

Cedar Rapids Community School District
in the County of Linn, State of Iowa

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



Comprehensive Annual Financial Report

Cedar Rapids Community School District

Fiscal Year Ended June 30, 2005

Prepared by:

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346 Second Avenue S.W.
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CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

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Introductory Section



December 31, 2005

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, 2005. 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 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, 2005, marks the fourth year in which our report includes all required revisions to conform to the new standards promulgated under GASB-34.

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 2005 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 statistical section sets forth selected 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. The "head count" enrollment is approximately 17,837 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 Iowans living within 60 minutes of the city. Cedar Rapids takes pride in its leadership in service industries, retail sales, and other related business such as insurance and government services. Cedar Rapids is home to more than 275 different manufacturing

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, France, Germany, 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, with an estimated metropolitan population, including Linn, Benton and Jones Counties of over 247,000 residents in 2004. 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, MCI, Skyworks Solutions Inc, Siemens Transportation, Systems Integrated-Local Government Division, WABTEC, Crystal Group and Schnieder 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 15 percent from the previous year. Building permit valuation for all construction activity in the City of Cedar Rapids stood at \$158,936,944 in 2004, compared to \$138,226,684 in 2003. Single-family housing starts in Cedar Rapids experienced a decrease over the prior year declining from \$37,635,431 in 2003, to \$34,423,845 in 2004. Permits for 334 new single-family dwellings were issued in Cedar Rapids in 2004 compared to 378 permits issued the previous year. In the Cedar Rapids metropolitan area, 679 permits for single-family dwellings were issued, virtually the same number, (681) as the previous year.

Retail sales in Linn County reached an all time high in 2004 of \$2.832 billion, up from \$2.329 billion in 2003. The three largest sectors of retail sales in the Cedar Rapids metropolitan area were Utilities at \$540.3 million, General Merchandise at \$392.0 million and Services at \$367.7 million. Since 1990 retail sales have increased by more than \$1.76 billion dollars.

Mean household income, (as measured in 1996 dollars) in the Cedar Rapids metropolitan area increased to \$68,200 in 2004, from \$67,815 in 2003. Income per capita, (also measured in 1996 dollars) shows similar trends increasing to \$28,102 in 2004 from \$27,818 the previous year. Linn County resident total employment declined slightly from 110,900 in 2003 to 109,800 in 2004. Unemployment increased slightly from 4.7% to 4.9% 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, JRS Pharma LP, J Rettenmaier USA LP and Red Star Yeast LLC where their 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. AEGON Insurance Group and United Fire Group are giants in the insurance industry and long-time players in the local community. Toyota Financial Services, GreatAmerica Leasing and GE Capital/Vendor Financial Services are more recent additions to the community, highlighting some of the tremendous growth of the 1990's.

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. In 2004, Forbes ranked Iowa City no. 3 and Cedar Rapids no. 32 for "Best Places for Business and Careers". The civilian labor force within the "Technology Corridor" stood at 244,400 in 2004.

District Accomplishments 2004-2005

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 2004-05 school year. It was a year of notable academic achievement as well as stellar performances in the arts and athletics.

Accomplishments included:

- The percentage of students proficient in reading and mathematics exceeded the state targets for No Child Left Behind at all required grade levels (4, 8, 11).
- Achieved annual improvement goals of one year or more of growth in reading, mathematics and science.
- The percentage of graduates completing core coursework in Language Arts, (4 yrs.) Social Studies, (3 yrs.) Mathematics, (3 yrs.) and Science, (3 yrs.) increased to 66.99%.
- Average daily attendance in grades K-8 was 95.7%.
- Eighty percent of Cedar Rapids students who took the ACT in 2004-05 scored 20 or higher compared to 70% in Iowa and 59% in the nation.
- The percentage of seniors intending to pursue post-secondary training increased from 85.7% to 87.3%.
- District's e-portfolio teacher evaluation tool continues to remain a model for others.
- Maintained a high level of family and community involvement.
- Received a \$500,000 Iowa Demonstration Construction Grant to help fund the installation of a new geo-thermal heating ventilation and cooling (HVAC) system at Wilson Middle/Elementary School.
- Began installation of new geo-thermal HVAC system at Truman Elementary School.
- Completed bond-funded school repairs and construction within budget.

Improved Learning Environments

The District is in the process of completing the fifth and final year of its \$52.7 million facilities plan, funded by voter-approved bonds plus federal and state grants. In addition, the District invests in its facilities through the use of Physical Plant and Equipment Levy (PPEL) resources. The repairs and upgrades continued to improve the learning and teaching environment in our schools. Projects started or completed during the year included:

- HVAC system and water pipe replacement at McKinley Middle School.
- HVAC system and water pipe replacement at Wilson School.
- Continued removal of asbestos materials from all district buildings.
- Electrical upgrades at Arthur and Taylor Elementary Schools and Washington High School.
- HVAC improvements at Harding Middle School.

Accomplishments for Students with Disabilities

- Students receiving special education services are achievers. 75% demonstrated substantial progress toward the goals in their Individual Education Plans.
- Students with disabilities are striving to reach their full potential. 86% made substantial progress toward greater independence.
- Parents are active partners in the educational process for their students. 95% of parents participated in annual Individualized Education Plan meetings.
- Intervention begins with young children. Last year, 168 students ages 3-5, with disabilities, were served in Early Childhood Special Education programs.
- Students are achieving literacy. Students in special reading programs, on average, gained one year of growth.
- Students with disabilities are a part of our community. More than 300 high school students worked at job placement and transition sites around the city.

Improved Graduation Rate

- The Class of 2004 graduation rate was 92.41%, an increase of 3.42% over 2003.

Updated Teaching Tools

Last school year, \$6.5 million was invested in new curriculum, teaching tools, and technology. These funds come from the Instructional Support Levy and break down as follows:

- \$1.2 million for kindergarten reading assistance.
- \$1.5 million for technology software, hardware, support, and staff development.
- \$977,000 for instructional materials (science equipment, band instruments, etc.).
- \$1.5 million for curriculum needs (textbooks, learning materials, staff development, etc.).
- \$1.3 million for counselors and related support.

Business Partnerships

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

- Mount Mercy College offers unique resources to the elementary staff and students of Arthur/Erskine Elementary Schools in exchange for classroom experiences for teacher education students and student teachers to build their professional skills.
- 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.
- Cedar River Paper Company provided many opportunities for Jefferson High School students, including sponsoring a team of five students who participated in the “Student Teams Training” acquiring real world problem solving skills.
- Rockwell Collins mentors and Gibson Elementary students took first place at the state competition in Ames and represented Iowa at the national Lego League Trials in Atlanta, Georgia.

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, Capital Projects, Debt Service and School Nutrition 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. During the year, expenditures in each of these four functional categories did not exceed the certified budget.

Additional information regarding budgetary legal compliance may be found in the Required Supplementary Information section following the Notes to the Financial Statements.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is by far the largest, comprising over three quarters of all Governmental Fund expenses 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 2004-2005 fiscal year.

- State allowable growth for public schools in fiscal year 2004-2005 was 2%. Though the headcount enrollment increased slightly from the prior year, the “budget enrollment” declined by approximately 205 students or 1.2% of enrollment. The budget enrollment drives critical funding from year to year. As a result, the District relied on the State budget guarantee program that ensured the District would receive revenue growth or “new money” of 1% over the prior year.
- Faced with the prospect of growing wages and benefits and with little new money to support such growth, the District was forced to make approximately \$2.5 million in budget adjustments for FY05 in order to balance the budget. Central Administration was reduced \$260,000 consisting of 2 cabinet level administrative positions and a confidential secretary position. Aligning teaching staff with actual enrollments at all grade levels provided for additional budget reductions of approximately \$500,000. Additional revenues of \$1.78 million were made possible with a one-year increase of the Instructional Support Levy from \$4.95 million to \$6.73 million in funding.
- The District continued to replenish cash reserves by holding steady the cash reserve levy at the relatively high level of \$7.92 million in FY05, down slightly from \$8.00 million in FY04.
- The impact of maintaining a strong cash reserve levy, as well as targeted budget reductions over the past four consecutive fiscal years is reflected in the ending fund balance of the General Fund, increasing from \$4.9 million, or 3.7% of expenditures at the end of FY03, to \$10.1 million, or 7.6% of expenditures, at the end of FY04, and now for FY05, an ending fund balance of \$16.8 million or 12.3% of expenditures.
- General Fund expenditures, excluding other financing sources, totaled \$136.5 million for the fiscal year compared with \$131.9 million in the previous year, representing an increase of \$4.6 million in expenditures, or 3.5% 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 School Nutrition Fund totaled \$6,569,844, representing an increase of \$479,990 over the fiscal year 2004 amount. Operating expenses and transfers to other funds for the School Nutrition Fund totaled \$6,138,486, representing an increase of \$255,317, from the fiscal year 2004 amount. Retained earnings were \$1,461,038 at June 30, 2005 compared to \$1,029,680 for the prior fiscal period, resulting in an increase of \$431,358 for the year.

The fund's finances were solid over the year, due to an increase of approximately 5% in meal ticket prices that was implemented at the beginning of the 2003-2004 school year. Another ticket price increase of approximately 5% was approved for the 2004-2005 school year, which is also reflected in the improved level of reserves in the fund for the fiscal year.

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, 2005, the District has total general obligation bonded indebtedness of \$41.225 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, 2005.

Interest revenue of \$919,888 was earned on all investments for the year ended June 30, 2005. This represents an increase of \$414,137 or 82% over fiscal year 2004 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 2004-2005 fiscal year. The Capital Projects Fund had a decrease in earnings, (\$134,609) 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 all but 7 of the K-12 public school districts and Area Education Agencies in the state of Iowa and by 8 out of the state's 15 community colleges.

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, 2004. This was the tenth 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 all District, and County employees who assisted in the preparation of this report. A special thank you is extended to Barb Harms 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.



Steve Graham
Executive Director of Business
Services, Board Treasurer



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, 2004

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.



Nancy L. Zjelle

President

Jeffrey R. Enser

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

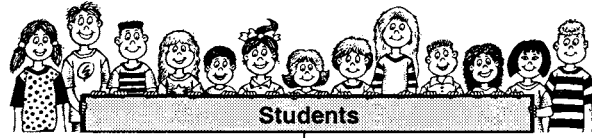
Cedar Rapids Community School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

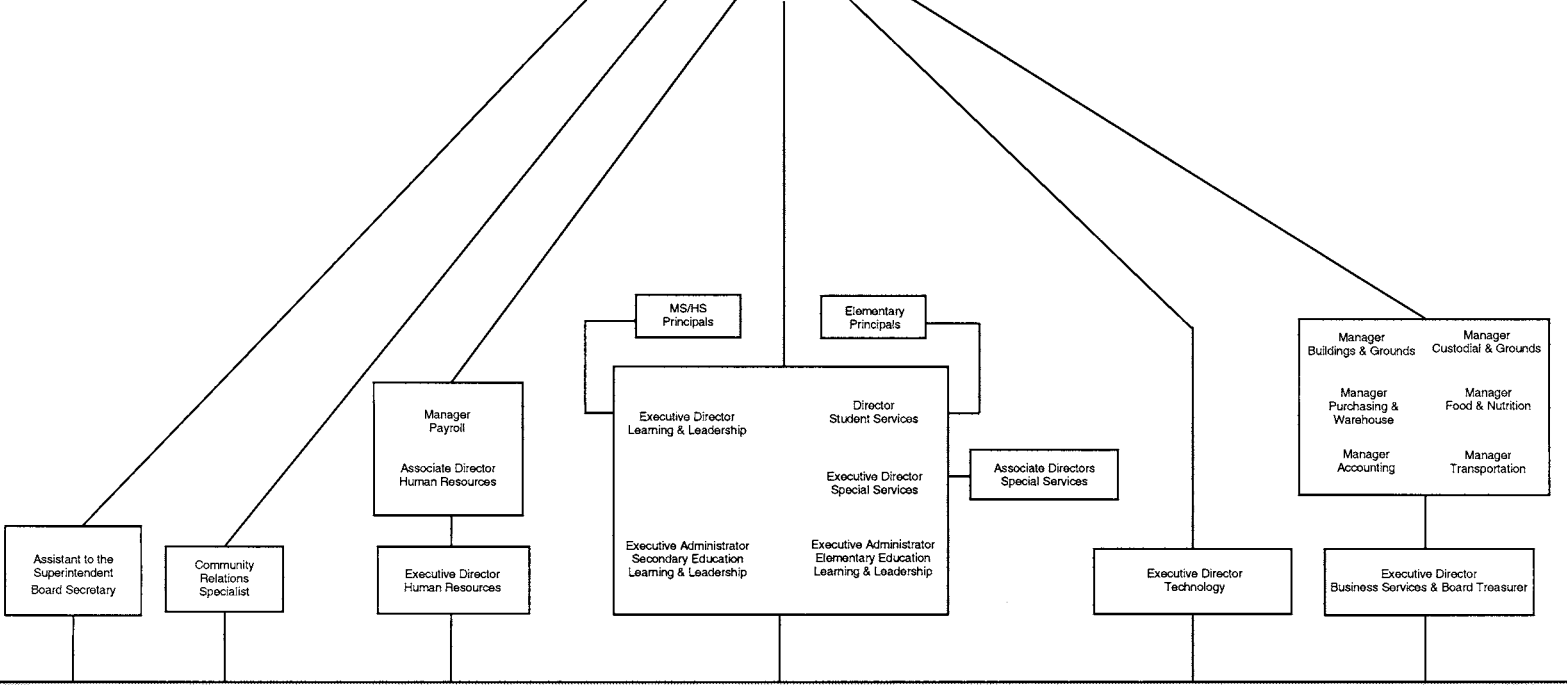
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



Certified & Classified Staff



Superintendent of Schools

Board of Education

Community

LEADERSHIP TEAM
 Cedar Rapids Community School District
 Cedar Rapids, Iowa

Cedar Rapids Community School District

Board of Directors and District Officials

Year ended June 30, 2005

Name	Title	Term Expires
-------------	--------------	---------------------

Board of Directors

(Before September 2004 election)

Mary Meisterling	President	2005
Ann Rosenthal	Vice-President	2005
Richard Bradford	Director	2004
Dennis Kral	Director	2004
Ken Childress	Director	2006
Jeff Ilten	Director	2006
Keith J. Westercamp	Director	2006

Board of Directors

(After September 2004 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

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, 2005 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, 2005, 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 September 9, 2005 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 45 and 87 through 94 are not a required part 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 Henderson LLP

Clinton, Iowa
September 9, 2005



**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, 2005. 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

- Faced with the prospect of growing wages and benefits and with little new money to support such growth, the District was forced to make approximately \$2.5 million in budget adjustments for FY05 in order to balance the budget. Central Administration was reduced \$260,000 consisting of 2 cabinet level administrative positions and a confidential secretary position. Aligning teaching staff with actual enrollments at all grade levels provided for additional budget reductions of approximately \$500,000. Additional revenues of \$1.78 million were made possible with an increase in the Instructional Support Levy from \$4.95 million to \$6.73 million in funding.
- The impact of maintaining a strong cash reserve levy, as well as targeted budget reductions over the past four consecutive fiscal years is reflected in the ending fund balance of the General Fund, increasing from \$4.9 million, or 3.7% of expenditures at the end of FY03, to \$10.1 million, or 7.6% of expenditures, at the end of FY04, and now for FY05, an ending fund balance of \$16.8 million or 12.3% of expenditures.
- General Fund investment revenues have rebounded in fiscal year 2005, which is reflective of an increase in interest rates during the period as well as an increase in the fund's cash reserves. Interest revenues totaled \$535,146 compared to \$122,948 for fiscal year 2004.
- The District's \$52.7 million plan of facilities construction and improvement progressed through its fifth fiscal year. Capital expenses over the past five fiscal years now total over \$51.78 million. This program was made possible by overwhelming voter approval of a \$46 million bond issue on December 12, 2000. Federal and State grants totaling \$4.75 million have helped to fully fund all capital projects.

