary of Significant Accounting Policies**

The Cedar Rapids Community School District (the "District") is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve with a student enrollment of 17,500. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education, as well as vocational and recreational courses. The geographic area served includes the cities of Cedar Rapids, Bertram, Hiawatha, Palo, Robins and portions of Marion, Iowa. The District is governed by a Board of Directors whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

#### **A. Reporting Entity**

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization; or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The District has no component units that meet the GASB criteria, and is not a component unit for another entity.

#### **B. Basis of Presentation**

##### **Government-wide Financial Statements**

The Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used

# Cedar Rapids Community School District

## Notes to the Financial Statements

June 30, 2006

### 1. Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

have not been eliminated during the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for service.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

# Cedar Rapids Community School District

## Notes to the Financial Statements

June 30, 2006

### 1. Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The *general fund* is the general operating fund of the District. All 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. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The *management fund* accounts for the resources accumulated and payments made for property insurance, fidelity bonds, worker compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

The *physical, plant and equipment levy fund* accounts for the resources accumulated and payments made for the purchase and improvement of grounds; purchase of buildings; major repairs, remodeling, reconstructing, improving or expanding the schoolhouses or buildings; expenditures for energy conservation; and for equipment purchases which must be equal to or greater than \$1,500 in unit value. The purchase of transportation vehicles qualify under the law.

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

# Cedar Rapids Community School District

## Notes to the Financial Statements

June 30, 2006

### 1. Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

The District reports the following major proprietary fund:

The *nutrition services fund* is used to account for the food service operations of the District. Proprietary funds are used to account for activities similar to those found in private industry, where the determination of net income is necessary or useful to provide sound financial administration.

Additionally, the District reports the following fund type:

The *agency fund* is used to account for assets held by the District as an agent for private donations from individuals. These donations are to be used for specific purposes, such as scholarships. The agency fund is custodial in nature; assets equal liabilities, and do not involve measurement of results of operations.

#### C. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary, and Fiduciary Fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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 *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.



# Cedar Rapids Community School District

## Notes to the Financial Statements

June 30, 2006

### 1. Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus and Basis of Accounting (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### D. Cash, Cash Equivalents and Investments

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

# Cedar Rapids Community School District

## Notes to the Financial Statements

June 30, 2006

### 1. Summary of Significant Accounting Policies (continued)

#### D. Cash, Cash Equivalents and Investments (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.

#### E. Property Taxes Receivable

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

#### F. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transfers between funds had not been received as of June 30, 2006, 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.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2006**

**1. Summary of Significant Accounting Policies (continued)**

**G. Due from Other Governments**

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

**H. Inventories**

Inventories of the General Fund are stated at the moving average cost for purchased items and are accounted for using the consumption method, whereby inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. Reported inventories in the General Fund are offset by a fund balance reserve which indicates these assets are unavailable for appropriation even though they are a component of reported assets.

Inventories of the Nutrition Services Fund are valued at cost using the first-in, first-out method for purchased items and government commodities.

**I. Capital Assets**

Capital assets, which included property, furniture and equipment are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The District defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

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

# **Cedar Rapids Community School District**

## **Notes to the Financial Statements**

**June 30, 2006**

### **1. Summary of Significant Accounting Policies (continued)**

#### **J. 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.

#### **K. Deferred Revenue**

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

#### **L. 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. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability attributable to the governmental activities will be paid primarily by the general fund.

#### **M. Long-Term Liabilities**

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

# **Cedar Rapids Community School District**

## **Notes to the Financial Statements**

**June 30, 2006**

### **1. Summary of Significant Accounting Policies (continued)**

#### **N. Fund Equity**

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

#### **O. Restricted Net Assets**

In the Government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### **P. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, expenditures in the support services functional area exceeded the amount budgeted. The District did not exceed its General Fund unspent authorized budget.

### **2. Deposits and Investments**

The District's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District 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 are categorized to give an indication of the level of risk assumed by the District at year end. The U.S. Treasury securities are classified as Category 1, which means the investments are insured or registered or the securities are held by the District or its agent in the District's name.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2006

#### 2. Deposits and Investments (continued)

During the year ended June 30, 2006, the District invested primarily in savings accounts, which are considered cash equivalents. The U.S. Treasury securities are stated at fair value.

The District's investments at June 30, 2006 are as follows:

<u>Type</u>	<u>Fair Value</u>
U.S. Treasury Securities	<u>\$ 31,830,243</u>

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.

#### 3. Due from Government Agencies

The following amounts are due to the General Fund of the District by various local, state and federal government agencies at June 30, 2006:

Tuition from other districts	\$1,888,746
IDEA part B grant	523,572
Title I program	405,431
Non-public transportation	329,964
Foster care/district court claim	277,207
Perkins grant	125,329
Other	<u>1,087,428</u>
	<u>\$4,637,677</u>

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2006**

**4. Interfund Receivables and Payables**

As of June 30, 2006 interfund receivables and payables were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 416,914	\$ -
Management Fund	-	2,011
Physical Plant and Equipment Levy Fund	-	57,311
Student Activity Fund	-	16,962
Total Governmental Funds	<u>416,914</u>	<u>76,284</u>
Nutrition Services Fund	-	340,630
Total All Funds	<u>\$ 416,914</u>	<u>\$ 416,914</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. All balances will be repaid by June 30, 2007.

**5. Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Food & Nutrition Fund	\$ 231,757
General Fund	Management Fund	52,480
General Fund	Physical Plant and Equipment Levy Fund	1,441,712
General Fund	Capital Projects Fund	120
Physical Plant and Equipment Levy Fund	General Fund	49,026
Debt Service Fund	General Fund	330,580
		<u>\$ 2,105,675</u>

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

# Cedar Rapids Community School District

## Notes to the Financial Statements

June 30, 2006

### 6. Capital Assets

Capital asset balances and activity for the year ended June 30, 2006 were as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,429,345	\$ 31,858	\$ -	\$ 8,461,203
Construction in progress	18,797,828	598,893	(11,697,758)	7,698,963
Total capital assets, not being depreciated	<u>27,227,173</u>	<u>630,751</u>	<u>(11,697,758)</u>	<u>16,160,166</u>
Capital assets, being depreciated:				
Buildings and improvements	68,784,478	12,252,541	-	81,037,019
Furniture and equipment	16,151,250	1,625,823	(395,199)	17,381,874
Vehicles	7,769,249	144,453	(77,400)	7,836,302
Total capital assets being depreciated	<u>92,704,977</u>	<u>14,022,817</u>	<u>(472,599)</u>	<u>106,255,195</u>
Less accumulated depreciation for:				
Buildings and improvements	33,659,315	1,586,715	(11,102)	35,234,928
Furniture and equipment	12,895,607	709,137	(366,386)	13,238,358
Vehicles	5,264,579	547,702	(78,852)	5,733,429
Total accumulated depreciation	<u>51,819,501</u>	<u>2,843,554</u>	<u>(456,340)</u>	<u>54,206,715</u>
Total capital assets, being depreciated, net	<u>40,885,476</u>	<u>11,179,263</u>	<u>(16,259)</u>	<u>52,048,480</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 68,112,649</u>	<u>\$ 11,810,014</u>	<u>\$ (11,714,017)</u>	<u>\$ 68,208,646</u>
<b>Business-type activities:</b>				
Furniture and equipment	\$ 2,615,573	\$ 92,324	\$ (26,161)	\$ 2,681,736
Less accumulated depreciation:	2,162,410	81,350	(24,874)	2,218,886
<b>Business-type activities capital assets, net</b>	<u>\$ 453,163</u>	<u>\$ 10,974</u>	<u>\$ (1,287)</u>	<u>\$ 462,850</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 755,672
Instructional staff services	97,268
General administration services	3,365
School administration services	7,273
Business services	90,100
Operations & maintenance	396,555
Student transportation	438,674
Facilities acquisition/construction	1,054,647
<b>Total</b>	<u>\$ 2,843,554</u>

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



**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2006**

**7. Bonded and Other Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2006 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation debt	\$ 41,225,000	\$ -	\$ (1,900,000)	\$ 39,325,000	\$ 1,925,000
School refunding bonds	-	31,385,000	-	31,385,000	-
Other liabilities:					
Compensated absences	1,477,985	1,458,526	(1,477,985)	1,458,526	1,458,526
Early retirement pay	7,382,172	2,774,852	(1,803,327)	8,353,697	3,452,210
Capital loan payable	635,000	-	(310,000)	325,000	325,000
Total long-term liabilities	<u>\$ 50,720,157</u>	<u>\$ 35,618,378</u>	<u>\$ (5,491,312)</u>	<u>\$ 80,847,223</u>	<u>\$ 7,160,736</u>

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

Early Retirement

The District offers a voluntary early retirement plan to its certified and administrative employees. Certified employees who have completed at least 20 years of service and who are at least 55 years of age shall be eligible. Employees will be allowed benefits upon submission of a written resignation accepted by Human Resources by February 1 of the current contract year. The early retirement incentive for each eligible certified employee is equal to an amount representing 105 days' pay calculated by using the current year basic salary schedule, subject to a proration formula by age. During the year ended June 30, 2004 there was an enhancement to the normal plan, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for certified employees.

## Cedar Rapids Community School District

### Notes to the Financial Statements

June 30, 2006

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

##### Early Retirement (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 employee may choose to receive the accumulated days' salary in equal annual installments spread out over three to five years beginning in October of the same year following early separation.

Administrators age 55 through 65 whose age plus years of service with the District totals 75 shall be eligible for early retirement pay. Administrators will be allowed benefits upon submission of a written resignation accepted by the Board of Directors. The early retirement incentive for each eligible administrative employee is equal to an amount representing 195 days' pay. The daily rate of pay shall be the administrator's contract salary in effect during the last full year of employment. During the year ended June 30, 2004 there was an enhancement to the normal plan, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for administrators.

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

Early retirement benefits paid during the year ended June 30, 2006 totaled \$1,803,327 of which the Management Fund paid \$1,694,056 and the General Fund paid \$109,271. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Management and General Funds. A liability has been recorded in the government-wide financial statements representing the District's commitment to fund non-current early retirement benefits.

**Cedar Rapids Community School District**

**Notes to the Financial Statements**

**June 30, 2006**

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

Bonded Debt

On March 1, 2006, the District issued \$31,385,000 of general obligation refunding bonds, with interest rates ranging from 3.75% to 5.00%, for a crossover refunding of a portion of the general obligation bonds issued February 1, 2001 and January 1, 2002. The District entered in to an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. securities. These securities were placed in an escrow account for the express purpose of paying the \$31,575,000 principal on the refunded general obligation bonds when they become callable on June 1, 2009 and June 1, 2010 and the interest on the refunding bonds. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished.

The District refunded the bonds to reduce its total debt service payments by approximately \$1,479,940 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,009,459.

Details of the District's June 30, 2006 bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 2,250,000	\$ 3,568,506	\$ 5,818,506
2008	2,050,000	3,137,998	5,187,998
2009	2,075,000	3,041,373	5,116,373
2010	2,705,000	2,943,260	5,648,260
2011	4,715,000	2,819,773	7,534,773
2012-2016	26,240,000	10,861,413	37,101,413
2017-2021	<u>31,000,000</u>	<u>4,235,050</u>	<u>35,235,050</u>
Totals	<u>\$ 71,035,000</u>	<u>\$ 30,607,373</u>	<u>\$ 101,642,373</u>

As of June 30, 2006 the District did not exceed its legal debt margin of \$211,956,399.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2006**

#### **8. Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$5,994,041, \$5,601,896 and \$5,552,662 respectively, equal to the required contribution for each year.