Some of the final capital projects completed or in progress during fiscal year 2005 include:

- Heating, ventilation, air conditioning, and water pipe replacement at McKinley Middle School.
- Heating, ventilation, air conditioning, and water pipe replacement at Wilson School.
- All projects are estimated to be completed by the end of fiscal year 2005-2006 with an estimated ending balance in the Capital Projects fund of \$1 million.

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.

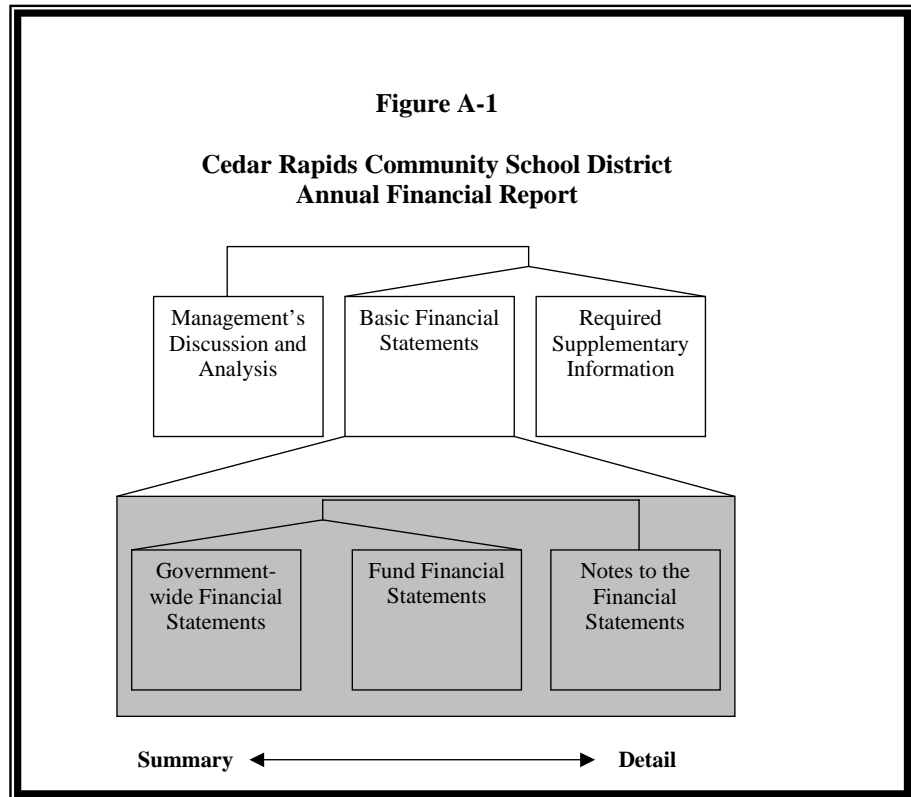


Figure A-2: Major Features of the District Wide and Fund Financial Statements

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

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 5.1 percent or \$8.5 million while combined total liabilities have decreased 3.5 percent or \$4.8 million. These changes are largely due to the increase of capital assets related to the bond issue funded new construction, combined with a reduction in long term debt related in large part to continued repayment of \$46 million in general obligation bond debt. An increase of combined total net assets of \$13.1 million occurred over the fiscal year as a result.

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

	Governmental		Business-type		Total		Total Percentage Change 2004-2005
	Activities		Activities		School District		
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	
Current and other assets	\$105.8	\$106.3	\$0.6	\$1.3	\$106.4	\$107.6	1.1%
Capital assets	<u>60.8</u>	<u>68.1</u>	<u>0.5</u>	<u>0.5</u>	<u>61.3</u>	<u>68.6</u>	<u>11.9%</u>
Total assets	166.6	174.4	1.1	1.8	167.7	176.2	5.1%
Current liabilities	87.3	89.5	0.1	0.2	87.4	89.7	2.6%
Long term debt	<u>51.6</u>	<u>44.5</u>	<u>0.0</u>	<u>0.0</u>	<u>51.6</u>	<u>44.5</u>	<u>-13.8%</u>
Total liabilities	138.9	134.0	0.1	0.2	139.0	134.2	-3.5%
Net assets							
Invested in capital assets							
net of related debt	19.9	26.1	0.5	0.5	20.4	26.6	30.4%
Restricted	1.5	1.9	0.0	0.0	1.5	1.9	26.7%
Unrestricted	<u>6.3</u>	<u>12.4</u>	<u>0.5</u>	<u>1.0</u>	<u>6.8</u>	<u>13.4</u>	<u>97.1%</u>
Total net assets	\$27.7	\$40.4	\$1.0	\$1.5	\$28.7	\$41.9	46.0%

Changes in Net Assets, as shown in Figure A-4, show that the District as a whole experienced a 4.2% increase in operating revenues while experiencing a 1.6% increase in operating expenses. The increase of \$3.0 million in property taxes is largely a result of increases in overall annual funding growth in the General Fund allowed by the state, and an increase in the Instructional Support and Drop-Out Prevention programs in the District's General Fund. Management Fund increases of \$0.5 million in property taxes to replenish depleted fund reserves were also included in the \$3.0 million increase. Increases of \$2.4 million in the "State formula aid not restricted" category are also related to state allowable growth in the General Fund.

On the other side of the ledger, four consecutive years of budget reductions are clearly evident. For fiscal year 2005, budget reductions of approximately \$0.75 million in the General Fund combined with employee wage settlements of under 3% provided for a very low rate of growth in overall District expenditures.

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

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2004-2005
	2004	2005	2004	2005	2004	2005	
Revenues							
Program revenues							
Charges for services	\$ 13.5	\$ 13.8	\$ 3.3	\$ 3.5	\$ 16.8	\$ 17.3	3.0%
Operating Grants & Contributions	16.4	17.1	2.7	3.1	19.1	20.2	5.8%
Capital Grants & Contributions	1.2	0.6	-	-	1.2	0.6	-50.0%
General revenues							
Property taxes	63.2	66.2	-	-	63.2	66.2	4.7%
State formula aid not restricted	61.6	64.0	-	-	61.6	64.0	3.9%
Other	1.4	2.0	0.1	-	1.5	2.0	33.3%
Total revenues	\$ 157.3	\$ 163.7	\$ 6.1	\$ 6.6	\$ 163.4	\$ 170.3	4.2%
Expenses							
Instruction	\$ 97.1	\$ 99.1	-	-	\$ 97.1	\$ 99.1	2.1%
Pupil & Instructional Services	12.4	13.1	-	-	12.4	13.1	5.6%
Administrative & Business	10.7	13.0	-	-	10.7	13.0	21.5%
Maintenance & operations	10.9	11.3	-	-	10.9	11.3	3.7%
Transportation	2.3	2.7	-	-	2.3	2.7	17.4%
Other	15.4	11.7	5.8	6.1	21.2	17.8	-16.0%
Total expenses	\$ 148.8	\$ 150.9	\$ 5.8	\$ 6.1	\$ 154.6	\$ 157.0	1.6%
Increase (decrease) in net assets	8.5	12.8	0.3	0.5	8.8	13.3	

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

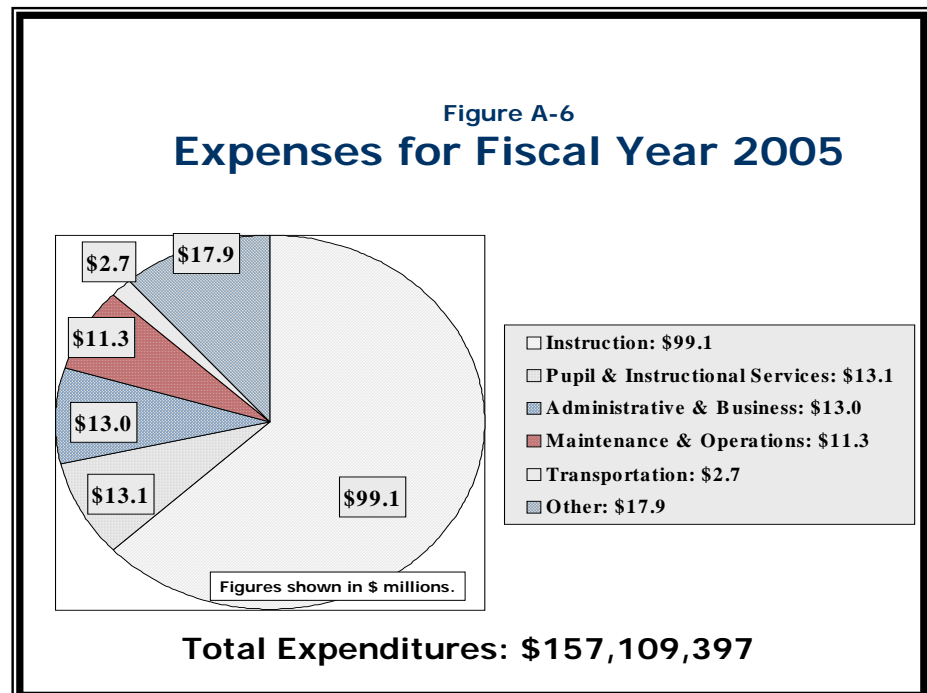
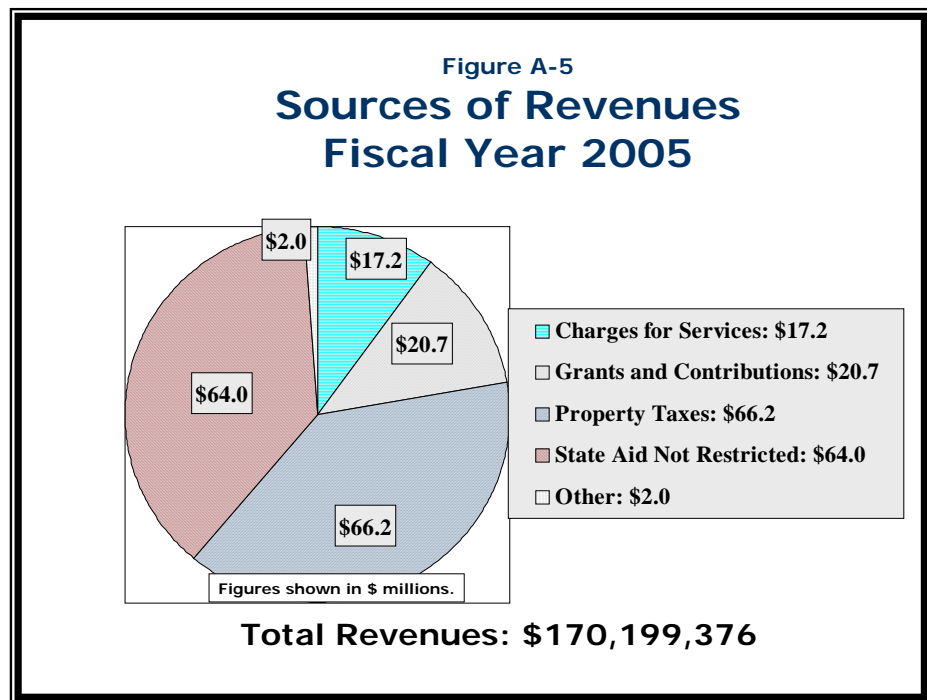
The District's Food and Nutrition Fund, which is the Business-type activity, experienced almost a doubling of net assets to \$0.5 million due in large part to increases in student meal participation which is reflected in an 8% overall increase in total revenues.

Figure A-5, shows the sources of total District revenues. Property Taxes, the largest revenue source, comprise 39% of District revenues while State Foundation Aid holds a nearly equal share at 38%. Grant revenues from Federal, State and local sources, playing an increasingly important role in funding District programs, represent 12% 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 vast majority of District resources (71%) are devoted to direct Instruction and Pupil & Instructional Services. Bond supported capital projects totaling \$2.0 million are reported in the "Other" category. Fiscal year 2005 marks the fifth complete year of the District's five year \$52.7 million capital improvements program, supported primarily by the sale of \$46 million in general obligation bonds. The "Other" category also includes \$5.2 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.

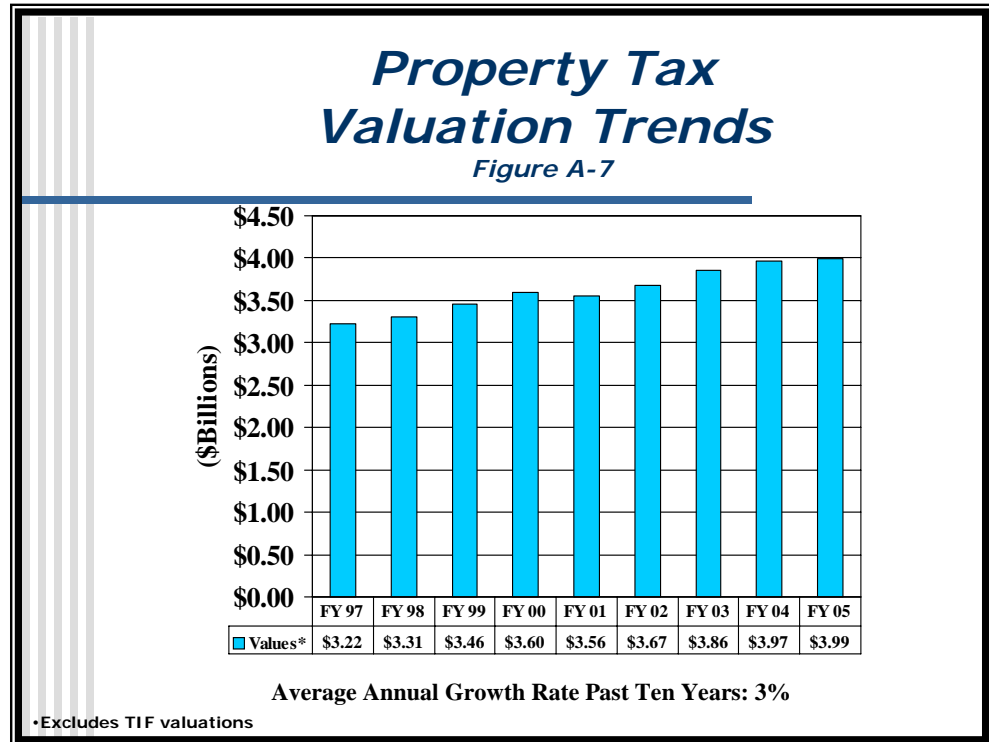
Governmental Activities

The strength of the local economy was evident as the unemployment rate decreased slightly from 4.9% to 4.7% 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 \$3.97 billion to \$3.99 for FY2005. Though the current year's



increase was slight, overall property tax valuation trends show that over the past nine years, average growth has been approximately 3 percent.

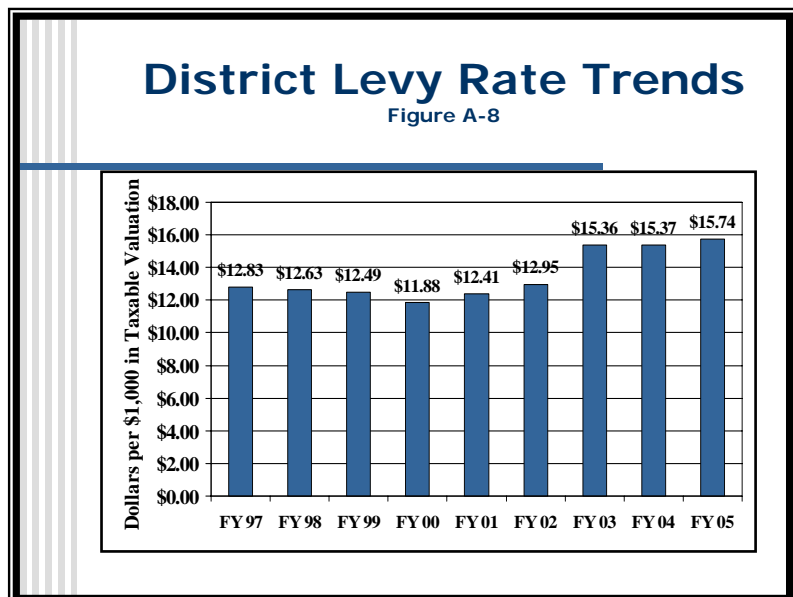
Despite the historical growth in our property tax base, which tends to mitigate increases in the tax levy rate, the overall District tax rate trends over recent years, as depicted in Figure A-8, have shown a gradual increase overall with a significant increase of over 18% between FY2002 and FY2003.



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 FY05 increased from \$15.37 to \$15.74 per \$1,000 of taxable valuation. This was due in large part to the District's reliance on the property tax funded, state 101% "budget guarantee" triggered by a 1.2% decline in "budget enrollment," an increase in health insurance costs attributed to our retirees and paid for with local property tax dollars and an increase in the

Instructional Support Levy to a funding level of 9.5%, whose increased revenues largely were supported by local property tax revenues.

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 \$151.0 million.
- Some of the cost was financed by the users of the District's programs, (\$13.8 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$17.7 million).
- Most of the District's costs (\$119.6 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$66.2 million in property taxes, \$64.0 million in unrestricted state aid based on the statewide education aid formula and investment earnings.
- Property taxes and state education aid exceeded net governmental costs by \$10.5 million, accounting for the majority of the \$12.7 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 2004-2005	Net Cost of Services		Percentage Change 2004-2005
	2004	2005		2004	2005	
Instruction	\$ 97.1	\$ 99.1	2.1%	\$ 75.6	\$ 77.1	2.0%
Pupil & Instructional Services	12.4	13.1	5.6%	12.1	12.5	3.3%
Administrative & Business	10.7	13.0	21.5%	10.7	12.9	20.6%
Maintenance & operations	10.9	11.3	3.7%	10.9	11.3	3.7%
Transportation	2.3	2.7	17.4%	2.2	2.6	18.2%
Other	15.4	11.8	-23.4%	6.1	3.3	-45.9%
Total	\$ 148.8	\$ 151.0	1.5%	\$ 117.6	\$ 119.7	1.8%

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

Business-Type Activities

Revenues of the District's business-type activities rose approximately 8% over the previous year from \$6.1 million to \$6.7 million. Charges for services totaled \$3.5 million, with operating grants and contributions (federal and state subsidies) totaling \$3.1 million. Expenses for the year increased 5% over the previous year from \$5.8 million to \$6.1 million. (Refer to Figure A-4.) At the present time, the Food and Nutrition Fund is the only fund categorized as a Business-Type Activity.

Other highlights of the Food and Nutrition Fund include:

- Students qualifying for free and reduced meals remained steady at approximately 34.5% of District students.
- A five-year equipment replacement schedule was developed.
- Designated \$145,000 specifically for equipment replacement.
- Implemented an across the board \$0.10 ticket price increase.
- Made nutrient analysis for K-5 menus available on the District's Intranet as a service for school personnel.
- Provided menus more aligned to student's diverse dietary preferences.
- Continued growth in student participation:
 - School Year 01-02 = 10,537
 - School Year 02-03 = 10,932
 - School Year 03-04 = 11,051
 - School Year 04-05 = 11,400

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 41% from \$1.03 million to \$1.46 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 \$2.62 million with total accumulated depreciation of \$2.16 million. With over 82 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.

- Total General Fund revenues increased by 4.4% from the prior period. Increases over the prior year were driven by several key factors.
- The annual increase in State "allowable growth" is funded in large part with property taxes. In FY05, due to a decline in "budget enrollment," the District benefited from the state budget guarantee, which was entirely funded by property taxes.

- An increase in the Instructional Support Levy to a funding level of 9.5%, whose increased revenues were supported primarily by local property tax revenues also contributed to increases in local taxes.
- State Foundation Aid revenues increased by 3.97% or \$2.4 million over the previous year. This increase reflects state allowable growth to the District.

Figure A-10

General Fund	FY 2005		FY 2004		
	Amount	Percent	Amount	Percent	Change
Revenues by Source					
Local Sources					
Local Taxes	\$52,293,616	36.5%	\$50,007,021	36.4%	4.57%
Tuition	5,320,560	3.7%	5,016,438	3.7%	6.06%
Student Fees and Activities	63,420	0.0%	107,869	0.1%	-41.21%
Investment Earnings	535,146	0.4%	122,948	0.1%	335.26%
Other Local Sources	4,640,532	3.2%	4,598,211	3.3%	0.92%
State Sources					
State Foundation Aid	63,294,455	44.1%	60,876,493	44.3%	3.97%
Phase I, II and III	1,465,574	1.0%	1,478,873	1.1%	-0.90%
Other State Aid	10,467,074	7.3%	10,034,165	7.3%	4.31%
Federal Sources					
Title I	2,125,602	1.5%	2,326,114	1.7%	-8.62%
Other Federal Aid	<u>3,229,347</u>	<u>2.3%</u>	<u>2,782,291</u>	<u>2.0%</u>	<u>16.07%</u>
Total Revenues	\$143,435,326	100.0%	\$137,350,423	100.0%	4.43%
Other Financing Sources	<u>60,251</u>		<u>73,077</u>		<u>-17.55%</u>
Grand Total Resources	\$143,495,577		\$137,423,500		4.42%

- Investment earnings grew significantly over the prior period at over 335%, due to a combination of improved fund reserves and increases in interest rates.

General Fund expenses by function for fiscal years 2004 and 2005 are summarized in Figure A-11, as follows:

- Total Expenditures, before "Other Financing Uses" increased by 3.47% or \$4.57 million from the previous fiscal year. During the development of the FY05 budget, the District was again faced with the prospect of another round of budget reductions because of a decline in enrollment, a low level of state allowable growth and increases in staff compensation levels beyond revenue growth. As a result, the Board of Education approved an increase in the Instructional Support Levy that added \$1.77 million in spending authority to the District's General Fund budget. This increased level of funding contributed to a corresponding growth in District expenditures. By comparison, the previous year's growth in General Fund expenditures was only 0.72%.
- A shift in funding for District counseling positions to the Instructional Support Levy to maintain support for other key instructional staff, explains the increase of 24% in Instructional Staff Support Services and a decrease of 28% in Student Support Services.

- Area Education Agency (AEA) support shows a flat funding level. This is reflective of the state's limitations placed upon AEA funding support over the past several years.
- A State of Iowa required change in accounting codes has caused Central Support Services expenditures to be recorded in the Business Services category.

Figure A-11

General Fund Expenditures by Function	FY 2005		FY 2004		Change
	Amount	Percent	Amount	Percent	
Instruction	\$91,252,850	66.85%	\$88,729,689	67.26%	2.84%
Student Support Services	3,305,725	2.42%	4,605,785	3.49%	-28.23%
Instructional Staff Support Services	9,585,545	7.02%	7,717,289	5.85%	24.21%
General Administration	1,394,156	1.02%	1,032,754	0.78%	34.99%
School Administration Services	7,569,451	5.56%	7,162,153	5.43%	5.69%
Business Services	3,408,382	2.50%	1,931,776	1.46%	76.44%
Operations and Maintenance	10,330,323	7.57%	9,976,127	7.56%	3.55%
Student Transportation	2,073,076	1.52%	1,734,064	1.31%	19.55%
Central Support Services	-	0.00%	1,483,455	1.12%	-100.00%
Community Services	2,347,160	1.73%	2,320,485	1.77%	1.15%
AEA Support - Direct to AEA	5,231,164	3.83%	5,232,029	3.97%	-0.02%
Total Expenditures	\$136,497,832	100.00%	\$131,925,606	100.00%	3.47%
Other Financing Uses	<u>336,130</u>		<u>333,480</u>		<u>0.79%</u>
Total Expenditures and Uses	\$136,833,962		\$132,259,086		3.46%

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 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 Capital Projects 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, the District experienced an increase of \$0.26 million in "Total Revenues" (excluding other financing sources) from the prior year. The following points highlight revenue changes in each fund.

- Management Fund revenue increases of over \$0.5 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 that negatively affected the fund balance.
- PPEL and Capital Project Fund revenues were largely unchanged from the previous fiscal year.
- Other Governmental Funds, which are comprised of the Activity and Debt Service Funds, saw an increase in “local” revenues of over \$0.2 million due to increased co-curricular fund raising in the Activity Fund. “Other Financing Sources” of \$1.3 million involving the Debt Service Fund, include an inter-fund transfer payment from the PPEL fund to retire a \$1 million QZAB bond and transfers from the General and Food and Nutrition Funds to pay the third installment on a five year, \$1.53 million capital loan note.

Figure A-12

**All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2005 Revenues**

<u>Revenue Source</u>	<u>Major Funds</u>				<u>Total FY 2005</u>	<u>% of Total</u>	<u>Dollar Change Previous Yr.</u>
	<u>Manage- ment</u>	<u>PPEL</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>			
Local	\$ 5,924,562	\$ 4,376,488	\$ 1,081,239	\$ 8,241,267	\$ 19,623,556	91.1%	\$ 911,809
State	4,422	3,036	-	2,810	10,268	0.0%	(5,972)
Federal	-	91,233	469,150	-	560,383	2.6%	(647,490)
Total Revenues	\$ 5,928,984	\$ 4,470,757	\$ 1,550,389	\$ 8,244,077	\$ 20,194,207		\$ 258,347
Other Financing Sources	-	1,400	-	1,334,730	1,336,130	6.2%	1,002,650
Total Revenue & Other	\$ 5,928,984	\$ 4,472,157	\$ 1,550,389	\$ 9,578,807	\$ 21,530,337	100.0%	\$ 1,260,997

Summary of Expenses

In the “All Other Governmental Funds” group, as depicted in Figure A-13, the District experienced a decrease of \$2.6 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 are relatively steady, down slightly by \$0.2 million from the previous year. The District provides, early retirement, unemployment and property-casualty-worker compensation benefits from this fund.
- PPEL Fund: Total Expenditures from the PPEL Fund for infrastructure projects was approximately \$1.5 million greater than the previous fiscal year reflecting a “spend down” of accrued reserves building over the past 4 years. In addition, the PPEL fund transferred \$1 million to the Debt Service Fund to fully repay a four year \$1 million QZAB bond.
- Capital Projects: Expenses from the Capital Projects fund declined considerably from the previous fiscal year. Expenses dropped from \$9.1 million to \$4.6 million as the District moved closer towards completion of its \$52.7 million, five year capital

improvements program. All capital projects are scheduled to be complete by the end of fiscal year 2006.