#### **9. Post-Employment Benefits Other Than Pension Benefits**

The District provides two types of post-employment benefits other than pension benefits: health insurance and life insurance. These benefits are provided to qualified employees under collective bargaining agreements and are financed and accounted for on a pay-as-you-go-basis. Therefore, no liability has been actuarially determined or provided for in the financial statements.

##### **Health Insurance**

For the employee groups of teachers, administrators, supervisor/technicians, confidential secretaries, custodial/maintenance, food service and secretary/clerical, the District provides for health insurance coverage under contract provisions for those electing early retirement. The District pays the premium amount specified in the individual contracts on the date of separation.

##### **Administrators**

An administrator electing early retirement shall continue to receive health insurance coverage, not to exceed the cost of the premium on the date of separation of the Alliance Select Standard family plan. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. When an administrator who has elected early separation reaches age 65, his/her spouse shall continue to receive the premium for a period not to exceed three years or age 65. The spouse of an

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2006**

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

administrator who has elected early retirement or has attained eligibility for early retirement, shall, upon death of the administrator, continue to receive health insurance until the date the deceased administrator would have reached age 65. In no instance shall the spouse continue to receive health insurance for a period longer than ten years. For the year ended June 30, 2006 the District recognized \$173,525 in expenditures for 26 former employees.

##### **Teachers**

For a certified employee electing early retirement, the District shall continue to pay the premium for the elected health coverage selected on the date of early separation. Coverage shall cease when the retired employee reaches age 65, secures other employment or dies. For the year ended June 30, 2006, the District recognized \$1,249,200 in expenditures for 267 former employees.

##### **Supervisors/Technicians/Confidential Secretaries**

For an employee electing early retirement, the District shall continue to pay the premium for the elected health coverage, in an amount not to exceed the premium for the Alliance Select Standard plan on the date of early separation. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. For the year ended June 30, 2006 the District recognized \$17,480 in expenditures for 3 former employees.

##### **Custodial/Maintenance/Food Service/Secretary/Clerical**

Employees who separate from the District before becoming eligible for Medicare shall have the option to continue participation in the District's health insurance plan. The employee must be at least age 55 and must have completed at least 20 years of service with the District. The District will pay the cost of the premium specified in the individual group contracts. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. For the year ended June 30, 2006 the District recognized \$89,691 in expenditures for 26 former employees.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2006**

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

##### **Life Insurance**

An administrator electing early retirement as provided above shall continue to receive life insurance coverage and an accidental death and dismemberment benefit of \$100,000 until the administrator secures other employment covered by a life insurance program or reaches age 65. For the year ended June 30, 2006, 25 administrators had qualified under this provision, with the District recognizing \$4,658 in expenditures.

#### **10. Construction Contractual Commitments**

Total outstanding contractual commitments for construction projects at June 30, 2006 for the Physical, Plant and Equipment Levy Fund was \$597,680 and for the Capital Projects Fund was \$331,239.

#### **11. Risk Management**

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

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

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$5,527,722 for the year ended June 30, 2006. The District's budgeted and actual share is included in these financial statements.

## **Cedar Rapids Community School District**

### **Notes to the Financial Statements**

**June 30, 2006**

#### **13. New Pronouncements**

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, issued November 2003, during the year ended June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

The District adopted GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, issued in May 2004, during the year ended June 30, 2006. The Statement improves the understandability and usefulness of the statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

As of June 30, 2006, the Governmental Accounting Standards Board had issued the following statements not yet implemented by the District. The Statements, which may impact the District, are as follows:

Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued April 2004, will be effective for the District beginning with its year ending June 30, 2007. The Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB) and supercedes existing guidance.

Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 30, 2004, will be effective for the District beginning with its year ending June 30, 2008. The Statement requires governments to report any liability associated with providing employees benefits other than pensions subsequent to their employment with the District that have not been fully funded.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.





## Required Supplementary Information

**Cedar Rapids Community School District**

**Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**For the Year Ended June 30, 2006**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budget Amounts		Variances -- Positive (Negative)	
				Original	Final	Original to Final	Final to Actual
<b>Revenues:</b>							
Local sources	\$ 81,618,472	\$ 3,488,345	\$ 85,106,817	\$ 83,994,832	\$ 84,604,757	\$ 609,925	\$ 502,060
State sources	80,597,772	76,461	80,674,233	80,437,974	80,889,039	451,065	(214,806)
Federal sources	6,219,870	3,294,524	9,514,394	8,240,923	9,108,960	868,037	405,434
<b>Total revenues</b>	<b>168,436,114</b>	<b>6,859,330</b>	<b>175,295,444</b>	<b>172,673,729</b>	<b>174,602,756</b>	<b>1,929,027</b>	<b>692,688</b>
<b>Expenditures:</b>							
Instruction	104,229,067	-	104,229,067	103,890,280	107,159,239	(3,268,959)	2,930,172
Support Services	45,872,529	-	45,872,529	43,708,159	45,429,137	(1,720,978)	(443,392)
Non-instructional programs	2,623,987	6,281,144	8,905,131	8,637,098	9,795,700	(1,158,602)	890,569
Other expenditures	12,713,822	-	12,713,822	17,541,930	19,915,324	(2,373,394)	7,201,502
<b>Total expenditures</b>	<b>165,439,405</b>	<b>6,281,144</b>	<b>171,720,549</b>	<b>173,777,467</b>	<b>182,299,400</b>	<b>(8,521,933)</b>	<b>10,578,851</b>
Excess (deficiency) of revenues over expenditures	2,996,709	578,186	3,574,895	(1,103,738)	(7,696,644)	(6,592,906)	11,271,539
<b>Other Financing Sources (uses):</b>							
Refunding debt issued	31,385,000	-	31,385,000	-	-	-	31,385,000
Premium on bonds	753,774	-	753,774	-	-	-	753,774
Payment to refunding escrow agent	(300,709)	-	(300,709)	-	-	-	(300,709)
Sale of fixed assets	-	-	-	7,000	7,000	-	(7,000)
Transfers in	2,105,675	-	2,105,675	330,180	330,180	-	1,775,495
Transfers out	(1,873,918)	(231,757)	(2,105,675)	(330,180)	(330,180)	-	(1,775,495)
<b>Total other financing sources (uses)</b>	<b>32,069,822</b>	<b>(231,757)</b>	<b>31,838,065</b>	<b>7,000</b>	<b>7,000</b>	<b>-</b>	<b>31,831,065</b>
<b>Net change in fund balances</b>	<b>35,066,531</b>	<b>346,429</b>	<b>35,412,960</b>	<b>(1,096,738)</b>	<b>(7,689,644)</b>	<b>(6,592,906)</b>	<b>43,102,604</b>
Fund balance--Beginning	23,121,206	1,461,038	24,582,244	24,551,979	24,551,979	-	(30,265)
Fund balance--Ending	\$ 58,187,737	\$ 1,807,467	\$ 59,995,204	\$ 23,455,241	\$ 16,862,335	\$ (6,592,906)	\$ 43,132,869

## **Cedar Rapids Community School District**

### **Notes to Required Supplementary Information – Budgetary Reporting**

Year ended June 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget following required public notice and hearing for all funds as a whole except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary.

Around January 15 of each year, all departments of the District must submit budget requests to the Executive Director of Business Services so that the budget for the next fiscal year may be prepared. The budget is prepared by fund, function, program, object and facility and is presented in the 2005-06 Budget document. The 2005-06 Budget also includes information on the past year, current year estimates, requested appropriations for the next fiscal year and the number of full-time equivalent personnel available to be utilized next year.

Before March 1, the proposed budget is presented to the Board of Directors for review. The Board of Directors holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget must be adopted by an affirmative vote of a majority of the Board of Directors by April 15.

Once adopted, the budget can be amended through the same process, with all budget amendments to be completed by May 31 of the budget year affected. For 2005-2006, amendments increased the instructional functional area by \$3,268,959, total support services by \$1,720,978 and the non-instructional programs by \$1,158,602. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures was increased by \$2,373,394 for facilities construction costs. The budgetary data presented in the required supplementary information reflect all approved budget amendments.

## **Cedar Rapids Community School District**

### **Notes to Required Supplementary Information – Budgetary Reporting**

Year ended June 30, 2006

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year, expenditures in the support services function exceeded the amount budget by \$443,392.

The District utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods and services that have not been received or rendered are recorded to reserve that portion of the applicable fund balances. Encumbrances of \$1,859,477 in the General Fund, \$9,000 in the Management Fund, \$1,281,405 in the Physical Plant and Equipment Levy Fund and \$280,000 in the Capital Projects Fund were carried forward to fiscal year 2006-2007.

## **Supplemental Information**



## **Cedar Rapids Community School District**

### **General Fund**

The General Fund accounts for all revenues and expenditures traditionally associated with government, which are not required legally or by sound financial management to be accounted for in other funds.

The District's General Fund is the operating fund that is used to account for most of the instructional and administrative aspects of the District's operations. The Fund's revenue consists primarily of local property taxes, and state and federal government aid.

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2006

	<u>Actual</u>
<b>Revenues:</b>	
<b>Local sources:</b>	
Property taxes	\$ 44,560,399
Utility tax replacement excise tax	2,755,473
Income surtax	3,239,523
Tuition	5,073,800
Transportation	188,769
Investment earnings	1,099,453
Student activities	18,116
Fees and rents	582,588
Sales of services	3,651,896
Other	660,847
Total local sources	<u>61,830,864</u>
<b>State sources:</b>	
Foundation aid	67,090,548
Instructional support	501,052
Educational excellence program	1,480,443
AEA flowthrough	5,527,722
Nonpublic aid	723,751
Iowa Early Intervention Block grant	1,128,932
At-risk grants	1,006,675
Miscellaneous state grants	2,976,900
Other	151,443
Total state sources	<u>80,587,466</u>
<b>Federal sources:</b>	
Title I grants	2,197,092
Title V grants	63,939
Carl Perkins grant	219,619
Class size reduction	691,372
Individuals with Disabilities Education Act	1,047,143
Medicaid direct reimbursement	1,059,662
Medicaid administration (time study)	43,514
Other	872,304
Total federal sources	<u>6,194,645</u>
Total revenues	<u>148,612,975</u>



Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2006

	<u>Actual</u>
<b>Expenditures:</b>	
<b>Instruction:</b>	
<b>Regular instruction:</b>	
Salaries	\$ 38,040,355
Employee benefits	12,464,810
Purchased services	3,402,559
Supplies	1,691,776
Capital outlay	459,851
Other	<u>(10,187,261)</u>
	<u>45,872,090</u>
<b>Special education:</b>	
Salaries	16,821,550
Employee benefits	4,788,101
Purchased services	3,170,437
Supplies	272,327
Capital outlay	60,967
Other	<u>11,152,513</u>
	<u>36,265,895</u>
<b>Other special instruction:</b>	
Salaries	6,852,023
Employee benefits	2,226,843
Purchased services	464,531
Supplies	577,147
Capital outlay	72,287
Other	<u>695,759</u>
	<u>10,888,590</u>
<b>Vocational instruction:</b>	
Salaries	670,075
Employee benefits	213,428
Purchased services	20,700
Supplies	37,335
Capital outlay	71,017
Other	<u>15,675</u>
	<u>1,028,230</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2006