Figure A-13

**All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2005 Expenditures**

Expenditure Function	Major Funds			Other Governmental Funds	Total FY 2005	% of Total	Dollar Change Previous Yr.
	Manage- ment	PPEL	Capital Projects				
Regular instruction	\$ 2,821,106	\$ 41,420	\$ -	\$ -	\$ 2,862,526	11.1%	\$ (866,020)
Special Instruction	254,521	-	-	-	254,521	1.0%	\$ 193,113
Other instruction	-	-	-	4,065,361	4,065,361	15.8%	\$ (453,295)
Student support services	4,658	-	-	-	4,658	0.0%	\$ 600
Instructional staff support	140,379	-	-	-	140,379	0.5%	\$ 97,626
General administration services	141,355	-	-	-	141,355	0.5%	\$ 43,582
School administration services	642,164	-	-	-	642,164	2.5%	\$ 172,186
Business services	56,314	4,079	-	-	60,393	0.2%	\$ (1,595)
Operations and maintenance	868,836	137,864	-	-	1,006,700	3.9%	\$ 59,669
Student transportation	333,324	518,027	-	-	851,351	3.3%	\$ 297,924
Central services	-	-	-	-	-	0.0%	\$ (120,669)
Community services	92,645	-	-	-	92,645	0.4%	\$ 76,752
Facilities/construction	-	4,829,632	4,633,535	-	9,463,167	36.7%	\$ (3,001,739)
Debt Service Principal	-	-	-	3,105,000	3,105,000	12.0%	\$ 1,035,000
Debt Service Interest	-	-	-	2,115,993	2,115,993	8.2%	\$ (92,150)
Total Expenditures	\$ 5,355,302	\$ 5,531,022	\$ 4,633,535	\$ 9,286,354	\$ 24,806,213		\$ (2,559,016)
Other Financing Uses	-	1,000,000	-	-	1,000,000	3.9%	1,000,000
Total Expenditures & Other	\$ 5,355,302	\$ 6,531,022	\$ 4,633,535	\$ 9,286,354	\$ 25,806,213	100.0%	-\$1,559,016

- Non-Major Funds: Non-Major Funds, which are comprised of the Activity and Debt Service Funds, saw an increase in expenses of approximately \$0.5 million largely due to the year-end \$1 million QZAB bond re-payment from the Debt Service Fund. Principal and interest expenses related to the Districts \$46 million in general obligation bond debt was largely unchanged from the previous year. From this point forward, it is anticipated that the District will incur approximately \$4 million annually in principal and interest payments over the 20-year life of the general obligation bonded debt, ending in fiscal year 2021.

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 a significant increase of over \$6.6 million or 66% from the previous fiscal year. This is a result of several significant factors. First, the District made targeted reductions of approximately \$0.75 million for fiscal year 2005, in staffing and instructional equipment and materials. Secondly, the District maintained an aggressive cash reserve levy in the General Fund of \$8.0 million. And finally, 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 a decrease of approximately \$1.2 million in fund balance from the previous year. This can largely be attributed to the previously mentioned “spend down” of approximately \$2.0 million in accrued reserves that accumulated over the past four years in the PPEL fund. Management Fund reserves increased \$0.5 million, with Activity Fund reserves holding steady from the previous fiscal year.

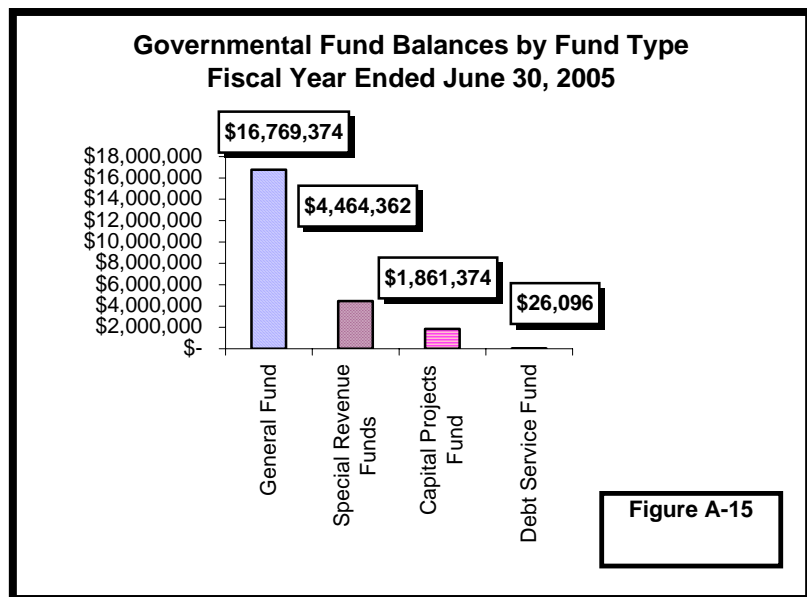
The **Capital Projects Fund** experienced a significant draw down in its fund balance. The fund’s balance was reduced by over \$3 million as capital projects expenses were paid from revenues

Figure A-14

Fund Balances	June 30, 2005	June 30, 2004	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	\$ 16,769,374	\$ 10,107,759	\$ 6,661,615	65.9%
Special Revenue Funds	4,464,362	5,682,474	(1,218,112)	-21.4%
Capital Projects Fund	1,861,374	4,944,520	(3,083,146)	-62.4%
Debt Service Fund	26,096	714	25,382	3554.9%
Total	\$ 23,121,206	\$ 20,735,467	\$ 2,385,739	11.5%

received from \$46 million in general obligation bond sales that occurred in fiscal years 2001 and 2002.

The ending balance in the Debt Service Fund is reflective of levying only the amount of local property tax necessary to pay principal and interest on the District’s \$41.23 million in general obligation bond debt outstanding.



Capital Asset and Debt Administration

Capital Assets

As indicated in Figure A-16, by the end of 2005, the District had invested, net of depreciation, \$68.6 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. This amount represents a net increase of \$7.3 million or 12 percent from last year.

This continued increase in capital assets is reflective of the many exciting new construction projects and remodeling improvements to the District’s infrastructure made possible with a voter approved \$46 million bond issue passed in December 12, 2000.

Projects completed or started during the 2005 fiscal year include:

- Geo-thermal HVAC system at McKinley Middle School (completed).
- Geo-thermal HVAC system at Wilson Middle School (in progress).

Figure A-16

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

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004-2005</u>
Land	\$8.4	\$8.4	\$0.0	\$0.0	\$8.4	\$8.4	0.0%
Construction in progress	31.3	18.8	-	-	31.3	18.8	-39.9%
Buildings	15.6	35.1	-	-	15.6	35.1	125.0%
Equipment	3.2	3.3	0.5	0.5	3.7	3.8	2.7%
Vehicles	2.3	2.5	-	-	2.3	2.5	8.7%
	\$60.8	\$68.1	\$0.5	\$0.5	\$61.3	\$68.6	11.9%

Note: totals may not add due to rounding.

The completion of the Wilson Middle School HVAC project marks the completion of the District's \$52.7 million, five year capital improvements program. In addition to these projects funded from the Capital Projects fund, which have had a significant impact on the capital assets reported on the District financial statements, the District also started a \$2.2 million Geo-thermal HVAC system at Truman Elementary School during the year. This project was completed in the fall of 2005.

The biggest change in comparing fiscal year 2005 with the previous year is in the Construction in Progress and Buildings categories. Many of the projects reported last year were construction in progress and have now been completed and re-categorized in the buildings category.

Excluding depreciation, the District has \$122.5 million in capital assets. Governmental funds account for \$119.9 million, with the remainder, \$2.6 million, in the Food and Nutrition Fund, (Business-Type Fund). More detailed information about capital assets can be found in Note 7 to the financial statements.

Long-Term Debt

At year-end, the District had \$41.86 million in general obligation bonds and other long-term debt outstanding. This represents a decrease of 7.0% over the previous fiscal year as can be seen in Figure A-17.

The District sold all \$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.

In addition, the District sold \$1 million in federal Qualified Zone Academy Bonds, (QZAB) to fund HVAC improvements at Roosevelt Middle School. QZAB bonds are federally subsidized, zero interest bonds to be repaid over a four year time period.

In accordance with GAAP, the full amount of the QZAB principal was reported throughout the life of the bonds until this year, when the bonds were fully paid. As of June 30, 2005 the District did not exceed its legal debt margin of \$209,902,198. More detailed information about long-term debt can be found in Note 9 to the financial statements.

Figure A-17

Outstanding Long-Term Debt (in millions of dollars)

	Total School District		Total Percentage Change 2004-2005
	<u>2004</u>	<u>2005</u>	
General obligation bonds & notes (financed with property taxes)	\$43.030	\$41.200	-4.3%
*QZAB bond payable	1.000	0.000	-100.0%
Capital loan payable	<u>0.940</u>	<u>0.640</u>	<u>-31.9%</u>
Total	\$44.970	\$41.840	-7.0%

Factors Bearing on the District's Future

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

- 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 190 students or 1% of total enrollment. Fortunately this past fall, the District budget enrollment increased for the second consecutive year by 64 students or 0.36% of total budget enrollment compared with the prior year increase of 36 students or 0.2% of total budget enrollment.
- In recent years, growth in employee wages and benefits has outpaced state funding to schools. For fiscal year 2006, wages and benefits for District staff increased an average of 4.75% compared to "regular program" revenue growth of 4.0%. Fortunately, growth in other key General Fund revenue sources allowed the District to balance its budget without any staff reductions. Fiscal year 2006 marked the first time in the past five budget years that staff reductions were not necessary.

- 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 for fiscal year 2006, with an increase in premiums of only three percent. This compares to a 16% increase in fiscal year 2005 and increases that have 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.
- The continued link between residential and agriculture property values in the State of Iowa for taxation purposes has 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, 2005

	Governmental Activities	Business-Type Activity	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 36,805,898	\$ 1,008,662	\$ 37,814,560
Receivables:			
Property tax:			
Delinquent	1,015,740	-	1,015,740
Succeeding year	62,276,000	-	62,276,000
Other	1,120,342	66,328	1,186,670
Due from other governments	4,294,537	51,632	4,346,169
Interfund loans	121,409	-	121,409
Inventories	207,822	130,714	338,536
Prepaid items	471,545	-	471,545
Total current assets	106,313,293	1,257,336	107,570,629
Noncurrent assets:			
Capital assets:			
Land and construction in progress	27,227,173	-	27,227,173
Depreciable assets	92,704,977	2,615,573	95,320,550
Less: accumulated depreciation	(51,819,501)	(2,162,410)	(53,981,911)
Total noncurrent assets	68,112,649	453,163	68,565,812
Total assets	174,425,942	1,710,499	176,136,441
Liabilities			
Current liabilities:			
Accounts payable and accrued items	18,657,255	36,251	18,693,506
Due to other governments	1,223,977	-	1,223,977
Interfund loans	-	121,409	121,409
Accrued interest payable	166,113	-	166,113
Unearned revenue:			
Succeeding year property tax	62,276,000	-	62,276,000
Other	1,034,855	91,801	1,126,656
Current portion of long-term obligations	6,190,969	-	6,190,969
Total current liabilities	89,549,169	249,461	89,798,630
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	44,529,188	-	44,529,188
Total noncurrent liabilities	44,529,188	-	44,529,188
Total liabilities	134,078,357	249,461	134,327,818
Net Assets			
Invested in capital assets, net of related debt	26,105,053	453,163	26,558,216
Restricted for:			
Capital projects	1,861,374	-	1,861,374
Unrestricted	12,381,158	1,007,875	13,389,033
Total net assets	\$ 40,347,585	\$ 1,461,038	\$ 41,808,623

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, 2005

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
Governmental activities:							
Instruction:							
Regular instruction	\$ 44,819,744	\$2,662,989	\$ 4,520,327	\$ -	\$ (37,636,428)	\$ -	\$ (37,636,428)
Special instruction	46,809,075	3,597,784	5,985,805	-	(37,225,486)	-	(37,225,486)
Vocational instruction	955,000	28,441	243,819	-	(682,740)	-	(682,740)
Other instruction	6,501,494	4,328,132	642,671	-	(1,530,691)	-	(1,530,691)
Total Instruction	99,085,313	10,617,346	11,392,622	-	(77,075,345)	-	(77,075,345)
Support services:							
Student services	3,310,220	-	127,856	-	(3,182,364)	-	(3,182,364)
Instructional staff services	9,805,511	319,135	-	-	(9,486,376)	-	(9,486,376)
General administration services	1,436,593	-	-	-	(1,436,593)	-	(1,436,593)
School administration services	8,142,005	-	-	-	(8,142,005)	-	(8,142,005)
Business services	3,461,843	-	-	-	(3,461,843)	-	(3,461,843)
Operations and maintenance	11,312,146	-	-	-	(11,312,146)	-	(11,312,146)
Student transportation	2,746,897	109,455	6,973	-	(2,630,469)	-	(2,630,469)
Total support services	40,215,215	428,590	134,829	-	(39,651,796)	-	(39,651,796)
Non-instructional programs:							
Community services	2,438,130	2,724,666	136	-	286,672	-	286,672
Other expenditures:							
Facilities acquisition/construction	1,953,053	-	332,544	560,383	(1,060,126)	-	(1,060,126)
Interest on long-term debt	2,108,287	-	-	-	(2,108,287)	-	(2,108,287)
AEA flowthrough	5,231,164	-	5,231,164	-	-	-	-
Total other expenditures	9,292,504	-	5,563,708	560,383	(3,168,413)	-	(3,168,413)
Total governmental activities	151,031,162	13,770,602	17,091,295	560,383	(119,608,882)	-	(119,608,882)
Business-type activities:							
Non-instructional programs:							
Food services	6,078,235	3,456,798	3,082,460	-	-	461,023	461,023
Total school district	\$ 157,109,397	\$ 17,227,400	\$ 20,173,755	\$ 560,383	(119,608,882)	461,023	(119,147,859)
General revenues:							
Taxes							
Property taxes, levied for general purposes					55,101,108	-	55,101,108
Property taxes, levied for debt service					3,886,785	-	3,886,785
Property taxes, levied for capital outlay					4,197,782	-	4,197,782
Other taxes					3,001,098	-	3,001,098
Grants not restricted to specific programs					64,003,288	-	64,003,288
Interest and investment earnings					892,596	27,292	919,888
Miscellaneous					1,124,595	3,294	1,127,889
Transfers					60,251	(60,251)	-
Total general revenues and transfers					132,267,503	(29,665)	132,237,838
Change in net assets					12,658,621	431,358	13,089,979
Net assets - beginning					27,688,964	1,029,680	28,718,644
Net assets - ending					\$ 40,347,585	\$ 1,461,038	\$ 41,808,623