	<u>Actual</u>
<b>Co-curricular instruction:</b>	
Salaries	\$ 1,836,587
Employee benefits	251,093
Purchased services	58,805
Supplies	146,489
Other	111,744
	<u>2,404,718</u>
<b>Nonpublic instruction:</b>	
Purchased services	
Supplies	50,854
	<u>50,854</u>
<b>Total instruction</b>	<u>96,510,377</u>
<b>Support services:</b>	
<b>Guidance services:</b>	
Salaries	2,430,177
Employee benefits	839,570
Purchased services	1,069
Supplies	4,876
Other	6,400
	<u>3,282,092</u>
<b>Health services:</b>	
Salaries	575,786
Employee benefits	368,065
Purchased services	50,544
Supplies	16,581
Capital outlay	4,776
Other	2,973
	<u>1,018,725</u>
<b>Other student services:</b>	
Salaries	91,065
Employee benefits	11,499
	<u>102,564</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2006

	<u>Actual</u>
<b>Improvement of instruction:</b>	
Salaries	\$ 2,219,219
Employee benefits	353,336
Purchased services	561,990
Supplies	652,490
Capital outlay	1,088,531
Other	17,672
	<u>4,893,238</u>
<b>Educational media:</b>	
Salaries	1,280,238
Employee benefits	562,931
Purchased services	5,211
Supplies	107,568
Capital outlay	3,700
Other	108
	<u>1,959,756</u>
<b>Board of education:</b>	
Purchased services	143,353
Supplies	6,075
Capital outlay	8,348
Other	27,924
	<u>185,700</u>
<b>Executive administration:</b>	
Salaries	1,449,782
Employee benefits	363,319
Purchased services	98,515
Supplies	369,799
Capital outlay	11,611
Other	35,004
	<u>2,328,030</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2006

	<u>Actual</u>
<b>School administration:</b>	
Salaries	\$ 7,229,284
Employee benefits	1,751,203
Purchased services	112,703
Supplies	71,235
Capital outlay	9,560
Other	33,127
	<u>9,207,112</u>
<b>Business administration:</b>	
Salaries	2,966,607
Employee benefits	792,158
Purchased services	259,607
Supplies	355,878
Capital outlay	130,497
Other	74,141
	<u>4,578,888</u>
<b>Operation &amp; maintenance:</b>	
Salaries	5,917,423
Employee benefits	2,089,854
Purchased services	993,734
Supplies	4,459,810
Capital outlay	42,590
Other	(145,388)
	<u>13,358,023</u>
<b>Student transportation:</b>	
Salaries	2,486,309
Employee benefits	467,611
Purchased services	302,588
Supplies	693,017
Capital outlay	25,637
Other	(1,450,954)
	<u>2,524,208</u>
<b>Total support services</b>	<u>43,438,336</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2006

	<u>Actual</u>
<b>Non-instructional programs:</b>	
<b>Community service:</b>	
Salaries	\$ 2,128,523
Employee benefits	367,581
Purchased services	138
<b>Total non-instructional programs</b>	<u>2,496,242</u>
<b>Other expenditures:</b>	
<b>AEA flow-through</b>	<u>5,527,722</u>
<b>Total expenditures</b>	<u>147,972,677</u>
Excess of revenues over expenditures	640,298
<b>Other financing sources (uses):</b>	
Transfers in	1,726,069
Transfers out	<u>(379,606)</u>
<b>Total other financing sources (uses)</b>	<u>1,346,463</u>
Excess of revenues and other financing sources over expenditures and other financing uses	1,986,761
Fund balance beginning of year	<u>16,769,374</u>
Fund balance end of year	<u><u>\$ 18,756,135</u></u>

(concluded)



# **Cedar Rapids Community School District**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Student Activity Fund**

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

### **Capital Projects Funds**

#### **Capital Projects Fund**

This fund accounts for the resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

**Combining Balance Sheet**

**Non-Major Governmental Funds**

**June 30, 2006**

	Special Revenue - Student Activity	Capital Projects	Total Non-major Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 944,601	\$ 1,624,749	\$ 2,569,350
Receivables:			
Other	1,432	6,812	8,244
Total Assets	<u>\$ 946,033</u>	<u>\$ 1,631,561</u>	<u>\$ 2,577,594</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued items	\$ 85,816	\$ 178,506	\$ 264,322
Due to other funds	16,962	-	16,962
Total Liabilities	<u>102,778</u>	<u>178,506</u>	<u>281,284</u>
Fund Balances:			
Reserved for encumbrances	-	280,000	280,000
Reserved for capital projects	-	1,173,055	1,173,055
Unreserved and undesignated	843,255	-	843,255
Total Fund Balances	<u>843,255</u>	<u>1,453,055</u>	<u>2,296,310</u>
Total Liabilities and Fund Balances	<u>\$ 946,033</u>	<u>\$ 1,631,561</u>	<u>\$ 2,577,594</u>

See accompanying independent auditor's report.



**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT**

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

**Non-Major Governmental Funds**

**Year ended June 30, 2006**

	Special Revenue - Student Activity	Capital Projects	Total Non-major Governmental Funds
<b>Revenues:</b>			
Local sources:			
Other local sources	\$ 4,656,260	\$ 126,714	\$ 4,782,974
Total Revenues	4,656,260	126,714	4,782,974
<b>Expenditures:</b>			
Current:			
Other instruction	4,759,348	-	4,759,348
Facilities acquisition	-	534,913	534,913
Total Expenditures	4,759,348	534,913	5,294,261
Deficiency of Revenues under Expenditures	(103,088)	(408,199)	(511,287)
<b>Other Financing Sources:</b>			
Transfers out	-	(120)	(120)
Net Changes in Fund Balances	(103,088)	(408,319)	(511,407)
Fund Balances at Beginning of Year	946,343	1,861,374	2,807,717
Fund Balances at End of Year	\$ 843,255	\$ 1,453,055	\$ 2,296,310

See accompanying independent auditor's report.

**Cedar Rapids Community School District**

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

**Year ended June 30, 2006**

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>Assets:</b>				
Cash	\$ 39,502	\$ 11,168	\$ (40,013)	\$ 10,657
Total assets	<u>\$ 39,502</u>	<u>\$ 11,168</u>	<u>\$ (40,013)</u>	<u>\$ 10,657</u>
<b>Liabilities:</b>				
Accounts payable	\$ 39,502	\$ 11,168	\$ (40,013)	\$ 10,657
Total liabilities	<u>\$ 39,502</u>	<u>\$ 11,168</u>	<u>\$ (40,013)</u>	<u>\$ 10,657</u>

*See accompanying independent auditor's report.*

## **Cedar Rapids Community School District**

### **Capital Assets Used in the Operation of Governmental Funds**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The following schedules include the information previously reported in the general fixed assets account group.

**Cedar Rapids Community School District**

**Schedule of Capital Assets - By Source**

**June 30, 2006**

**Capital Assets:**

Land	\$ 8,461,203
Construction in progress	7,698,963
Buildings and improvements	81,037,019
Furniture and equipment	17,381,874
Vehicles	7,836,302
Total capital assets	<u>\$ 122,415,361</u>

Investment in capital assets by source:

General fund	\$ 12,334,628
Special revenue funds	13,857,124
Capital projects funds	96,223,609
Total investment in capital assets	<u>\$ 122,415,361</u>

**Cedar Rapids Community School District**

**Schedule of Changes in Capital Assets  
By Function**

**Year ended June 30, 2006**

Function	Capital Assets July 1, 2005	Additions	Disposals	Capital Assets June 30, 2006
Instruction	\$ 107,332,189	\$ 14,259,600	\$ 12,092,957	\$ 109,498,832
Pupil Transportation	7,469,457	124,777	77,400	7,516,834
Maintenance	1,634,192	157,978	-	1,792,170
Administration	3,496,312	111,213	-	3,607,525
Total Capital Assets	<u>\$ 119,932,150</u>	<u>\$ 14,653,568</u>	<u>\$ 12,170,357</u>	<u>\$ 122,415,361</u>

**Cedar Rapids Community School District**

**Schedule of Capital Assets -  
By Function**

**June 30, 2006**

Function	Land	Construction in Progress	Buildings and Improvements	Furniture and Equipment	Vehicles	Total
Instruction	\$ 7,735,639	\$ 7,698,963	\$ 80,260,215	\$ 13,398,457	\$ 405,558	\$ 109,498,832
Pupil Transportation	571,504	-	333,800	245,883	6,365,647	7,516,834
Maintenance	96,144	-	83,280	628,688	984,058	1,792,170
Administration	57,916	-	359,724	3,108,846	81,039	3,607,525
	<u>\$ 8,461,203</u>	<u>\$ 7,698,963</u>	<u>\$ 81,037,019</u>	<u>\$ 17,381,874</u>	<u>\$ 7,836,302</u>	<u>\$ 122,415,361</u>

## **Statistical Section**





**Schedule 1**  
**Cedar Rapids Community School District**

**Net Assets by Component**

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

	Fiscal Year				
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 30,011,701	\$ 26,105,053	\$ 19,839,878	\$ 18,250,136	\$ 10,742,385
Restricted	4,992,969	1,861,374	1,536,577	610,709	4,730,864
Unrestricted	9,947,465	12,381,158	6,312,509	284,318	(12,202,389)
<b>Total Governmental activities</b>	<b>44,952,135</b>	<b>40,347,585</b>	<b>27,688,964</b>	<b>19,145,163</b>	<b>3,270,860</b>
<b>Business type activities</b>					
Invested in capital assets, net of related debt	462,850	453,163	522,688	596,672	697,140
Restricted	-	-	-	-	-
Unrestricted	1,344,617	1,007,875	506,992	226,323	168,501
<b>Total Business type activities</b>	<b>1,807,467</b>	<b>1,461,038</b>	<b>1,029,680</b>	<b>822,995</b>	<b>865,641</b>
<b>Total primary government net assets</b>	<b>\$ 46,759,602</b>	<b>\$ 41,808,623</b>	<b>\$ 28,718,644</b>	<b>\$ 19,968,158</b>	<b>\$ 4,136,501</b>