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, 2005

	General	Management
Assets		
Cash and cash equivalents	\$ 25,550,000	\$ 2,768,567
Receivables:		
Property tax:		
Delinquent	792,122	95,132
Succeeding year	47,636,000	6,500,000
Other	1,082,627	15,698
Due from other governments	3,656,788	-
Due from other funds	155,823	-
Inventories--supplies and materials	207,822	-
Prepaid items	471,545	-
Total Assets	\$ 79,552,727	\$ 9,379,397
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued items	\$13,042,906	\$ 3,128,150
Due to other governments	1,223,977	-
Due to other funds	-	4,424
Unearned revenue:		
Succeeding year property tax	47,636,000	6,500,000
Other	880,470	-
Total Liabilities	62,783,353	9,632,574
Fund Balances (Deficits):		
Reserved for encumbrances	\$809,174	-
Reserved for inventories	207,822	-
Reserved for prepaid items	471,545	-
Reserved for categorical programs	13,329	-
Reserved for capital projects	-	-
Unreserved, undesignated reported in:		
General fund	15,267,504	-
Special revenue funds	-	(253,177)
Total Fund Balances (Deficits)	16,769,374	(253,177)
Total Liabilities and Fund Balances (Deficits)	\$ 79,552,727	\$ 9,379,397

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

Physical Plant and Equipment Levy	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 5,347,914	\$ 2,138,559	\$ 1,000,858	\$ 36,805,898
66,750	-	61,736	1,015,740
4,239,000	-	3,901,000	62,276,000
16,239	3,707	2,071	1,120,342
-	637,749	-	4,294,537
-	-	-	155,823
-	-	-	207,822
-	-	-	471,545
<u>\$ 9,669,903</u>	<u>\$ 2,780,015</u>	<u>\$ 4,965,665</u>	<u>\$ 106,347,707</u>
\$ 1,484,612	\$ 918,641	\$ 82,946	\$ 18,657,255
-	-	-	1,223,977
20,710	-	9,280	34,414
4,239,000	-	3,901,000	62,276,000
154,385	-	-	1,034,855
<u>5,898,707</u>	<u>918,641</u>	<u>3,993,226</u>	<u>83,226,501</u>
1,996,702	1,488,894	-	4,294,770
-	-	-	207,822
-	-	-	471,545
-	-	-	13,329
-	372,480	-	372,480
-	-	-	15,267,504
1,774,494	-	972,439	2,493,756
<u>3,771,196</u>	<u>1,861,374</u>	<u>972,439</u>	<u>23,121,206</u>
<u>\$ 9,669,903</u>	<u>\$ 2,780,015</u>	<u>\$ 4,965,665</u>	<u>\$ 106,347,707</u>



**Cedar Rapids Community School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2005**

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

Total fund balance - governmental funds	\$ 23,121,206
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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	119,932,150	
Accumulated depreciation is	<u>51,819,501</u>	68,112,649

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	41,225,000	
Accrued interest on the bonds	166,113	
Capital loans payable	635,000	
Compensated absences (vacations)	1,477,985	
Special termination benefits payable	<u>7,382,172</u>	<u>(50,886,270)</u>

Total net assets - governmental activities	<u>\$ 40,347,585</u>
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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, 2005

	General	Management	Physical Plant and Equipment Levy	Capital Projects	Other Governmental Funds	Totals (Memorandum Only)
Revenues						
Local sources:						
Local Taxes	\$ 52,293,616	\$ 5,808,554	\$ 4,197,779	\$ -	\$ 3,885,949	\$ 66,185,898
Tuition	5,320,560	-	-	-	-	5,320,560
Other local sources	5,239,098	116,008	178,709	1,081,239	4,355,318	10,970,372
State sources	75,227,103	4,422	3,036	-	2,810	75,237,371
Federal sources	5,354,949	-	91,233	469,150	-	5,915,332
Total Revenues	143,435,326	5,928,984	4,470,757	1,550,389	8,244,077	163,629,533
Expenditures						
Current:						
Instruction:						
Regular instruction	41,287,198	2,821,106	41,420	-	-	44,149,724
Special instruction	46,518,919	254,521	-	-	-	46,773,440
Vocational instruction	950,062	-	-	-	-	950,062
Other instruction	2,496,671	-	-	-	4,065,361	6,562,032
Total instruction	91,252,850	3,075,627	41,420	-	4,065,361	98,435,258
Support Services:						
Student services	3,305,725	4,658	-	-	-	3,310,383
Instruction staff services	9,585,545	140,379	-	-	-	9,725,924
General administration services	1,394,156	141,355	-	-	-	1,535,511
School administration services	7,569,451	642,164	-	-	-	8,211,615
Business services	3,408,382	56,314	4,079	-	-	3,468,775
Operations and maintenance	10,330,323	868,836	137,864	-	-	11,337,023
Student transportation	2,073,076	333,324	518,027	-	-	2,924,427
Total support services	37,666,658	2,187,030	659,970	-	-	40,513,658
Non-instructional programs:						
Community services	2,347,160	92,645	-	-	-	2,439,805
Total non-instructional programs	2,347,160	92,645	-	-	-	2,439,805
Other expenditures:						
Debt Service:						
Principal	-	-	-	-	3,105,000	3,105,000
Interest	-	-	-	-	2,115,993	2,115,993
Capital Outlay:						
Facilities acquisition	-	-	4,829,632	4,633,535	-	9,463,167
Other support services	5,231,164	-	-	-	-	5,231,164
Total other expenditures	5,231,164	-	4,829,632	4,633,535	5,220,993	19,915,324
Total Expenditures	136,497,832	5,355,302	5,531,022	4,633,535	9,286,354	161,304,045
Excess (deficiency) of revenues over expenditures	6,937,494	573,682	(1,060,265)	(3,083,146)	(1,042,277)	2,325,488
Other Financing Sources (Uses):						
Transfers in	60,251	-	1,400	-	1,334,730	1,396,381
Transfers out	(336,130)	-	(1,000,000)	-	-	(1,336,130)
	(275,879)	-	(998,600)	-	1,334,730	60,251
Net Change in Fund Balances	6,661,615	573,682	(2,058,865)	(3,083,146)	292,453	2,385,739
Fund balances (deficits) at beginning of year	10,107,759	(826,859)	5,830,061	4,944,520	679,986	20,735,467
Fund balances (deficits) at end of year	\$ 16,769,374	\$ (253,177)	\$ 3,771,196	\$ 1,861,374	\$ 972,439	\$ 23,121,206

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 Balance to the Government-wide Statement of Activities
 Year Ended June 30, 2005**

Total net change in fund balances - governmental funds **\$ 2,385,739**

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	\$ 26,696,683	
	Construction in progress completed	(17,103,053)	
	Depreciation expense	<u>(2,274,036)</u>	7,319,594

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 (\$7,382,172) was *greater than* the amounts paid (\$7,305,107) by \$77,065. Vacation earned (\$1,477,985) was *greater than* the amounts used (\$1,407,455) by \$70,530.

(147,595)

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 (\$11,823).

(11,823)

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

3,105,000

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 *decreased* by \$7,706.

7,706

Change in net assets - governmental activities

\$ 12,658,621

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



DOUBLE CHEESEBURGER	1.75
FRENCH FRIES	.75
NACHOS	1.00
COO KIES	.50
LITTLE DEBBIES	.25
HOTNESS	.60
MISTIC & TEA	1.00
CRYSTAL	.85
BEEF JERKY	.25
PRETZELS	.50 .75
CHIPS	.25 .75
SHASTA	.50
MOTT'S	.90
SW SS VALLEY ORANGE	.25
MILK D	.25

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

**Statement of Net Assets
Proprietary Fund**

As of June 30, 2005

		Business-Type Activity
		Nutrition Services
Assets		
Current Assets:		
Cash and cash equivalents	\$	1,008,662
Other receivables		66,328
Due from other governments		51,632
Inventories - supplies and materials		130,714
Total current assets		1,257,336
Noncurrent Assets:		
Furniture and equipment (net)		453,163
Total assets		1,710,499
Liabilities		
Current Liabilities:		
Accounts payable and accrued items		36,251
Due to other funds		121,409
Unearned revenue		91,801
Total liabilities		249,461
Net Assets		
Invested in capital assets		453,163
Unrestricted		1,007,875
Total net assets	\$	1,461,038

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, 2005

	Business-Type Activity
	Nutrition Services
Operating revenues:	
Local sources	\$ 3,460,092
Total operating revenues:	3,460,092
Operating expenses:	
Payroll costs	2,965,811
Purchased services	141,123
Supplies and materials	2,885,888
Depreciation	85,413
Total operating expenses	6,078,235
Operating loss	(2,618,143)
Nonoperating revenues:	
State sources	76,937
Federal sources	3,005,523
Interest income	27,292
Total nonoperating revenues	3,109,752
Income before transfers	491,609
Transfers out	(60,251)
Change in net assets	431,358
Net assets beginning of year	1,029,680
Net assets end of year	\$ 1,461,038

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, 2005

	Business-Type Activity
	Nutrition Services
Cash Flows from Operating Activities:	
Cash received from sale of lunches and breakfasts	\$ 3,141,816
Cash received from services	228,113
Cash received from miscellaneous operating activities	49,832
Cash payments to employees for services	(2,967,207)
Cash payments to suppliers for good and services	(2,663,526)
Cash payments for other operating expenses	(2,251)
Net cash used in operating activities	(2,213,223)
Cash Flows from Non-Capital Financing Activities:	
State lunch and breakfast reimbursements	76,937
Federal lunch and breakfast reimbursements	2,651,847
Transfers to other funds	(60,251)
Net cash provided by non-capital financing activities	2,668,533
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(15,888)
Cash Flows from Investing Activities:	
Interest on investments	27,292
Net increase in cash and cash equivalents	466,714
Cash and cash equivalents at beginning of year	541,948
Cash and cash equivalents at end of year	\$ 1,008,662
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,618,143)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	85,413
Commodities consumed	353,542
Changes in assets and liabilities:	
Decrease in receivables, net	(42,897)
Increase in inventories	7,263
Decrease in accounts payable and accrued expenses	(1,106)
Increase in due to other funds	139
Decrease in deferred revenues	2,566
Net cash used in operating activities	\$ (2,213,223)
Non-Cash Investing, Capital and Financing Activities:	
During the year ended June 30, 2005, the District received federal commodities valued at \$236,199 during the year.	

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, 2005

	Agency Fund
Assets:	
Cash	\$ 39,502
Total Assets	\$ 39,502
 Liabilities:	
Accounts payable	\$ 39,502
Total Liabilities	\$ 39,502

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, 2005

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 17,837. 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.

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

B. 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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund 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. *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 support.

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*.

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. Fiduciary fund financial statements for the District's agency fund apply the accrual basis of accounting but do not involve a measurement focus, since it is custodial in nature. 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 met.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, interest revenue, tuition from other districts and state foundation aid are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The *capital projects fund* is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The government reports the following major proprietary fund:

The *nutrition 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 government 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 nutrition enterprise fund are charges to customers for meals. Operating expenses for enterprise funds include the cost of sales and

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Cash, Cash Equivalents and Investments

The District considers cash on hand, demand deposits and certificates of deposits with original maturities of three months or less from the date of acquisition to be cash equivalents. Investments are stated at fair value.

F. Property Taxes Receivable

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004. Linn County bills and collects property taxes for the District with monthly collections remitted to the District before the 15th of the month following collection.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

G. Short-Term Interfund Receivable/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, 2005, 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.

H. Elimination and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of net activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

I. 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 Fund are valued at the lower of cost (first-in, first-out) or market for purchased items and the contributed value for government commodities. At June 30, 2005, government commodities valued at \$87,009 were on hand.

J. Capital Assets

Capital assets, which included property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

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. Land is not depreciated. 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

During the year ended June 30, 2005, no interest costs were capitalized since the District's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

K. 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.

L. Unearned Revenue

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

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

M. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. Compensated absences are accrued when incurred in the Government-wide and proprietary fund financial statements. A liability for these amounts, including FICA and IPERS, is reported in governmental funds only if they are matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are liquidated by the general fund.

N. Long-Term Liabilities

In the Government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Restricted Net Assets

For 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;
- Imposed by law through constitutional provisions or enabling legislation.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies (continued)

P. Fund Balances of Fund Financial Statements

Reservations of fund balances for encumbrances, inventories, prepaid items, categorical programs and long-term notes receivable represent amounts that are not available for appropriation.

Q. Interfund Transactions

Interfund services provided and used are accounted for as revenues in the "selling" fund and expenditures in the "purchasing" fund. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

2. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

3. Deposits and Investments

The District's deposits in banks at June 30, 2005 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 savings accounts in 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.

During the year ended June 30, 2005, the District invested primarily in savings accounts, which are considered cash equivalents.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

3. Deposits and Investments (continued)

At June 30, 2005, the District also had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Fixed Term Flexible Withdrawal Certificate of Deposit – deposited with Wells Fargo Bank NA	<u>\$ 2,000,000</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

Credit risk - The investment with Wells Fargo Bank through the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

4. 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, 2005:

Tuition from other districts	\$1,900,682
IDEA part B grant	489,163
Title I program	382,430
Non-public transportation	302,939
Foster care/district court claim	243,788
Perkins grant	153,034
Other	184,752
	<u>\$3,656,788</u>

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

5. Interfund Receivables and Payables

As of June 30, 2005 interfund receivables and payables were as follows:

	Receivables	Payables
General	\$ 155,823	\$ -
Management	-	4,424
Physical Plant and Equipment	-	20,710
Student Activity	-	9,280
Subtotal – Governmental Funds	155,823	34,414
Food & Nutrition	-	121,409
Total All Funds	\$ 155,823	\$ 155,823

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, 2006.

6. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
General	Food & Nutrition Fund	\$ 60,251
Physical Plant and Equipment Levy	General	1,400
Debt Service Fund	Physical Plant and Equipment Levy	1,000,000
Debt Service Fund	General	334,730
		\$ 1,396,381

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, 2005

7. Capital Assets

Capital asset balances and activity for the year ended June 30, 2005 were as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,367,636	\$ 61,709	\$ -	\$ 8,429,345
Construction in progress	31,285,654	4,615,227	(17,103,053)	18,797,828
Total capital assets, not being depreciated	<u>39,653,290</u>	<u>4,676,936</u>	<u>(17,103,053)</u>	<u>27,227,173</u>
Capital assets, being depreciated:				
Buildings and improvements	48,124,320	20,660,158	-	68,784,478
Furniture and equipment	16,038,856	685,178	(572,784)	16,151,250
Vehicles	7,492,455	674,411	(397,617)	7,769,249
Total capital assets being depreciated	<u>71,655,631</u>	<u>22,019,747</u>	<u>(970,401)</u>	<u>92,704,977</u>
Less accumulated depreciation for:				
Buildings and improvements	32,569,882	1,089,433	-	33,659,315
Furniture and equipment	12,794,196	666,696	(565,285)	12,895,607
Vehicles	5,139,965	517,907	(393,293)	5,264,579
Total accumulated depreciation	<u>50,504,043</u>	<u>2,274,036</u>	<u>(958,578)</u>	<u>51,819,501</u>
Total capital assets, being depreciated, net	<u>21,151,588</u>	<u>19,745,711</u>	<u>(11,823)</u>	<u>40,885,476</u>
Governmental activities capital assets, net	<u>\$ 60,804,878</u>	<u>\$ 24,422,647</u>	<u>\$ (17,114,876)</u>	<u>\$ 68,112,649</u>
Business-type activities:				
Furniture and equipment	\$ 2,601,084	\$ 15,888	\$ (1,399)	\$ 2,615,573
Less accumulated depreciation:	2,078,396	85,413	(1,399)	2,162,410
Business-type activities capital assets, net	<u>\$ 522,688</u>	<u>\$ (69,525)</u>	<u>\$ -</u>	<u>\$ 453,163</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,464,938
Instructional staff services	217,756
General administration services	4,402
School administration services	2,112
Business services	46,455
Operations & maintenance	109,314
Student transportation	405,643
Central services	23,416
Total	<u>\$ 2,274,036</u>

During 1995, the District completed an inventory of its capital assets, including the property and equipment held by the School Nutrition 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, 2005

8. Anticipatory Warrants Payable

The District issued \$5,000,000 in general obligation anticipatory warrants dated July 1, 2005 and payable on June 30, 2006, with a stated interest rate of 3.75%.

9. Bonded and Other Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2005 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 43,025,000	\$ -	\$(1,800,000)	\$ 41,225,000	\$ 1,900,000
QZAB bond payable	1,000,000	-	(1,000,000)	-	-
Other liabilities:					
Compensated absences	1,407,455	1,477,985	(1,407,455)	1,477,985	1,477,985
Early retirement pay	7,305,107	3,334,138	(3,257,073)	7,382,172	2,502,984
Capital loan payable	940,000	-	(305,000)	635,000	310,000
Total long-term liabilities	<u>\$ 53,677,562</u>	<u>\$ 4,812,123</u>	<u>\$(7,769,528)</u>	<u>\$ 50,720,157</u>	<u>\$ 6,190,969</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, 2005

9. 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, 2005 totaled \$3,257,073, of which the Management Fund paid \$3,113,471 and the General Fund paid \$143,602. 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, 2005

9. Bonded and Other Long-Term Liabilities (continued)

Bonded Debt

Details of the District's June 30, 2005 bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 2,210,000	\$ 2,021,043	\$ 4,231,043
2007	2,250,000	1,922,088	4,172,088
2008	2,050,000	1,820,863	3,870,863
2009	2,075,000	1,724,238	3,799,238
2010	2,200,000	1,626,125	3,826,125
2011-2015	12,575,000	6,447,450	19,022,450
2016-2020	15,700,000	3,113,700	18,813,700
2021	2,800,000	140,000	2,940,000
Totals	<u>\$41,860,000</u>	<u>\$18,815,507</u>	<u>\$60,675,507</u>

As of June 30, 2005 the District did not exceed its legal debt margin of \$209,902,198.

10. 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, 2005, 2004 and 2003 were \$5,601,896, \$5,552,662 and \$5,694,142 respectively, equal to the required contribution for each year.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

11. 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 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, 2005 the District recognized \$140,664 in expenditures for 22 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, 2005, the District recognized \$1,131,329 in expenditures for 247 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

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

11. Post-Employment Benefits Other Than Pension Benefits (continued)

employment covered by a health insurance program or dies. For the year ended June 30, 2005 the District recognized \$11,405 in expenditures for 2 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, 2005 the District recognized \$59,334 in expenditures for 19 former employees.

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, 2005, 24 administrators had qualified under this provision, with the District recognizing \$4,293 in expenditures.

12. Construction Contractual Commitments

Total outstanding contractual commitments for construction projects at June 30, 2005 for the Physical, Plant and Equipment Fund was \$913,926 and for the Capital Projects Fund was \$953,910.

13. 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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

14. 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 \$5,231,164 for the year ended June 30, 2005. The District's budgeted and actual share is included in these financial statements.

15. Deficit Fund Equity

The Management Special Revenue Fund had a deficit fund balance of \$253,177 as of June 30, 2005. The deficit relates to early retirement benefits for teachers and administrators retiring at the end of the 2004-2005 school year that are recorded on the accrual basis, but paid in the following year. Local property taxes have been increased in fiscal year 2006 to fund these costs.

16. New Pronouncements

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, during the year ended June 30, 2005. This statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This statement also establishes and modifies disclosure requirements for deposit risks.

As of June 30, 2005, 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. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, issued November 2003, will be effective for the District beginning with its year ending 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.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2005

16. New Pronouncements (continued)

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. 44, Economic Condition Reporting: The Statistical Section, issued in May 2004, will be effective for the District beginning with its year ending 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.

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 for the General Fund

For the Year Ended June 30, 2005

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Taxes	\$ 52,451,079	\$ 52,451,079	\$ 52,293,616	\$ -	\$ (157,463)
Tuition	5,353,000	5,205,000	5,320,560	(148,000)	115,560
Other local sources	4,304,229	5,157,628	5,239,098	853,399	81,470
State sources	75,306,522	75,717,713	75,227,103	411,191	(490,610)
Federal sources	5,040,330	6,368,210	5,354,949	1,327,880	(1,013,261)
Total revenues	142,455,160	144,899,630	143,435,326	2,444,470	(1,464,304)
Expenditures:					
Instruction:					
Regular instruction	43,324,115	41,764,473	41,287,198	1,559,642	477,275
Special instruction	46,406,920	48,056,099	46,518,919	(1,649,179)	1,537,180
Vocational instruction	948,908	947,011	950,062	1,897	(3,051)
Other instruction	2,332,894	2,460,023	2,496,671	(127,129)	(36,648)
Total instruction	93,012,837	93,227,606	91,252,850	(214,769)	1,974,756
Support Services:					
Student services	3,428,154	3,447,354	3,305,725	(19,200)	141,629
Instructional staff services	9,623,429	10,521,082	9,585,545	(897,653)	935,537
General administration services	1,241,160	1,109,261	1,394,156	131,899	(284,895)
Building administration services	7,516,014	7,450,689	7,569,451	65,325	(118,762)
Business services	3,892,666	3,894,550	3,408,382	(1,884)	486,168
Operations and maintenance	10,692,332	10,327,698	10,330,323	364,634	(2,625)
Student transportation	2,185,616	2,019,853	2,073,076	165,763	(53,223)
Total support services	38,579,371	38,770,487	37,666,658	(191,116)	1,103,829
Non-instructional programs:					
Community services	2,322,464	2,454,905	2,347,160	(132,441)	107,745
Other expenditures:					
Other support services	5,231,164	5,231,164	5,231,164	-	-
Total expenditures	139,145,836	139,684,162	136,497,832	(538,326)	3,186,330
Excess (deficiency) of revenues over expenditures	3,309,324	5,215,468	6,937,494	1,906,144	1,722,026
Other Financing Sources (uses):					
Sale of assets	7,000	7,000	-	-	(7,000)
Transfers in	-	-	60,251	-	60,251
Transfers out	(274,151)	(274,151)	(336,130)	-	(61,979)
Total other financing sources (uses)	(267,151)	(267,151)	(275,879)	-	(8,728)
Net change in fund balances	3,042,173	4,948,317	6,661,615	1,906,144	1,713,298
Fund balance--Beginning	10,107,759	10,107,759	10,107,759	-	-
Fund balance--Ending	\$ 13,149,932	\$ 15,056,076	\$ 16,769,374	\$ 1,906,144	\$ 1,713,298

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Management Fund

For the Year Ended June 30, 2005

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 5,835,000	\$ 5,835,000	\$ 5,808,554	\$ -	\$ (26,446)
Other local sources	10,000	10,000	116,008	-	106,008
State sources	4,000	4,000	4,422	-	422
Total revenues	<u>5,849,000</u>	<u>5,849,000</u>	<u>5,928,984</u>	<u>-</u>	<u>79,984</u>
Expenditures:					
Instruction:					
Regular instruction	4,356,610	3,322,217	2,821,106	1,034,393	501,111
Special instruction	-	-	254,521	-	(254,521)
Total instruction	<u>4,356,610</u>	<u>3,322,217</u>	<u>3,075,627</u>	<u>1,034,393</u>	<u>246,590</u>
Support Services:					
Student services	-	-	4,658	-	(4,658)
Instructional staff services	-	-	140,379	-	(140,379)
General administration services	245,991	309,491	141,355	(63,500)	168,136
Building administration services	258,780	258,780	642,164	-	(383,384)
Business services	-	-	56,314	-	(56,314)
Operations and maintenance	672,710	704,710	868,836	(32,000)	(164,126)
Student transportation	203,013	198,013	333,324	5,000	(135,311)
Total support services	<u>1,380,494</u>	<u>1,470,994</u>	<u>2,187,030</u>	<u>(90,500)</u>	<u>(716,036)</u>
Non-instructional programs					
Community services	108,896	108,896	92,645	-	16,251
Total non-instructional programs	<u>108,896</u>	<u>108,896</u>	<u>92,645</u>	<u>-</u>	<u>16,251</u>
Total expenditures	<u>5,846,000</u>	<u>4,902,107</u>	<u>5,355,302</u>	<u>943,893</u>	<u>(453,195)</u>
Net change in fund balances	3,000	946,893	573,682	(943,893)	533,179
Fund balance--Beginning	(826,859)	(826,859)	(826,859)	-	-
Fund balance--Ending	<u>\$ (823,859)</u>	<u>\$ 120,034</u>	<u>\$ (253,177)</u>	<u>\$ 943,893</u>	<u>\$ (373,211)</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Physical Plant and Equipment Levy Fund

For the Year Ended June 30, 2005

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 4,221,043	\$ 4,221,043	\$ 4,197,779	\$ -	\$ (23,264)
Other local sources	157,000	157,000	178,709	-	21,709
State sources	3,000	3,000	3,036	-	36
Federal sources	-	-	91,233	-	91,233
Total revenues	<u>4,381,043</u>	<u>4,381,043</u>	<u>4,470,757</u>	<u>-</u>	<u>89,714</u>
Expenditures:					
Instruction:					
Regular instruction	-	-	41,420	-	(41,420)
Total instruction	<u>-</u>	<u>-</u>	<u>41,420</u>	<u>-</u>	<u>(41,420)</u>
Support Services:					
Business services	-	-	4,079	-	(4,079)
Operations and maintenance	-	-	137,864	-	(137,864)
Student transportation	636,000	636,000	518,027	-	117,973
Total support services	<u>636,000</u>	<u>636,000</u>	<u>659,970</u>	<u>-</u>	<u>(23,970)</u>
Other expenditures:					
Capital outlay:					
Facilities acquisition	3,475,409	3,475,409	4,829,632	-	(1,354,223)
Total other expenditures	<u>3,475,409</u>	<u>3,475,409</u>	<u>4,829,632</u>	<u>-</u>	<u>(1,354,223)</u>
Total expenditures	<u>4,111,409</u>	<u>4,111,409</u>	<u>5,531,022</u>	<u>-</u>	<u>(1,419,613)</u>
Excess (deficiency) of revenues over expenditures	<u>269,634</u>	<u>269,634</u>	<u>(1,060,265)</u>	<u>-</u>	<u>(1,329,899)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	1,400	-	1,400
Transfers out	(219,000)	(219,000)	(1,000,000)	-	(781,000)
	<u>(219,000)</u>	<u>(219,000)</u>	<u>(998,600)</u>	<u>-</u>	<u>(779,600)</u>
Net change in fund balances	50,634	50,634	(2,058,865)	-	(2,109,499)
Fund balance--Beginning	5,830,061	5,830,061	5,830,061	-	-
Fund balance--Ending	<u>\$ 5,880,695</u>	<u>\$ 5,880,695</u>	<u>\$ 3,771,196</u>	<u>\$ -</u>	<u>\$ (2,109,499)</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Capital Projects Fund

For the Year Ended June 30, 2005

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Other local sources	\$ 500,000	\$ 500,000	\$ 1,081,239	\$ -	\$ 581,239
Federal sources	-	-	469,150	-	469,150
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>1,550,389</u>	<u>-</u>	<u>1,050,389</u>
Expenditures:					
Other expenditures:					
Capital outlay:					
Facilities acquisition	3,701,486	3,774,459	4,633,535	(72,973)	(859,076)
Net change in fund balances	(3,201,486)	(3,274,459)	(3,083,146)	72,973	1,909,465
Fund balance--Beginning	4,944,520	4,944,520	4,944,520	-	-
Fund balance--Ending	<u>\$ 1,743,034</u>	<u>\$ 1,670,061</u>	<u>\$ 1,861,374</u>	<u>\$ (72,973)</u>	<u>\$ 191,313</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Student Activity Fund

For the Year Ended June 30, 2005

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Other local sources	\$ 3,980,000	\$ 3,980,000	\$ 4,332,432	\$ -	\$ 352,432
Total revenues	<u>3,980,000</u>	<u>3,980,000</u>	<u>4,332,432</u>	<u>-</u>	<u>352,432</u>
Expenditures:					
Instruction:					
Other instruction	4,000,000	4,000,000	4,065,361	-	(65,361)
Net change in fund balances	(20,000)	(20,000)	267,071	-	417,793
Fund balance--Beginning	679,272	679,272	679,272	-	-
Fund balance--Ending	<u>\$ 659,272</u>	<u>\$ 659,272</u>	<u>\$ 946,343</u>	<u>\$ -</u>	<u>\$ 287,071</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Debt Service Fund

For the Year Ended June 30, 2005

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 3,895,463	\$ 3,895,463	\$ 3,885,949	\$ -	\$ (9,514)
Other local sources	-	-	22,886	-	22,886
State sources	-	-	2,810	-	2,810
Total revenues	<u>3,895,463</u>	<u>3,895,463</u>	<u>3,911,645</u>	<u>-</u>	<u>16,182</u>
Expenditures:					
Other expenditures:					
Debt service:					
Principal	2,324,000	2,324,000	3,105,000	-	(781,000)
Interest	2,114,793	2,114,793	2,115,993	-	(1,200)
Total expenditures	<u>4,438,793</u>	<u>4,438,793</u>	<u>5,220,993</u>	<u>-</u>	<u>(782,200)</u>
Excess (deficiency) of revenues over expenditures	<u>(543,330)</u>	<u>(543,330)</u>	<u>(1,309,348)</u>	<u>-</u>	<u>(766,018)</u>
Other Financing Sources (Uses):					
Transfers in	553,330	553,330	1,334,730	-	781,400
	<u>553,330</u>	<u>553,330</u>	<u>1,334,730</u>	<u>-</u>	<u>781,400</u>
Net change in fund balances	10,000	10,000	25,382	-	(766,018)
Fund balance--Beginning	714	714	714	-	-
Fund balance--Ending	<u>\$ 10,714</u>	<u>\$ 10,714</u>	<u>\$ 26,096</u>	<u>\$ -</u>	<u>\$ 15,382</u>

Cedar Rapids Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2005

The Board of Directors annually adopts a budget on a basis consistent with generally accepted accounting principles. In accordance with the code of Iowa, annual budgets are adopted for the General, Management, Student Activity, Physical Plant and Equipment, Capital Projects, Debt Service and School Nutrition Funds as a whole. 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 2004-05 Budget document. The 2004-05 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 2004-2005, amendments increased the instructional functional area by \$2,583,801, total support services by \$3,886,201 and the non-instructional programs by \$1,181,615. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures was increased by \$2,628,864 for facilities construction costs. The budgetary data presented in the required supplementary information reflect all approved budget amendments. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

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. These four functional areas are instruction, support services, non-instructional programs and other expenditures.

Cedar Rapids Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2005

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. During the year, expenditures in each of these four functional categories did not exceed the certified budget.

The following is a comparison of the certified budget with the actual results for the year ended June 30, 2005:

	Certified Budget	Actual	Variance- Favorable (Unfavorable)
Expenditures:			
Instruction	\$102,781,350	\$ 98,435,258	\$ 4,346,092
Support Services	45,075,853	40,513,658	4,562,195
Non-instructional Programs	9,201,079	8,518,040	683,039
Other Expenditures	19,919,825	19,915,324	4,501
Total Expenditures	\$176,978,107	\$167,382,280	\$ 9,595,827

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the functional area level for all funds combined rather than at the individual fund level. Management can transfer within functional area, within fund type, without approval of the governing body. It is necessary, therefore, to aggregate the expenditures of the budgeted activities within the governmental funds on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with the budget. In addition, the School Nutrition Enterprise Fund is included in the certified budget figures but not in the budgetary comparison schedules, which includes only governmental fund types.

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 \$809,174 in the General Fund, \$1,996,702 in the Physical Plant and Equipment Levy Fund and \$1,488,894 in the Capital Projects Fund were carried forward to fiscal year 2005-2006.

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, 2005

	Actual
Revenues:	
Local sources:	
Property taxes	\$ 46,530,373
Utility tax replacement excise tax	2,762,177
Income surtax	3,001,098
Tuition	5,351,717
Transportation	106,057
Investment earnings	535,147
Student activities	35,661
Fees and rents	765,490
Sales of services	3,365,874
Other	399,680
Total local sources	62,853,274
 State sources:	
Foundation aid	63,294,455
Instructional support	417,275
Educational excellence program	1,465,574
AEA flowthrough	5,231,164
Nonpublic aid	642,671
Iowa Early Intervention Block grant	1,156,877
At-risk grants	995,556
Miscellaneous state grants	1,985,987
Other	37,544
Total state sources	75,227,103
 Federal sources:	
Title I grants	2,125,602
Title V grants	100,077
Carl Perkins grant	207,291
Class size reduction	379,032
Individuals with Disabilities Education Act	978,325
Medicaid direct reimbursement	502,026
Medicaid administration (time study)	127,856
Other	934,740
Total federal sources	5,354,949
Total revenues	143,435,326

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2005

	<u>Actual</u>
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 34,499,156
Employee benefits	11,564,566
Purchased services	2,968,662
Supplies	1,204,979
Capital outlay	536,690
Other	(9,486,855)
	<u>41,287,198</u>
Special education:	
Salaries	16,587,525
Employee benefits	4,795,486
Purchased services	3,299,031
Supplies	397,100
Capital outlay	193,459
Other	9,778,126
	<u>35,050,727</u>
Other special instruction:	
Salaries	6,974,300
Employee benefits	2,041,352
Purchased services	601,784
Supplies	454,066
Capital outlay	48,408
Other	1,348,282
	<u>11,468,192</u>
Vocational instruction:	
Salaries	617,521
Employee benefits	195,667
Purchased services	28,245
Supplies	42,075
Capital outlay	54,967
Other	11,587
	<u>950,062</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2005

	<u>Actual</u>
Co-curricular instruction:	
Salaries	\$ 1,743,087
Employee benefits	237,921
Purchased services	180,473
Supplies	17,232
Capital outlay	1,711
Other	107,805
	<u>2,288,229</u>
Nonpublic instruction:	
Purchased services	160,887
Supplies	47,555
	<u>208,442</u>
Total instruction	<u>91,252,850</u>
Support services:	
Guidance services:	
Salaries	988,440
Employee benefits	737,081
Purchased services	936
Supplies	2,560
	<u>1,729,017</u>
Health services:	
Salaries	1,024,574
Employee benefits	349,507
Purchased services	69,128
Supplies	26,534
Capital outlay	5,133
Other	880
	<u>1,475,756</u>
Other student services:	
Salaries	89,567
Employee benefits	11,385
	<u>100,952</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2005

	<u>Actual</u>
Improvement of instruction:	
Salaries	\$ 3,339,961
Employee benefits	897,535
Purchased services	553,556
Supplies	1,324,204
Capital outlay	200,082
Other	15,141
	<u>6,330,479</u>
Educational media:	
Salaries	2,083,687
Employee benefits	655,144
Purchased services	318,011
Supplies	153,324
Capital outlay	41,043
Other	3,857
	<u>3,255,066</u>
Board of education:	
Purchased services	136,245
Supplies	2,091
Other	24,953
	<u>163,289</u>
Executive administration:	
Salaries	788,109
Employee benefits	286,332
Purchased services	83,395
Supplies	38,413
Capital outlay	24,750
Other	9,868
	<u>1,230,867</u>

(continued)

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2005

	<u>Actual</u>
School administration:	
Salaries	\$ 5,565,438
Employee benefits	1,767,654
Purchased services	133,190
Supplies	60,805
Capital outlay	19,587
Other	22,777
	<u>7,569,451</u>
Business administration:	
Salaries	2,179,668
Employee benefits	663,776
Purchased services	223,780
Supplies	402,283
Capital outlay	42,915
Other	(104,040)
	<u>3,408,382</u>
Operation & maintenance:	
Salaries	5,543,191
Employee benefits	2,026,031
Purchased services	793,789
Supplies	2,041,389
Capital outlay	65,732
Other	(139,809)
	<u>10,330,323</u>
Student transportation:	
Salaries	2,544,677
Employee benefits	437,140
Purchased services	68,811
Supplies	419,202
Capital outlay	9,641
Other	(1,406,395)
	<u>2,073,076</u>
Total support services	<u>37,666,658</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2005

	<u>Actual</u>
Non-instructional programs:	
Community service:	
Salaries	\$ 1,992,780
Employee benefits	354,245
Supplies	135
Total non-instructional programs	<u>2,347,160</u>
Other expenditures:	
AEA flow-through	5,231,164
Total expenditures	<u>136,497,832</u>
Excess of revenues over expenditures	<u>6,937,494</u>
Other financing sources (uses):	
Transfers in	60,251
Transfers out	(336,130)
	<u>(275,879)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	6,661,615
Fund balance beginning of year	<u>10,107,759</u>
Fund balance end of year	<u>\$ 16,769,374</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.

Debt Service Funds

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2005

	Special Revenue - Student Activity	Debt Service	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,000,858	\$ -	\$ 1,000,858
Receivables:			
Property tax - current year delinquent	-	61,736	61,736
Property tax - succeeding year	-	3,901,000	3,901,000
Other	2,071	-	2,071
Total Assets	<u>\$ 1,002,929</u>	<u>\$ 3,962,736</u>	<u>\$ 4,965,665</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued items	\$ 47,306	\$ 35,640	\$ 82,946
Due to other funds	9,280	-	9,280
Unearned revenue:			
Succeeding year property tax	-	3,901,000	3,901,000
Total Liabilities	<u>56,586</u>	<u>3,936,640</u>	<u>3,993,226</u>
Fund Balances:			
Unreserved and undesignated	<u>946,343</u>	<u>26,096</u>	<u>972,439</u>
Total Fund Balances	<u>946,343</u>	<u>26,096</u>	<u>972,439</u>
Total Liabilities and Fund Balances	<u>\$ 1,002,929</u>	<u>\$ 3,962,736</u>	<u>\$ 4,965,665</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, 2005

	Special Revenue - Student Activity	Debt Service	Total Non-major Governmental Funds
Revenues:			
Local sources:			
Property tax	\$ -	\$ 3,885,949	\$ 3,885,949
Other local sources	4,332,432	22,886	4,355,318
State sources	-	2,810	2,810
Total Revenues	<u>4,332,432</u>	<u>3,911,645</u>	<u>8,244,077</u>
Expenditures:			
Current:			
Other instruction	4,065,361	-	4,065,361
Debt service:			
Principal		3,105,000	3,105,000
Interest	-	2,115,993	2,115,993
Total Expenditures	<u>4,065,361</u>	<u>5,220,993</u>	<u>9,286,354</u>
Excess (Deficiency) of Revenues over (under) Expenditures	267,071	(1,309,348)	(1,042,277)
Other Financing Sources:			
Transfers in	-	1,334,730	1,334,730
Net Changes in Fund Balances	267,071	25,382	292,453
Fund Balances at Beginning of Year	<u>679,272</u>	<u>714</u>	<u>679,986</u>
Fund Balances at End of Year	<u>\$ 946,343</u>	<u>\$ 26,096</u>	<u>\$ 972,439</u>

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, 2005

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash	\$ 36,015	52,797	(49,310)	\$ 39,502
Total assets	<u>\$ 36,015</u>	<u>52,797</u>	<u>(49,310)</u>	<u>\$ 39,502</u>
 Liabilities:				
Accounts payable	\$ 36,015	52,797	(49,310)	\$ 39,502
Total liabilities	<u>\$ 36,015</u>	<u>52,797</u>	<u>(49,310)</u>	<u>\$ 39,502</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, 2005

Capital Assets:

Land	\$ 8,429,345
Construction in progress	18,797,828
Buildings and improvements	68,784,478
Equipment	16,151,250
Vehicles	7,769,249
Total capital assets	<u>\$ 119,932,150</u>

Investment in capital assets by source:

General fund	\$ 12,264,128
Special revenue funds	12,642,198
Capital projects funds	95,025,824
Total investment in capital assets	<u>\$ 119,932,150</u>

Cedar Rapids Community School District

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

Year ended June 30, 2005

Function	Capital Assets July 1, 2004	Additions	Disposals	Capital Assets June 30, 2005
Instruction	\$ 98,962,544	\$ 25,764,901	\$ 17,395,256	\$ 107,332,189
Pupil Transportation	7,228,373	591,681	350,597	7,469,457
Maintenance	1,497,860	183,352	47,020	1,634,192
Administration	3,620,144	156,749	280,581	3,496,312
Total Capital Assets	<u>\$ 111,308,921</u>	<u>\$ 26,696,683</u>	<u>\$ 18,073,454</u>	<u>\$ 119,932,150</u>

Cedar Rapids Community School District

**Schedule of Capital Assets -
By Function**

June 30, 2005

Function	Land	Construction in Progress	Buildings and Improvements	Equipment	Vehicles	Total
Instruction	\$ 7,703,781	\$ 18,797,828	\$ 68,007,674	\$ 12,446,356	\$ 376,550	\$ 107,332,189
Pupil Transportation	571,504	0	333,800	231,979	6,332,174	7,469,457
Maintenance	96,144	0	83,280	475,282	979,486	1,634,192
Administration	57,916	0	359,724	2,997,633	81,039	3,496,312
	<u>\$ 8,429,345</u>	<u>\$ 18,797,828</u>	<u>\$ 68,784,478</u>	<u>\$ 16,151,250</u>	<u>\$ 7,769,249</u>	<u>\$ 119,932,150</u>

Statistical Section

Cedar Rapids Community School District

Government-wide Expenses by Function

Last Four Fiscal Years*

Functions/Programs	2004-2005	2003-2004	2002-2003	2001-2002
Governmental activities:				
Instruction:				
Regular instruction	\$ 44,819,744	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	46,809,075	45,228,653	43,274,213	39,546,723
Vocational instruction	955,000	892,460	976,293	1,292,609
Other instruction	6,501,494	6,946,843	6,195,022	6,390,416
Total Instruction	<u>99,085,313</u>	<u>97,111,906</u>	<u>93,448,309</u>	<u>100,002,740</u>
Support services:				
Student services	3,310,220	4,632,090	4,488,899	4,412,362
Instructional staff services	9,805,511	7,727,069	7,751,257	10,411,622
General administration services	1,436,593	1,034,397	1,121,162	1,952,978
School administration services	8,142,005	7,672,309	7,816,080	8,138,354
Business services	3,461,843	2,011,643	2,205,315	2,197,315
Operations and maintenance	11,312,146	10,913,085	10,968,971	10,437,019
Student transportation	2,746,897	2,314,212	2,448,558	2,394,106
Central services	-	1,596,109	1,400,776	1,756,766
Community services	2,438,130	2,361,262	2,242,229	2,185,561
Other expenditures	1,953,053	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	2,108,287	2,205,516	2,319,305	1,293,956
AEA flowthrough	5,231,164	5,232,029	5,474,160	5,452,927
Total Support Services	<u>51,945,849</u>	<u>51,667,215</u>	<u>46,483,646</u>	<u>59,450,413</u>
Total governmental activities	<u>151,031,162</u>	<u>148,779,121</u>	<u>139,931,955</u>	<u>159,453,153</u>
Business-type activities:				
Food services	<u>6,078,235</u>	<u>5,823,143</u>	<u>5,804,394</u>	<u>5,747,692</u>
Total Expenses	<u>\$157,109,397</u>	<u>\$154,602,264</u>	<u>\$145,736,349</u>	<u>\$165,200,845</u>

Source: District financial records.