Source: CRCSD Financial Records

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

**Schedule 2**  
**Cedar Rapids Community School District**

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

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

	Fiscal Year				
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular instruction	\$ 35,244,717	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	47,377,434	46,809,075	45,228,653	43,274,213	39,546,723
Vocational instruction	1,033,006	955,000	892,460	976,293	1,292,609
Other instruction	7,269,449	6,501,494	6,946,843	6,195,022	6,390,416
Total Instruction	<u>90,924,606</u>	<u>99,085,313</u>	<u>97,111,906</u>	<u>93,448,309</u>	<u>100,002,740</u>
Support services:					
Student services	4,413,031	3,310,220	4,632,090	4,488,899	4,412,362
Instructional staff services	7,037,494	9,805,511	7,727,069	7,751,257	10,411,622
General administration services	2,811,090	1,436,593	1,034,397	1,121,162	1,952,978
School administration services	10,216,281	8,142,005	7,672,309	7,816,080	8,138,354
Business services	4,771,895	3,461,843	3,607,752	3,606,091	3,954,081
Operations and maintenance	26,502,896	11,312,146	10,913,085	10,968,971	10,437,019
Student transportation	3,212,985	2,746,897	2,314,212	2,448,558	2,394,106
Total support services	<u>58,965,672</u>	<u>40,215,215</u>	<u>37,900,914</u>	<u>38,201,018</u>	<u>41,700,522</u>
Non-instructional programs:					
Food Services	124,903	-	-	-	-
Community services	2,511,824	2,438,130	2,361,262	2,242,229	2,185,561
Total non-instructional programs	<u>2,636,727</u>	<u>2,438,130</u>	<u>2,361,262</u>	<u>2,242,229</u>	<u>2,185,561</u>
Other expenditures:					
Facilities acquisition/construction	4,008,904	1,953,053	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	2,452,755	2,108,287	2,205,516	2,319,305	1,293,956
AEA flowthrough	5,527,722	5,231,164	5,232,029	5,474,160	5,452,927
Total other expenditures	<u>11,989,381</u>	<u>9,292,504</u>	<u>11,405,039</u>	<u>6,040,399</u>	<u>15,564,330</u>
Total governmental activities	<u>164,516,386</u>	<u>151,031,162</u>	<u>148,779,121</u>	<u>139,931,955</u>	<u>159,453,153</u>
Business type activities:					
Non-instructional programs:					
Food services	6,281,144	6,078,235	5,823,143	5,804,394	5,747,692
<b>Total primary government expenses</b>	<b><u>170,797,530</u></b>	<b><u>157,109,397</u></b>	<b><u>154,602,264</u></b>	<b><u>145,736,349</u></b>	<b><u>165,200,845</u></b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Instruction	14,168,752	13,770,602	13,541,760	12,466,910	12,349,028
Operating grants and contributions	19,133,035	17,091,295	16,448,596	15,846,308	16,041,119
Capital grants and contributions	25,225	560,383	1,207,873	1,904,931	853,180
Total governmental activities	<u>33,327,012</u>	<u>31,422,280</u>	<u>31,198,229</u>	<u>30,218,149</u>	<u>29,243,327</u>
Business type activities:					
Charges for services					
Food Services	3,427,753	3,456,798	3,333,124	3,263,203	3,280,215
Operating grants and contributions	3,370,984	3,082,460	2,737,108	2,491,795	2,563,280
Capital grants and contributions	-	-	-	-	-
Total business type activities	<u>6,798,737</u>	<u>6,539,258</u>	<u>6,070,232</u>	<u>5,754,998</u>	<u>5,843,495</u>
<b>Total primary government revenues</b>	<b><u>40,125,749</u></b>	<b><u>37,961,538</u></b>	<b><u>37,268,461</u></b>	<b><u>35,973,147</u></b>	<b><u>35,086,822</u></b>
Net (Expense)/Revenue					
Governmental activities	(131,189,374)	(119,608,882)	(117,580,892)	(109,713,806)	(130,209,826)
Business type activities	517,593	461,023	247,089	(49,396)	95,803
<b>Total primary government net expense</b>	<b><u>\$ (130,671,781)</u></b>	<b><u>\$ (119,147,859)</u></b>	<b><u>\$ (117,333,803)</u></b>	<b><u>\$ (109,763,202)</u></b>	<b><u>\$ (130,114,023)</u></b>

Source: CRCSD Financial Records

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

**Schedule 3  
Cedar Rapids Community School District**

**General Revenues and Total Change in Net Assets**

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

	Fiscal Year				
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>Net (Expense)/Revenue</b>					
Total primary government net expense	\$(130,671,781)	\$(119,147,859)	\$(117,333,803)	\$(109,763,202)	\$(130,114,023)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental and Business-type activities:					
Taxes					
Property taxes levied for general purposes*	54,246,327	55,101,108	52,321,560	51,504,978	43,283,324
Property taxes levied for debt service	3,667,686	3,886,785	3,866,591	3,999,249	757,630
Property taxes levied for capital projects	3,985,918	4,197,782	4,053,427	4,039,955	3,816,108
Income surtaxes	3,239,523	3,001,098	2,886,724	2,947,528	3,275,396
Grants not restricted to specific programs	67,945,624	64,003,288	61,534,656	61,187,961	59,253,362
Investment earnings	1,569,260	919,888	505,751	1,103,336	1,161,986
Miscellaneous	968,422	1,127,889	915,579	811,851	916,710
Total primary government	135,622,760	132,237,838	126,084,288	125,594,858	112,464,516
<b>Change in Net Assets</b>					
<b>Total primary government</b>	<b>\$ 4,950,979</b>	<b>\$ 13,089,979</b>	<b>\$ 8,750,485</b>	<b>\$ 15,831,656</b>	<b>\$ (17,649,507)</b>

Source: CRCSD Financial Records

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

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

**Schedule 4**  
**Cedar Rapids Community School District**

**Fund Balances, Governmental Funds**

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

	Fiscal Year									
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
General Fund										
Reserved	\$ 2,210,914	\$ 1,501,870	\$ 1,813,396	\$ 1,603,047	\$ 3,194,186	\$ 2,169,982	\$ 1,178,063	\$ 760,598	\$ 3,232,367	\$ 807,124
Unreserved	16,545,221	15,267,504	8,294,363	3,340,298	(2,290,884)	1,501,722	3,888,868	4,842,330	3,697,311	5,067,422
Total general fund	<u>18,756,135</u>	<u>16,769,374</u>	<u>10,107,759</u>	<u>4,943,345</u>	<u>903,302</u>	<u>3,671,704</u>	<u>5,066,931</u>	<u>5,602,928</u>	<u>6,929,678</u>	<u>5,874,546</u>
All Other Governmental Funds										
Reserved*	2,743,460	3,858,076	6,855,379	13,403,729	35,833,127	10,821,124	22,278	27,186	31,673	39,526
Unreserved, reported in:										
Special revenue funds	4,790,200	2,467,660	3,771,615	4,255,298	967,374	3,653,189	4,880,985	4,873,323	5,091,138	5,335,365
Debt service funds**	31,897,942	26,096	714	64,570	59,026	-	-	84,147	66,016	107,677
Total all other governmental funds	<u>39,431,602</u>	<u>6,351,832</u>	<u>10,627,708</u>	<u>17,723,597</u>	<u>36,859,527</u>	<u>14,474,313</u>	<u>4,903,263</u>	<u>4,984,656</u>	<u>5,188,827</u>	<u>5,482,568</u>
<b>Total all governmental funds</b>	<b><u>\$ 58,187,737</u></b>	<b><u>\$ 23,121,206</u></b>	<b><u>\$ 20,735,467</u></b>	<b><u>\$ 22,666,942</u></b>	<b><u>\$ 37,762,829</u></b>	<b><u>\$ 18,146,017</u></b>	<b><u>\$ 9,970,194</u></b>	<b><u>\$ 10,587,584</u></b>	<b><u>\$ 12,118,505</u></b>	<b><u>\$ 11,357,114</u></b>

Source: CRCSD Financial Records

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

\*\*During fiscal year 2006, the District sold \$31.385 million in school refunding general obligation bonds.

**Schedule 5**  
**Cedar Rapids Community School District**

**Governmental Funds Revenues**

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

	Fiscal Year									
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
Federal Sources:										
Federal grants	\$ 6,219,870	\$ 5,915,332	\$ 6,316,278	\$ 5,405,830	\$ 3,891,638	\$ 4,092,614	\$ 2,575,067	\$ 2,170,928	\$ 2,544,427	\$ 2,034,053
Total federal sources	<u>6,219,870</u>	<u>5,915,332</u>	<u>6,316,278</u>	<u>5,405,830</u>	<u>3,891,638</u>	<u>4,092,614</u>	<u>2,575,067</u>	<u>2,170,928</u>	<u>2,544,427</u>	<u>2,034,053</u>
State Sources:										
State foundation aid	67,090,548	63,294,455	60,876,493	60,516,196	58,582,107	58,506,061	54,223,132	50,121,925	54,032,557	50,379,580
State grants and other	13,507,224	11,942,916	11,529,278	12,905,054	13,577,661	12,441,150	12,457,350	10,957,676	4,863,663	4,927,782
Total state sources	<u>80,597,772</u>	<u>75,237,371</u>	<u>72,405,771</u>	<u>73,421,250</u>	<u>72,159,768</u>	<u>70,947,211</u>	<u>66,680,482</u>	<u>61,079,601</u>	<u>58,896,220</u>	<u>55,307,362</u>
Local sources										
Local taxes	64,684,608	66,185,898	63,128,302	62,491,708	51,108,087	47,436,156	45,983,924	46,861,285	41,816,201	41,468,354
Tuition	5,073,800	5,320,560	5,016,438	4,835,499	4,718,608	4,360,261	4,426,811	3,339,307	3,060,407	2,867,085
Other local sources	11,860,064	10,970,372	10,419,494	9,591,056	9,822,688	9,348,665	9,488,766	9,394,765	8,649,636	9,062,068
Total local sources	<u>81,618,472</u>	<u>82,476,830</u>	<u>78,564,234</u>	<u>76,918,263</u>	<u>65,649,383</u>	<u>61,145,082</u>	<u>59,899,501</u>	<u>59,595,357</u>	<u>53,526,244</u>	<u>53,397,507</u>
<b>Total governmental revenues</b>	<b><u>\$ 168,436,114</u></b>	<b><u>\$ 163,629,533</u></b>	<b><u>\$ 157,286,283</u></b>	<b><u>\$ 155,745,343</u></b>	<b><u>\$ 141,700,789</u></b>	<b><u>\$ 136,184,907</u></b>	<b><u>\$ 129,155,050</u></b>	<b><u>\$ 122,845,886</u></b>	<b><u>\$ 114,966,891</u></b>	<b><u>\$ 110,738,922</u></b>

Source: CRCSD Financial Records

**Schedule 6  
Cedar Rapids Community School District**

**Governmental Funds Expenditures and Debt Service Ratio**

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

	Fiscal Year									
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
<b>Instruction:</b>										
Regular instruction	\$ 48,617,588	\$ 44,149,724	\$ 44,159,520	\$ 43,398,767	\$ 47,404,617	\$ 43,409,029	\$ 42,331,896	\$ 39,658,463	\$ 40,354,312	\$ 45,629,090
Special instruction	47,346,296	46,773,440	45,087,005	43,189,688	39,448,934	36,885,023	30,524,131	28,774,635	25,185,070	17,825,898
Vocational instruction	1,028,230	950,062	881,919	981,137	1,233,039	1,258,641	1,520,876	1,525,808	1,406,220	1,340,674
Other instruction	7,236,953	6,562,032	6,909,855	6,170,796	6,391,235	5,775,058	5,611,763	5,173,234	5,096,795	1,455,779
<b>Total Instruction</b>	<b>104,229,067</b>	<b>98,435,258</b>	<b>97,038,299</b>	<b>93,740,388</b>	<b>94,477,825</b>	<b>87,327,751</b>	<b>79,988,666</b>	<b>75,132,140</b>	<b>72,042,397</b>	<b>66,251,441</b>
<b>Support services:</b>										
Student services	4,407,235	3,310,383	4,609,843	4,488,170	4,410,695	4,358,193	6,468,644	6,048,828	5,503,180	5,395,127
Instructional staff services	6,947,720	9,725,924	7,760,042	7,575,813	9,926,376	9,009,415	6,127,059	6,295,676	4,676,482	4,353,155
General administration services	2,684,763	1,535,511	1,130,527	1,219,536	1,563,021	1,516,467	2,365,570	2,230,957	2,862,752	2,297,737
School administration services	9,935,238	8,211,615	7,632,131	7,681,205	7,116,765	6,502,732	6,395,584	6,171,572	5,921,674	5,611,714
Business services	4,600,804	3,468,775	3,597,888	3,631,611	3,755,669	3,237,950	4,458,052	3,967,255	2,741,838	1,401,449
Operations and maintenance	14,441,325	11,337,023	10,923,158	11,017,275	10,406,554	10,842,202	13,534,660	12,197,792	12,252,873	11,457,733
Student transportation	2,855,444	2,924,427	2,287,491	2,655,153	2,605,828	2,716,927	2,789,168	2,334,338	1,827,629	1,884,104
<b>Total support services</b>	<b>45,872,529</b>	<b>40,513,658</b>	<b>37,941,080</b>	<b>38,268,763</b>	<b>39,784,908</b>	<b>38,183,886</b>	<b>42,138,737</b>	<b>39,246,418</b>	<b>35,786,428</b>	<b>32,401,019</b>
<b>Non-instructional programs:</b>										
Food service	124,903	-	-	-	-	-	-	-	-	-
Community services	2,499,084	2,439,805	2,336,378	2,354,653	2,177,633	2,034,055	2,198,383	2,008,059	1,902,186	1,875,287
<b>Total non-instructional programs</b>	<b>2,623,987</b>	<b>2,439,805</b>	<b>2,336,378</b>	<b>2,354,653</b>	<b>2,177,633</b>	<b>2,034,055</b>	<b>2,198,383</b>	<b>2,008,059</b>	<b>1,902,186</b>	<b>1,875,287</b>
<b>Other expenditures:</b>										
AEA flowthrough	5,527,722	5,231,164	5,232,029	5,474,160	5,452,927	5,472,512	5,247,803	5,016,595	4,836,660	4,578,144
Debt Service										
Principal	2,210,000	3,105,000	2,070,000	1,345,000	200,000	50,000	50,000	700,000	600,000	575,000
Interest	2,021,843	2,115,993	2,208,143	3,001,665	599,534	3,584	3,584	47,476	84,375	123,188
Capital Outlay										
Facility acquisition/construction	2,954,257	9,463,167	12,464,906	26,724,555	17,928,007	4,856,268	145,267	192,870	647,566	247,906
<b>Total other expenditures</b>	<b>12,713,822</b>	<b>19,915,324</b>	<b>21,975,078</b>	<b>36,545,380</b>	<b>24,180,468</b>	<b>10,382,364</b>	<b>5,446,654</b>	<b>5,956,941</b>	<b>6,168,601</b>	<b>5,524,238</b>
<b>Total expenditures</b>	<b>\$ 165,439,405</b>	<b>\$ 161,304,045</b>	<b>\$ 159,290,835</b>	<b>\$ 170,909,184</b>	<b>\$ 160,620,834</b>	<b>\$ 137,928,056</b>	<b>\$ 129,772,440</b>	<b>\$ 122,343,558</b>	<b>\$ 115,899,612</b>	<b>\$ 106,051,985</b>
Transfers out	\$ 1,873,918	\$ 1,336,130	\$ 333,480	\$ 338,411	\$ 53,584	\$ 95,653				
<b>Total expenditures and transfers</b>	<b>\$ 167,313,323</b>	<b>\$ 162,640,175</b>	<b>\$ 159,624,315</b>	<b>\$ 171,247,595</b>	<b>\$ 160,674,418</b>	<b>\$ 138,023,709</b>	<b>\$ 129,772,440</b>	<b>\$ 122,343,558</b>	<b>\$ 115,899,612</b>	<b>\$ 106,051,985</b>
Debt service as a percentage of noncapital expenditures	2.57%	3.41%	2.91%	3.01%	0.56%	0.04%	0.04%	0.61%	0.59%	0.66%

Source: CRCS D Financial Records

**Schedule 7  
Cedar Rapids Community School District**

**Other Financing Sources and Uses and Net Change in Fund Balances  
Governmental Funds**

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

	Fiscal Year									
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
<b>Excess of revenues over (under) expenditures</b>	\$ 2,996,709	\$ 2,325,488	\$ (2,004,552)	\$ (15,163,841)	\$ (18,920,045)	\$ (1,743,149)	\$ (617,390)	\$ 502,328	\$ (932,721)	\$ 4,686,937
<b>Other Financing Sources (Uses)</b>										
General obligation bond proceeds	31,385,000	-	-	-	36,000,000	10,000,000	-	-	-	-
Qualified zone academy bond proceeds, (QZAB)	-	-	-	-	1,000,000	-	-	-	-	-
Capital loan proceeds	-	-	-	-	1,530,000	-	-	-	-	-
Premium on bonds	753,774	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	13,051	7,040	6,857	14,625	7,814	4,002	7,085	17,481
Payment to refunding escrow agent	(300,709)	-	-	-	-	-	-	-	-	-
Operating transfers in	2,105,675	1,396,381	393,506	399,325	53,584	-	-	-	-	-
Operating transfers out	(1,873,918)	(1,336,130)	(333,480)	(338,411)	(53,584)	(95,653)	-	-	-	-
Total other financing sources (uses)	32,069,822	60,251	73,077	67,954	38,536,857	9,918,972	7,814	4,002	7,085	17,481
<b>Net change in fund balances</b>	<b>\$ 35,066,531</b>	<b>\$ 2,385,739</b>	<b>\$ (1,931,475)</b>	<b>\$ (15,095,887)</b>	<b>\$ 19,616,812</b>	<b>\$ 8,175,823</b>	<b>\$ (609,576)</b>	<b>\$ 506,330</b>	<b>\$ (925,636)</b>	<b>\$ 4,704,418</b>

Source: CRCSD Financial Records

**Schedule 8  
Cedar Rapids Community School District**

**Assessed Value and Taxable Value of Property**

**Last Ten Fiscal Years**

<u>Calendar Year</u>	<u>Fiscal Year</u>	<u>Assessed Valuations</u> <i>(Excluding Tax Increment Financing (TIF) Property)</i>						
		<u>Agriculture</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility with Gas &amp; Elect</u>	<u>Total</u>
2004	2006	\$26,721,250	\$4,673,169,700	\$1,416,088,184	\$111,510,494	\$5,678,904	\$ 392,181,745	\$6,625,350,277
2003	2005	26,898,374	4,567,720,955	1,413,663,727	104,146,346	5,460,717	338,158,932	6,456,049,051
2002	2004	31,614,255	4,293,041,283	1,327,891,772	108,055,279	5,074,030	330,391,784	6,096,068,403
2001	2003	31,997,563	4,198,200,409	1,252,367,367	134,711,473	6,085,605	321,044,309	5,944,406,726
2000	2002	32,188,073	3,629,161,858	1,117,130,255	176,414,558	6,750,754	317,453,344	5,279,098,842
1999	2001	32,432,339	3,551,630,856	1,076,119,822	212,345,476	6,237,502	316,051,773	5,194,817,768
1998	2000	25,758,484	3,482,344,994	1,051,954,250	229,440,590	6,598,226	337,970,014	5,134,066,558
1997	1999	25,901,143	3,410,308,410	1,026,704,811	233,553,035	6,108,075	341,695,236	5,044,270,710
1996	1998	23,520,050	3,079,976,615	924,801,889	247,610,467	6,488,087	307,165,210	4,589,562,318
1995	1997	23,777,677	3,016,604,320	876,604,695	251,375,007	6,940,347	302,040,301	4,477,342,347

<u>Calendar Year</u>	<u>State Rollback Factors</u>					
	<u>Agriculture</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Railroad</u>	<u>Utility</u>
2004	100.0000%	47.9642%	100.0000%	100.0000%	100.0000%	100.0000%
2003	100.0000%	48.4558%	99.2570%	100.0000%	99.2570%	100.0000%
2002	100.0000%	51.3874%	100.0000%	100.0000%	100.0000%	100.0000%
2001	100.0000%	51.6676%	97.7701%	100.0000%	97.7701%	100.0000%
2000	100.0000%	56.2651%	100.0000%	100.0000%	100.0000%	100.0000%
1999	96.3381%	54.8525%	98.7732%	100.0000%	98.7732%	100.0000%
1998	100.0000%	56.4789%	100.0000%	100.0000%	100.0000%	100.0000%
1997	96.4206%	54.9090%	97.3606%	100.0000%	97.3606%	100.0000%
1996	100.0000%	58.8284%	100.0000%	100.0000%	100.0000%	100.0000%
1995	100.0000%	59.1380%	97.2824%	100.0000%	97.2824%	100.0000%

Source: Linn County Auditor

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



**Schedule 8 (continued)**  
**Cedar Rapids Community School District**

**Assessed Value and Taxable Value of Property**

**Last Ten Fiscal Years**

<b>Taxable Valuations</b>							<b>Total District Levy Rate</b>
<i>(Excluding Tax Increment Financing (TIF) Property)</i>							
<b><u>Agriculture</u></b>	<b><u>Residential</u></b> <small>(net of personal exemptions)</small>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Railroad</u></b>	<b><u>Utility</u></b>	<b><u>Total</u></b>	
\$26,721,250	\$2,194,766,570	\$1,416,088,184	\$111,510,494	\$5,678,904	\$295,602,568	\$4,050,367,970	\$15.25042
26,898,374	2,164,914,409	1,401,577,549	104,146,338	5,420,144	285,528,198	3,988,485,012	15.74784
31,614,255	2,173,848,334	1,327,299,507	108,055,279	5,074,030	330,391,784	3,976,283,189	15.36838
31,997,563	2,143,678,803	1,220,896,028	134,711,472	5,949,904	321,044,309	3,858,278,079	15.35946
32,188,073	2,022,130,720	1,116,933,762	176,414,558	6,750,754	317,453,344	3,671,871,211	12.94707
31,241,523	1,930,535,344	1,061,853,323	212,345,476	6,160,979	316,051,773	3,558,188,418	12.40887
25,758,484	1,952,275,002	1,051,954,250	229,440,590	6,598,226	337,970,014	3,603,996,566	11.88387
24,973,661	1,859,737,030	998,198,273	233,553,035	5,946,857	341,695,236	3,464,104,092	12.48780
23,520,048	1,800,970,558	924,801,889	247,610,467	6,488,087	307,165,210	3,310,556,259	12.63584
23,777,677	1,780,073,511	852,029,854	251,375,007	6,751,737	302,040,301	3,216,048,087	12.82983

**Schedule 9  
Cedar Rapids Community School District**

**Direct and Overlapping Property Tax Rates**

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

<u>Fiscal Year</u>	<u>Cedar Rapids Community Schools District Direct Rates</u>			<u>Overlapping Rates *</u>						
	<u>General Purposes</u>	<u>Capital Purposes</u>	<u>Total</u>	<u>City of Cedar Rapids</u>	<u>Town of Bertram</u>	<u>City of Hiawatha</u>	<u>City of Marion</u>	<u>Town of Palo</u>	<u>Town of Robins</u>	<u>Linn County</u>
2006	\$ 13.33022	\$ 1.92020	\$15.25042	\$13.98997	\$4.39991	\$12.14137	\$13.98851	\$10.60285	\$8.69792	\$5.73231
2005	13.82230	1.92554	15.74784	13.11797	4.39999	12.01697	13.65104	10.81387	8.54268	5.51347
2004	13.41427	1.95411	15.36838	13.06777	4.39996	11.31981	13.46667	10.68073	8.55126	5.29322
2003	13.36935	1.99011	15.35946	12.82969	4.39989	11.11468	13.25744	10.59898	8.58425	5.25419
2002	11.75136	1.19571	12.94707	13.04000	4.39994	10.93415	12.78971	10.54580	8.61467	5.24684
2001	11.40887	1.00000	12.40887	12.74497	4.39994	10.85444	12.75826	10.01942	9.04828	5.31110
2000	10.88387	1.00000	11.88387	12.40000	4.39991	10.87986	12.39855	9.99010	9.04591	5.31110
1999	11.29184	1.19596	12.48780	12.32432	4.39987	10.34467	12.46129	9.66518	9.00902	5.38110
1998	11.45207	1.18377	12.63584	12.07416	4.39996	10.94417	13.16082	9.65405	9.96845	5.61839
1997	11.61617	1.21366	12.82983	12.07417	4.13036	9.77853	13.10005	10.06695	8.81930	5.94563

Source: Linn County Auditor

\* Note: Includes levies for operating and debt service costs.

**Schedule 10  
Cedar Rapids Community School District**

**Principal Property Tax Payers  
Current Year and Nine Years Ago**

Taxpayer	Type of Business	Assessed Value 2004 for FY 2006 Revenue			Assessed Value 1995 for FY 1997 Revenue		
		FY06 Rank	Amount	Percentage of Total Assessed Valuation	FY97 Rank	Amount	Percentage of Total Assessed Valuation
IES Industries, Inc.	Electrical and gas utility	1	\$222,867,058	3.2%	1	\$235,430,076	5.3%
AEGON USA, Inc.	Insurance	2	48,313,006	0.7%	6	26,228,896	0.6%
MidAmerican Energy Individual	Electrical and gas utility Real Estate Holdings	3 4	25,628,277 24,189,778	0.4% 0.4%	7 -	26,069,165 -	0.6% -
Qwest	Telephone utility	5	23,034,499	0.3%	9	18,484,838	0.4%
H-N-W Associates (Westdale Mall) Individual	Real estate developer Real Estate Holdings	6 7	21,371,989 20,696,055	0.3% 0.3%	2 -	43,278,548 -	1.0% -
Walmart	Retail	8	17,204,977	0.2%	-	-	-
Iowa Land & Bldg	Real Estate	9	17,175,834	0.2%	-	-	-
Mercy Hospital	Hospital	10	17,010,671	0.2%	-	-	-
Cargill Incorporated	Corn and soybean processing	-	-	-	3	38,503,222	0.9%
Penford Products	Cornstarch processing	-	-	-	4	30,406,496	0.7%
Quaker Oats Company	Cereal grain processing	-	-	-	5	27,106,743	0.6%
Rockwell International Corp.	Avionics and communications	-	-	-	8	22,564,912	0.5%
MCI Telecommunications Corp.	Telephone utility	-	-	-	10	16,079,838	0.4%
<b>Total</b>			<b>\$437,492,144</b>	<b>6.2%</b>		<b>\$484,152,734</b>	<b>11.0%</b>

Source: Linn County Auditor

**Schedule 11  
Cedar Rapids Community School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Total Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
<b>2006</b>	<b>\$ 62,132,270</b>	<b>\$61,156,761</b>	<b>98.4%</b>	<b>\$ 50,584</b>	<b>\$61,207,345</b>	<b>98.5%</b>
2005	63,213,538	62,096,019	98.2%	572,181	62,668,200	99.1%
2004	61,416,731	59,554,158	97.0%	(17,118)	59,537,040	96.9%
2003	59,637,988	58,840,329	98.7%	161,615	59,001,944	98.9%
2002	47,704,561	47,061,340	98.7%	45,241	47,106,581	98.7%
2001	44,274,300	44,605,450	100.7%	(129,448)	44,476,002	100.5%
2000	42,829,427	42,949,653	100.3%	159,419	43,109,072	100.7%
1999	43,274,721	43,234,539	99.9%	84,651	43,319,190	100.1%
1998	41,843,276	41,316,840	98.7%	238,312	41,555,152	99.3%
1997	41,278,839	40,976,174	99.3%	289,634	41,265,808	100.0%

Source: District financial records and Linn County Auditor

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

**Schedule 12  
Cedar Rapids Community School District**

**Outstanding Debt by Type**

**Last Ten Fiscal Years**

**Governmental Activities**

<u>Fiscal Year</u>	<u>School Refunding Bonds</u>	<u>General Obligation Bonds</u>	<u>Capital Loan Note</u>	<u>Qualified Zone Academy Bond (QZAB)</u>	<u>Anticipatory Warrants</u>	<u>Lease Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income *</u>	<u>Per Capita *</u>
2006	\$31,385,000	\$39,325,000	\$ 325,000	\$ -	\$ -	\$ -	\$71,035,000	1.03%	\$ 288
2005	-	41,225,000	635,000	-	5,000,000	-	46,860,000	0.69%	192
2004	-	43,025,000	940,000	1,000,000	-	-	44,965,000	0.68%	185
2003	-	44,800,000	1,235,000	1,000,000	5,600,000	-	52,635,000	0.80%	218
2002	-	45,850,000	1,530,000	1,000,000	-	-	48,380,000	0.74%	202
2001	-	10,000,000	-	-	5,000,000	50,000	15,050,000	0.23%	63
2000	-	-	-	-	5,000,000	100,000	5,100,000	0.08%	22
1999	-	-	-	-	5,000,000	150,000	5,150,000	0.08%	22
1998	-	650,000	-	-	5,000,000	-	5,650,000	0.10%	25
1997	-	1,250,000	-	-	5,000,000	-	6,250,000	0.11%	27

Source: District Financial Records, Woods & Poole Economics

\* Notes: Percentage Personal Income and Per Capita figures are based upon Cedar Rapids Metropolitan Statistical Area data from the corresponding calendar year.

**Schedule 13  
Cedar Rapids Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2006**

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit *	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$39,325,000	100.00 %	\$39,325,000
Overlapping:			
City of Cedar Rapids	73,024,100	71.04	51,876,321
City of Hiawatha	10,340,000	100.00	10,340,000
City of Marion	12,420,000	1.59	197,478
City of Robins	5,355,000	63.84	3,418,632
Kirkwood Community College	10,000,000	27.13	2,713,000
Linn County	3,445,000	55.68	1,918,176
Total Overlapping	<u>114,584,100</u>	<u>61.50</u>	<u>70,463,607</u>
 Total Direct and Overlapping Debt	 <u><u>\$153,909,100</u></u>	 <u><u>71.33 %</u></u>	 <u><u>\$109,788,607</u></u>

Source: Linn County Auditor

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

\* The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Schedule 14  
Cedar Rapids Community School District**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year									
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
Assessed valuation	\$7,229,608,937	\$6,456,049,051	\$6,096,068,403	\$5,944,406,726	\$5,279,098,842	\$5,194,817,768	\$5,134,066,558	\$5,044,270,710	\$4,589,562,318	\$4,477,342,347
Legal debt limit (5% of Assessed Valuation)	361,480,447	322,802,453	304,803,420	297,220,336	263,954,942	259,740,888	256,703,328	252,213,536	229,478,116	223,867,117
District debt applicable*	71,035,000	41,860,000	44,965,000	47,035,000	48,380,000	10,000,000	-	-	650,000	1,250,000
Legal debt margin	<u>\$ 290,445,447</u>	<u>\$ 280,942,453</u>	<u>\$ 259,838,420</u>	<u>\$ 250,185,336</u>	<u>\$ 215,574,942</u>	<u>\$ 249,740,888</u>	<u>\$ 256,703,328</u>	<u>\$ 252,213,536</u>	<u>\$ 228,828,116</u>	<u>\$ 222,617,117</u>
District debt applicable as a percentage of Legal debt limit	19.7%	13.0%	14.8%	15.8%	18.3%	3.8%	0.0%	0.0%	0.3%	0.6%

Source: District Financial Records and Linn County Auditor

\* Notes: Amount of debt applicable to debt limit is total general obligation bonded debt including school refunding bonded debt, QZAB debt issued and capital loan notes payable.

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

**Demographic and Economic Statistics**

**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Unemployment Rate</b>
2005	246,410	\$6,894,660,000	\$ 27,980	4.5%
2004	244,310	6,757,900,000	27,661	5.1
2003	242,550	6,599,440,000	27,209	4.8
2002	241,580	6,570,810,000	27,199	4.4
2001	239,760	6,570,190,000	27,403	2.9
2000	237,800	6,652,980,000	27,977	2.5
1999	235,360	6,407,320,000	27,223	1.8
1998	232,400	6,206,800,000	26,707	1.9
1997	230,490	5,723,170,000	24,830	2.6
1996	227,940	5,473,040,000	24,011	2.9

Source: Woods & Poole Economics

Note: Cedar Rapids Metropolitan Statistical Area Data.

Dollars stated in 1996 dollars.



**Schedule 16  
Cedar Rapids Community School District**

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

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment *</u>
Rockwell Collins Inc.	7,000	1	4.21%	6,800	1	4.09%
Mercy Medical Center	2,862	2	1.72%	1,700	9	1.02%
Cedar Rapids Community Schools	2,860	3	1.72%	2,537	3	1.53%
AEGON USA, Inc.	2,632	4	1.58%	-	-	-
St. Luke's Hospital	2,400	5	1.44%	2,155	6	1.30%
Maytag Appliances, Amana Refrigeration Products	2,300	6	1.38%	2,578	2	1.55%
MCI Worldcom, Inc	1,880	7	1.13%	2,500	4	1.50%
City of Cedar Rapids	1,700	8	1.02%	1,294	10	0.78%
Hy-Vee Food Stores	1,691	9	1.02%	1,950	7	1.17%
Alliant Energy-Interstate Power and Light	1,650	10	0.99%	2,282	5	1.37%
McLeodUSA	-	-	-	1,830	8	1.10%
<b>Totals</b>	<b><u>26,975</u></b>		<b><u>16.21%</u></b>	<b><u>25,626</u></b>		<b><u>15.41%</u></b>

Source: Cedar Rapids Chamber of Commerce, Woods and Poole Economics

\* Note: Total employment encompasses the Cedar Rapids Metropolitan Statistical Area

**Schedule 17  
Cedar Rapids Community School District**

**Full Time-Equivalent\* District Employee by Type**

**Last Ten Fiscal Years**

	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>	<b>FY03</b>	<b>FY02</b>	<b>FY01</b>	<b>FY00</b>	<b>FY99</b>	<b>FY98</b>	<b>FY97</b>	<b>Percentage Change 1997-2006</b>
<b>Administration</b>											
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0%
Deputy/Assistant Superintendent	2.0	0.0	1.0	1.0	3.0	3.0	3.0	2.0	3.0	3.0	-33.3%
Principals and Assistants	49.0	51.0	50.0	50.0	48.0	48.0	48.0	48.0	49.0	47.0	4.3%
District Administrators	13.0	13.0	15.0	14.0	16.0	16.0	13.0	13.0	21.0	19.0	-31.6%
Supervisors	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	-12.5%
<b>Total Administration</b>	<b>72.0</b>	<b>72.0</b>	<b>74.0</b>	<b>74.0</b>	<b>76.0</b>	<b>76.0</b>	<b>73.0</b>	<b>72.0</b>	<b>82.0</b>	<b>78.0</b>	<b>-7.7%</b>
<b>Teachers</b>											
K-12, Music, Physical Education and Art	930.5	906.1	921.7	940.0	977.9	988.8	967.1	922.6	929.9	895.6	3.9%
Special Education	255.8	249.5	257.0	253.2	238.7	227.9	216.3	203.8	201.3	177.0	44.5%
Federal Programs	22.3	20.2	19.2	21.0	14.5	18.0	15.1	15.8	13.7	18.9	18.0%
Media Specialist	24.7	24.7	32.4	32.4	32.4	32.4	33.4	31.7	31.4	32.3	-23.5%
Counselors	45.5	45.1	45.4	44.4	44.0	45.0	42.0	43.3	42.7	43.3	5.1%
<b>Total Teachers</b>	<b>1,278.8</b>	<b>1,245.6</b>	<b>1,275.7</b>	<b>1,291.0</b>	<b>1,307.5</b>	<b>1,312.1</b>	<b>1,273.9</b>	<b>1,217.2</b>	<b>1,219.0</b>	<b>1,167.1</b>	<b>9.6%</b>
<b>Support Personnel</b>											
Clerical	182.3	175.3	180.5	187.3	184.7	185.5	177.0	175.1	174.0	175.4	3.9%
Teacher aides, Special Education	274.7	264.5	258.7	243.1	215.5	186.8	171.4	139.9	135.4	106.6	157.7%
Teacher aides, regular	81.6	84.2	82.2	90.0	98.1	105.3	113.5	134.0	120.5	109.9	-25.8%
Custodial and maintenance	171.9	174.4	173.3	179.0	178.8	175.0	176.8	174.8	137.8	142.9	20.3%
Bus drivers/Attendants	98.9	98.2	92.9	93.0	92.8	82.3	82.8	74.7	74.5	71.5	38.3%
Food service workers	130.6	129.4	132.1	130.1	135.3	130.7	129.1	125.8	127.6	133.4	-2.1%
Nurses/Volunteer Coordinator	14.7	14.7	14.5	13.3	11.7	11.7	11.8	9.5	8.4	6.7	119.4%
Crafts and trades	18.1	18.4	19.4	20.1	20.4	20.4	19.4	41.6	42.0	42.0	-56.9%
Data processing	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.6	8.6	4.6	-17.4%
Day care	92.3	88.0	87.1	85.3	87.7	91.6	100.7	93.6	105.0	128.4	-28.1%
Other	63.6	66.4	64.9	67.1	60.5	56.9	47.7	17.4	40.0	16.2	292.6%
<b>Total Support Personnel</b>	<b>1,132.5</b>	<b>1,117.3</b>	<b>1,109.4</b>	<b>1,112.1</b>	<b>1,089.3</b>	<b>1,050.0</b>	<b>1,034.0</b>	<b>990.0</b>	<b>973.8</b>	<b>937.6</b>	<b>20.8%</b>
<b>Total Staff</b>	<b>2,483.3</b>	<b>2,434.9</b>	<b>2,459.1</b>	<b>2,477.1</b>	<b>2,472.8</b>	<b>2,438.1</b>	<b>2,380.9</b>	<b>2,279.2</b>	<b>2,274.8</b>	<b>2,182.7</b>	<b>13.8%</b>

Source: District Human Resources Department

Notes: \* FTE (full time equivalent) as of the third Friday in September within each fiscal year.

\* FTE: 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.

**Schedule 18  
Cedar Rapids Community School District**

**Operating Statistics**

**Last Ten Fiscal Years**

Fiscal Year	General Fund - Expenditures				All District Funds - Expenses			Teaching Staff (FTE*)	Resident Pupil-Teacher Ratio	Students Receiving Free or Reduced Price Meals	
	Certified Enrollment*	Net Expenditures *	Cost per Pupil	Percentage Change	Statement of Activities Expenses	Cost per Pupil	Percentage Change			Number	Percentage
2006	17,754	\$ 134,874,912	\$ 7,597	8.6%	\$ 170,797,530	\$ 9,620	8.3%	1,278.8	13.9	6,455	36.4%
2005	17,691	123,723,873	6,994	3.3%	157,109,397	8,881	1.4%	1,245.6	14.2	6,246	35.3%
2004	17,656	119,487,777	6,768	1.9%	154,602,264	8,756	7.3%	1,275.7	13.8	5,749	32.6%
2003	17,861	118,590,073	6,640	-1.5%	145,736,349	8,159	-11.8%	1,291.0	13.8	5,554	31.1%
2002	17,860	120,334,376	6,738	6.3%	165,200,845	9,250	N/A	1,307.5	13.7	5,228	29.3%
2001	18,114	114,792,631	6,337	4.2%	N/A	N/A	N/A	1,312.1	13.8	4,676	25.8%
2000	18,083	109,927,293	6,079	7.3%	N/A	N/A	N/A	1,273.9	14.2	4,836	26.7%
1999	18,110	102,565,169	5,663	4.3%	N/A	N/A	N/A	1,217.2	14.9	4,958	27.4%
1998	17,887	97,136,074	5,431	8.7%	N/A	N/A	N/A	1,219.0	14.7	N/A	N/A
1997	17,945	89,634,651	4,995	1.4%	N/A	N/A	N/A	1,167.1	15.4	N/A	N/A

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

Notes: \*

FTE: A full time veteran teacher who works 1,520 annual hours is considered a 1.0 "Full Time Equivalent" position.  
 Certified Enrollment counts of resident students only, in the fall of each fiscal year are used for calculations. For example fall 2005 counts are used for FY2006 calculations. "Net Expenditures" in the General Fund include credits for tuition receipts for services provided to non-resident pupils.

Increases in resident pupil expenditures of 16% over the prior fiscal year are partly a result of a reclassification of \$1.67 million in inter-fund transfers from an "expenditure credit" to a "revenue item" in the General Fund. This was mandated by the State of Iowa for the fiscal year ending June 30, 2006.

**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>High Schools (9-12)</b>										
<b>Jefferson (1959)</b>										
Square feet	310,110	310,110	310,110	271,292	271,292	271,292	271,292	271,292	271,292	271,292
Capacity	1,800	1,803	1,803	1,577	1,577	1,577	1,577	1,577	1,577	1,577
Enroll (Headcount)	1,579	1,563	1,614	1,651	1,595	1,607	1,550	1,611	1,664	1,683
<b>Kennedy (1968)</b>										
Square feet	288,600	288,600	288,600	249,342	249,342	249,342	249,342	249,342	249,342	249,342
Capacity	1,800	1,804	1,804	1,558	1,558	1,558	1,558	1,558	1,558	1,558
Enrollment (Headcount)	1,885	1,781	1,748	1,677	1,572	1,578	1,586	1,582	1,647	1,628
<b>Metro ( 1954)</b>										
Square feet	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399
Capacity	450	451	451	451	451	451	451	451	451	451
Enrollment (Headcount)	569	575	543	578	578	651	678	762	667	685
<b>Washington (1959)</b>										
Square feet	312,694	312,694	312,694	277,844	277,844	277,844	277,844	277,844	277,844	277,844
Capacity	1,800	1,797	1,797	1,597	1,597	1,597	1,597	1,597	1,597	1,597
Enroll (Headcount)	1,620	1,595	1,539	1,626	1,650	1,645	1,638	1,600	1,520	1,562
<b>Middle Schools (6-8)</b>										
<b>Franklin (1922)</b>										
Square feet	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148	146,148
Capacity	700	699	699	699	699	699	699	699	699	699
Enroll (Headcount)	651	657	658	667	665	687	669	691	680	661

**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Harding (1964)</b>										
Square feet	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634	139,634
Capacity	900	901	901	901	901	901	901	901	901	901
Enroll (Headcount)	928	926	883	872	913	893	923	932	928	884
<b>McKinley (1922)</b>										
Square feet	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476	138,476
Capacity	700	699	699	699	699	699	699	699	699	699
Enroll (Headcount)	618	659	712	736	741	695	645	628	648	656
<b>Roosevelt (1924)</b>										
Square feet	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350
Capacity	700	700	700	700	700	700	700	700	700	700
Enroll (Headcount)	645	646	643	651	598	567	589	621	612	611
<b>Taft (1965)</b>										
Square feet	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507	127,507
Capacity	700	701	701	701	701	701	701	701	701	701
Enroll (Headcount)	738	713	699	685	694	669	657	639	654	672
<b>Elementary Schools</b>										
<b>Arthur (1914)</b>	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	398	398	398	398	398	398	398	398	398
Enroll (Headcount)	328	333	318	334	332	355	356	359	355	334

**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Cleveland (1950)</b>	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	498	498	498	498	498	498	498	498	498
Enroll (Headcount)	370	375	385	409	438	417	412	431	436	436
<b>Coolidge (1967)</b>	K-5									
Square feet	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557	48,557
Capacity	500	501	501	501	501	501	501	501	501	501
Enroll (Headcount)	421	420	410	379	426	431	398	413	415	458
<b>Erskine (1955)</b>	K-5									
Square feet	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675	40,675
Capacity	400	399	399	399	399	399	399	399	399	399
Enroll (Headcount)	362	356	330	341	356	386	395	394	394	388
<b>Garfield (1930)</b>	K-5									
Square feet	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224	40,224
Capacity	400	398	398	398	398	398	398	398	398	398
Enroll (Headcount)	318	309	295	281	281	276	247	240	242	247
<b>Gibson (2002)</b>	K-5									
Square feet	74,805	74,805	74,805	74,805	-	-	-	-	-	-
Capacity	600	598	598	598	-	-	-	-	-	-
Enroll (Headcount)	542	503	448	451	-	-	-	-	-	-
<b>Grant (1961)</b>	K-1									
Square feet	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919	43,919
Capacity	450	448	448	448	448	448	448	448	448	448
Enroll (Headcount)	237	192	179	180	224	228	227	211	225	267

**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Grant Wood (1948)</b>	K-5									
Square feet	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172	52,172
Capacity	500	502	502	502	502	502	502	502	502	502
Enroll (Headcount)	321	335	362	363	383	437	473	477	466	446
<b>Harrison (1930)</b>	K-5									
Square feet	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677	54,677
Capacity	550	552	552	552	552	552	552	552	552	552
Enroll (Headcount)	397	406	407	431	461	469	519	480	470	498
<b>Hiawatha (1956)</b>	K-5									
Square feet	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787	50,787
Capacity	550	552	552	552	552	552	552	552	552	552
Enroll (Headcount)	457	412	399	391	509	543	523	551	532	538
<b>Hoover (1954)</b>	K-5									
Square feet	56,260	56,260	39,427	39,427	39,427	39,427	39,427	39,427	39,427	39,427
Capacity	500	498	349	349	349	349	349	349	349	349
Enroll (Headcount)	282	291	284	304	317	319	298	321	309	333
<b>Jackson (1970)</b>	K-5									
Square feet	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
Capacity	540	537	537	537	537	537	537	537	537	537
Enroll (Headcount)	305	286	282	283	411	440	541	486	455	463

**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Johnson (1955)</b>	K-5									
Square feet	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191	49,191
Capacity	500	502	502	502	502	502	502	502	502	502
Enroll (Headcount)	319	353	366	397	418	422	389	385	390	357
<b>Kenwood (1950)</b>	K-5									
Square feet	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660	52,660
Capacity	500	502	502	502	502	502	502	502	502	502
Enroll (Headcount)	276	267	285	303	307	304	319	320	308	292
<b>Madison (1961)</b>	K-5									
Square feet	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919	35,919
Capacity	400	399	399	399	399	399	399	399	399	399
Enroll (Headcount)	280	279	262	256	273	282	260	241	270	269
<b>Monroe (1961)</b>	K-only									
Square feet	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175	27,175
Capacity	350	348	348	348	348	348	348	348	348	348
Enroll (Headcount)	262	237	255	251	248	251	254	270	290	348
<b>Nixon (1970)</b>	K-5									
Square feet	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
Capacity	540	537	537	537	537	537	537	537	537	537
Enroll (Headcount)	325	351	309	332	428	455	484	486	469	452
<b>Pierce (1965)</b>	K-5									
Square feet	47,308	47,308	43,471	43,471	43,471	43,471	43,471	43,471	43,471	43,471
Capacity	475	473	435	435	435	435	435	435	435	435
Enroll (Headcount)	466	459	450	440	435	426	429	452	458	463



**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Polk (1961)</b>	K-5									
Square feet	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934	29,934
Capacity	350	348	348	348	348	348	348	348	348	348
Enroll (Headcount)	209	204	200	221	237	263	271	282	257	291
<b>Taylor (1973)</b>	K-5									
Square feet	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170	48,170
Capacity	475	477	477	477	477	477	477	477	477	477
Enroll (Headcount)	239	256	270	275	310	340	341	339	327	352
<b>Truman (1961)</b>	K-5									
Square feet	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129	44,129
Capacity	400	401	401	401	401	401	401	401	401	401
Enroll (Headcount)	319	334	336	344	377	358	374	352	342	333
<b>Van Buren (1970)</b>	K-5									
Square feet	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580	37,580
Capacity	475	476	476	476	476	476	476	476	476	476
Enroll (Headcount)	369	374	412	418	403	395	387	374	364	381
<b>Wright (1953)</b>	K-5									
Square feet	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502	41,502
Capacity	375	374	374	374	374	374	374	374	374	374
Enroll (Headcount)	251	241	230	210	227	247	264	288	302	339

**Schedule 19  
Cedar Rapids Community School District**

**School Building Information**

**Last Ten Fiscal Years**

Building	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Grades 2-8 School</b>										
<b>Wilson (1928)</b>										
Square feet	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807	108,807
Capacity	650	652	652	652	652	652	652	652	652	652
Enrollment (Headcount) (2-5)	216	236	276	272	302	293	275	254	258	255
Enrollment (Headcount) (6-8)	<u>315</u>	<u>301</u>	<u>314</u>	<u>327</u>	<u>332</u>	<u>322</u>	<u>320</u>	<u>316</u>	<u>332</u>	<u>330</u>
Total Enrollment	531	537	590	599	634	615	595	570	590	585
<b>Totals</b>										
Square feet	2,802,562	2,802,562	2,781,892	2,668,966	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161	2,594,161
Capacity	20,930	20,925	20,738	20,066	19,468	19,468	19,468	19,468	19,468	19,468
Enroll (Headcount)	17,419	17,225	17,103	17,336	17,441	17,651	17,691	17,788	17,686	17,912

Source: District records

## **Internal Controls and Compliance Section**



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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated October 10, 2006. There were no prior year reportable conditions.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 are based exclusively on the knowledge obtained from procedures performed during our audit of the 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 interpretations of the statutes. Prior year statutory and compliance comments have all been resolved except item IV-F-06.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Cedar Rapids Community School District and other parties to whom Cedar Rapids Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Clinton, Iowa  
October 10, 2006

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the compliance of Cedar Rapids Community School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Cedar Rapids Community School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express an opinion on Cedar Rapids Community School District's compliance based on our audit.

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

In our opinion, Cedar Rapids Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

## Internal Control Over Compliance

The management of Cedar Rapids Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Cedar Rapids Community School District and other parties to whom Cedar Rapids Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Clinton, Iowa  
October 10, 2006

**Cedar Rapids Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2006**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<b>Indirect:</b>			
<b>U.S. Department of Agriculture:</b>			
<b>Iowa Department of Education:</b>			
National School Lunch Program	10.555	FY 06	\$ 2,269,461
School Breakfast Program	10.553	FY 06	531,467
Fresh Fruit & Vegetable Pilot Program	10.555	FY 06	96,814
Child and Adult Care Food Program	10.558	FY 06	4,100
Summer Food Service Program	10.559	FY 06	10,987
Total cash expenditures			2,912,829
Food Distribution-USDA Commodities (non-cash)	10.550	FY 06	381,696
Total cash and non-cash expenditures			3,294,525
<b>U.S. Department of Education:</b>			
<b>Iowa Department of Education:</b>			
Title I	84.010	1053-G-06	2,079,920
Title I - Carryover	84.010	1053-GC-06	253,411
Title I - SINA	84.010	1053-SI-06	251,585
			2,584,916
Title IIA - Improving Teacher Quality State Grants	84.367	FY 06	288,745
Title IIA - Class Size Reduction Program	84.367	FY 06	995,622
			1,284,367
Title V - State Grants for Innovative Programs	84.298A	FY 06	65,673
Special Education Grants to States (IDEA Part B)	84.027	FY 06	1,047,143
Safe and Drug Free Schools and Communities	84.186	FY 06	113,245
Perkins Vocational Education Program - Basic Grant	84.048A	FY 06	219,619
Title VI A - NCLB Assessment Grant	84.369	FY 06	102,306
Grants for Enhanced Assessment Instruments	84.368	FY 06	422
ESETP - Enhancing Education Through Technology	84.318	FY 06	119,961
E2T2 - Enhancing Education Through Technology	84.318	FY 06	42,178
			162,139
21st Century Community Learning Centers Grant	84.287	FY 04 - 08	110,700
Fund for the Improvement of Education	84.215	FY 06	579
Success4 Comprehensive School Improvement	84.027	FY 06	21,692
Building Foundations for Learning	84.215H	FY 06	78,812
Education for Homeless Children and Youth	84.196	FY 06	21,225
Hurricane Relief	84.938	FY 06	60,000
AIDS Education - YRBS	93.938	FY 06	1,050
Iowa Demonstration Construction Grants	84.215	FY 06	25,225
<b>U.S. Department of Justice:</b>			
<b>Linn County, Iowa:</b>			
Juvenile Justice and Delinquency Prevention	16.540	FY 06	23,105
Enforcing Underage Drinking Laws Program (EUDL)	16.727	FY 06	2,646
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	FY 06	37,710
			63,461
<b>U.S. Department of Human Services</b>			
<b>Linn County, Iowa:</b>			
Medicaid Time Study Program	93.778	FY 06	102,778
<b>Total</b>			<b>\$ 9,359,877</b>
Total cash expenditures			
Total non-cash expenditures			

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cedar Rapids Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

See accompanying independent auditor's report.



Balance 6/30/2005	Grant Revenue Receipts	Program Contributions and Miscellaneous Related Receipts	Program Expenditures	Balance 6/30/2006
\$ -	\$ 2,269,461	\$ -	\$ 2,269,461	\$ -
-	531,467	-	531,467	-
-	96,814	-	96,814	-
-	4,100	-	4,100	-
-	10,987	-	10,987	-
-	2,912,829	-	2,912,829	-
87,009	381,696	-	395,749	72,956
87,009	3,294,525	-	3,308,578	72,956
-	1,557,207	-	1,557,207	-
-	253,411	-	253,411	-
-	133,063	-	133,063	-
-	1,943,681	-	1,943,681	-
63,746	282,902	-	249,558	97,090
490,176	505,446	-	691,372	304,250
553,922	788,348	-	940,930	401,340
499	65,673	-	64,438	1,734
-	1,047,143	-	1,047,143	-
-	97,768	-	97,768	-
-	219,619	-	219,619	-
-	102,306	-	83,585	18,721
422	-	-	319	103
-	119,346	-	119,346	-
-	16,358	-	14,358	2,000
-	135,704	-	133,704	2,000
-	110,700	-	110,700	-
179	400	-	-	579
21,692	-	-	449	21,243
-	23,457	-	23,457	-
-	21,225	-	21,225	-
-	60,000	-	60,000	-
-	1,050	-	25	1,025
-	25,225	-	25,225	-
-	23,105	-	23,105	-
-	2,646	-	2,646	-
-	37,444	-	37,444	-
-	63,195	-	63,195	-
23,532	102,778	-	93,434	32,876
\$ 687,255	\$ 8,102,797	\$ -	\$ 8,237,475	\$ 552,577
			\$ 7,841,726	
			395,749	
			<u>\$ 8,237,475</u>	

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2006**

**Section I: Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                           yes      x   no
- Reportable condition(s) identified that are not  
  considered to be material weaknesses?                   yes      x   none reported
- Noncompliance material to  
  financial statements noted?                                yes      x   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?                           yes      x   no
- Reportable condition(s) identified that are not  
  considered to be material weakness(es)?                   yes      x   none reported

Type of auditor's report issued on compliance for major programs:  
unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of  
OMB Circular A-133?           yes      x   no

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
	Child Nutrition Cluster:
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.559</u>	<u>Summer Food Service Program for Children</u>

Dollar threshold used to distinguish between type A and type B programs:    \$ 300,000

Auditee qualified as low-risk auditee?                      x   yes           no

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2006**

**Section II: Financial Statement Findings:**

None

**Section III: Federal Award Findings and Questioned Costs:**

None

**Section IV: Other Findings Related to Required Statutory Reporting:**

IV-A-06 Certified Budget - Expenditures for the year ended June 30, 2006, exceeded the amended certified budget amount in the support services function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Total support services exceeded the certified budget because the State mandated a conversion of general ledger accounts that caused approximately \$3.3 million in expenditures originally classified in the Instruction function to be reclassified into the Support Services function. The certified budget will be adjusted in the future to reflect this change.

Conclusion - Response accepted.

IV-B-06 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

IV-C-06 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-06 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-06 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 that coverage is adequate for current operations.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2006**

**Part IV: Other Findings Related to Required Statutory Reporting: (Continued)**

IV-F-06 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted. However, we did note the monthly publication of the schedule of bills allowed did not include the bills allowed for the District's Activity Funds.

Recommendation - The monthly publication of the schedule of bills allowed should include all funds of the District.

Response - Our current Activity Fund software does not allow for a consolidated list of bills for the 11 separate schools generating checks. We are working on deriving a way for these bills to be consolidated, presented to the Board, and published and will be changing our current procedures to facilitate this change.

Conclusion - Response accepted.

IV-G-06 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-06 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-06 Certified Annual Report - The Certified Annual Report was certified to the Department of Education timely.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2006**

N/A

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2006**

<b>Comment Number</b>	<b>Comment Title</b>	<b>Corrective Action Plan</b>	<b>Contact Person, Title Phone Number</b>	<b>Anticipated Date of Completion</b>
---------------------------	----------------------	-------------------------------	---	---

N/A