* The Cedar Rapids Community School District began reporting in accordance with GASB 34 beginning with the 2001-2002 fiscal year.

Cedar Rapids Community School District

Government-wide Revenues

Last Four Fiscal Years*

	2004-2005	2003-2004	2002-2003	2001-2002
Program Revenues				
Charges for services	\$17,227,400	\$16,874,884	\$15,730,113	\$15,629,243
Operating Grants & Contributions	20,173,755	19,185,704	18,338,103	18,604,399
Capital Grants & Contributions	560,383	1,207,873	1,904,931	853,180
Total Program Revenues	37,961,538	37,268,461	35,973,147	35,086,822
General Revenues				
Taxes	66,186,773	63,128,302	62,491,710	51,132,458
State Formula Aid not Restricted	64,003,288	61,534,656	61,187,961	59,253,362
Other	2,077,442	1,421,330	1,915,187	2,078,696
Total General Revenues	132,267,503	126,084,288	125,594,858	112,464,516
Total Revenues	\$170,229,041	\$163,352,749	\$161,568,005	\$147,551,338

Source: District financial records.

* The Cedar Rapids Community School District began reporting in accordance with GASB 34 beginning with the 2001-2002 fiscal year.

Cedar Rapids Community School District

General Fund Expenditures,* by Function

Last Ten Fiscal Years

Fiscal Year Ended June 30	General Education	Special Education	Skill Development	Career Education	Co- Curricular Instruction
2005	\$ 46,726,804	\$ 37,370,377	\$ 9,148,542	\$ 950,062	\$ 2,289,628
2004	45,827,892	34,625,674	10,399,923	881,919	2,226,310
2003	46,079,078	33,566,832	9,622,856	981,137	2,195,410
2002	49,804,973	31,190,154	8,258,780	1,233,039	2,119,523
2001	47,209,406	27,933,434	8,911,752	1,258,641	1,959,127
2000	45,831,010	25,228,802	5,295,329	1,520,876	1,897,995
1999	43,128,767	23,615,145	5,159,491	1,525,807	1,556,853
1998	43,663,886	20,549,007	4,633,787	1,405,924	1,546,643
1997	40,887,144	18,790,982	4,643,513	1,340,674	1,455,779
1996	42,318,386	17,221,050	5,700,524	1,297,140	1,292,862

Source: District financial records.

* General Fund expenditures exclude: "Other Financing Uses."

Student Services	Instructional Support Services	General Administration	Operations & Maintenance	Central Administration	Total
\$ 3,305,725	\$ 11,932,705	\$ 9,653,498	\$ 12,403,399	\$ 2,717,092	\$136,497,832
4,605,785	10,037,774	9,261,335	11,710,191	2,348,803	131,925,606
4,487,987	9,741,051	9,608,443	12,314,990	2,374,234	130,972,018
4,408,831	11,913,209	9,113,512	12,199,139	2,506,386	132,747,546
4,323,996	11,037,397	8,712,439	12,657,623	2,426,323	126,430,138
6,468,644	8,325,442	8,578,129	12,007,948	4,581,461	119,735,636
6,048,827	8,134,683	8,236,057	10,917,205	3,963,904	112,286,739
5,503,180	6,578,523	7,723,491	11,096,140	3,436,502	106,137,083
5,395,126	6,228,442	6,309,563	10,584,096	2,836,026	98,471,345
2,741,289	5,331,472	7,014,303	9,581,229	1,345,323	93,843,578

Cedar Rapids Community School District

General Fund Revenues, By Source

Last Ten Fiscal Years

Fiscal Year Ended June 30	Local Tax	State	Federal	Miscellaneous*	Total
2005	\$ 52,293,616	\$ 75,227,070	\$ 5,354,949	\$ 10,559,691	\$143,435,326
2004	47,120,297	72,389,531	5,108,405	12,745,241	137,363,474
2003	45,942,293	72,765,395	4,130,280	12,451,590	135,289,558
2002	40,833,048	71,776,146	3,409,076	12,477,601	128,495,871
2001	38,430,602	70,847,436	3,278,467	12,613,018	125,169,523
2000	37,525,346	66,258,188	2,575,067	12,894,622	119,253,223
1999	37,948,665	61,072,836	2,170,928	11,800,809	112,993,238
1998	36,129,730	58,889,702	2,544,427	7,934,244	105,498,103
1997	35,728,480	55,307,362	2,034,053	7,450,999	100,520,894
1996	35,308,002	49,443,517	2,042,929	7,165,918	93,960,366

Source: District financial records.

* Includes Sale of assets

Cedar Rapids Community School District

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
2005	\$63,213,538	\$62,096,019	98.2 %	\$229,617	0.4 %
2004	61,416,731	59,554,158	97.0	681,536	1.1
2003	59,637,988	58,840,329	98.7	601,388	1.0
2002	47,704,561	47,061,340	98.7	337,525	0.7
2001	44,274,300	44,605,450	100.7	224,999	0.5
2000	42,829,427	42,949,653	100.3	270,841	0.6
1999	43,274,721	43,234,539	99.9	393,714	0.9
1998	41,843,276	41,316,840	98.7	250,301	0.6
1997	41,278,839	40,976,174	99.3	484,950	1.2
1996	41,055,784	40,675,102	99.1	530,493	1.3

Source: District financial records and Linn County Auditor.

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

Assessment Year	Collection Year	Real Property	
		*Taxable Value	Assessed Value
2003	2004-05 (A)	\$3,697,536,670	\$6,112,429,402
2002	2003-04 (B)	3,640,817,375	5,760,602,589
2001	2002-03 (C)	3,531,283,866	5,617,276,812
2000	2001-02 (D)	3,347,667,113	4,954,894,744
1999	2000-01 (E)	3,235,975,666	4,872,528,493
1998	1999-00 (F)	3,259,428,326	4,789,498,318
1997	1998-99 (G)	3,116,461,999	4,696,467,399
1996	1997-98 (H)	2,996,902,962	4,275,909,021
1995	1996-97 (I)	2,907,256,049	4,168,361,699
1994	1995-96 (J)	2,741,110,322	3,602,619,779

- (A) Equalization order applied by County Auditor.
Rollback 48.4558% residential, 100% utilities.
- (B) Equalization order applied by County Auditor.
Rollback 51.3874% residential, 100% utilities.
- (C) Equalization order applied by County Auditor.
Rollback 51.6676% residential, 100% utilities.
- (D) Equalization order applied by County Auditor.
Rollback 56.2651% residential, 100% utilities.
- (E) Equalization order applied by County Auditor.
Rollback 54.8525% residential, 100% utilities.
- (F) Equalization order applied by County Auditor.
Rollback 56.4789% residential, 100% utilities.
- (G) Equalization order applied by County Auditor.
Rollback 54.9090% residential, 100% utilities.
- (H) Equalization order applied by County Auditor.
Rollback 58.8284% residential, 100% utilities.
- (I) Equalization order applied by County Auditor.
Rollback 59.1380% residential, 100% utilities.
- (J) Equalization order applied by County Auditor.
Rollback 67.5074% residential, 97.2090 utilities.

* "Taxable Value" excludes Tax Increment Financing, (TIF) valuation
Source: Linn County Auditor's Office

Utilities		Total		Ratio
*Taxable Value	Assessed Value	*Taxable Value	Assessed Value	Taxable Value to Assessed Value
\$290,948,342	\$343,619,649	\$3,988,485,012	\$6,456,049,051	61.8%
335,465,814	335,465,814	3,976,283,189	6,096,068,403	65.2%
326,994,213	327,129,914	3,858,278,079	5,944,406,726	64.9%
324,204,098	324,204,098	3,671,871,211	5,279,098,842	69.6%
322,212,752	322,289,275	3,558,188,418	5,194,817,768	68.5%
344,568,240	344,568,240	3,603,996,566	5,134,066,558	70.2%
347,642,093	347,803,311	3,464,104,092	5,044,270,710	68.7%
313,653,297	313,653,297	3,310,556,259	4,589,562,318	72.1%
308,792,038	308,980,648	3,216,048,087	4,477,342,347	71.8%
319,275,434	328,442,259	3,060,385,756	3,931,062,038	77.9%

Cedar Rapids Community School District

**Property Tax Rates Per \$1,000 Assessed Valuation -
Direct and Overlapping Governments**

Last Ten Fiscal Years

Levy Year	Collection Year	City of Cedar Rapids		Town of Bertram	
2003	2004-2005*				
	County	\$	5.51347	\$	5.51347
	Schools		15.74784		15.74784
	City		13.11797		4.39999
	Miscellaneous		1.08096		0.98101
	Total Levy	\$	35.46024	\$	26.64231
	Ratio of Cedar Rapids Community School District to Total		44.4%		59.1%
2002	2003-2004*				
	County	\$	5.29322	\$	5.29322
	Schools		15.36838		15.36838
	City		13.06777		4.39996
	Miscellaneous		1.07587		0.97726
	Total Levy	\$	34.80524	\$	26.03882
	Ratio of Cedar Rapids Community School District to Total		44.2%		59.0%
2001	2002-2003*				
	County	\$	5.25419	\$	5.25419
	Schools		15.35946		15.35946
	City		12.82969		4.39989
	Miscellaneous		1.06121		0.96170
	Total Levy	\$	34.50455	\$	25.97524
	Ratio of Cedar Rapids Community School District to Total		44.5%		59.1%
2000	2001-2002*				
	County	\$	5.24684	\$	5.24684
	Schools		12.94707		12.94707
	City		13.04000		4.39994
	Miscellaneous		1.01956		0.87966
	Total Levy	\$	32.25347	\$	23.47351
	Ratio of Cedar Rapids Community School District to Total		40.1%		55.2%

City of Hiawatha		City of Marion		Town of Palo		Town of Robins	
\$	5.51347	\$	5.51347	\$	5.51347	\$	5.51347
	15.74784		15.74784		15.74784		15.74784
	12.01697		13.65104		10.81387		8.54268
	0.98101		0.98101		0.98101		0.98101
\$	34.25929	\$	35.89336	\$	33.05619	\$	30.78500
46.0%		43.9%		47.6%		51.2%	
\$	5.29322	\$	5.29322	\$	5.29322	\$	5.29322
	15.36838		15.36838		15.36838		15.36838
	11.31981		13.46667		10.68073		8.55126
	0.97726		0.97726		0.97726		0.97726
\$	32.95867	\$	35.10553	\$	32.31959	\$	30.19012
46.6%		43.8%		47.6%		50.9%	
\$	5.25419	\$	5.25419	\$	5.25419	\$	5.25419
	15.35946		15.35946		15.35946		15.35946
	11.11468		13.25744		10.59898		8.58425
	0.96170		0.96170		0.96170		0.96170
\$	32.69003	\$	34.83279	\$	32.17433	\$	30.15960
47.0%		44.1%		47.7%		50.9%	
\$	5.24684	\$	5.24684	\$	5.24684	\$	5.24684
	12.94707		12.94707		12.94707		12.94707
	10.93415		12.78971		10.54580		8.61467
	0.87966		0.87966		0.87966		0.87966
\$	30.00772	\$	31.86328	\$	29.61937	\$	27.68824
43.1%		40.6%		43.7%		46.8%	

(continued)

Cedar Rapids Community School District

**Property Tax Rates Per \$1,000 Assessed Valuation -
Direct and Overlapping Governments (continued)**

Last Ten Fiscal Years

Levy Year	Collection Year	City of Cedar Rapids		Town of Bertram
1999	2000-2001*			
	County	\$ 5.31110	\$	5.31110
	Schools	12.40887		12.40887
	City	12.74497		4.39994
	Miscellaneous	0.97792		0.87427
	Total Levy	<u>\$ 31.44286</u>	<u>\$</u>	<u>22.99418</u>
	Ratio of Cedar Rapids Community School District to Total	<u>39.5%</u>		<u>54.0%</u>
1998	1999-2000*			
	County	\$ 5.31110	\$	5.31110
	Schools	11.88387		11.88387
	City	12.40000		4.39991
	Miscellaneous	0.93054		0.89281
	Total Levy	<u>\$ 30.52551</u>	<u>\$</u>	<u>22.48769</u>
	Ratio of Cedar Rapids Community School District to Total	<u>38.9%</u>		<u>52.8%</u>
1997	1998-1999*			
	County	\$ 5.38110	\$	5.38110
	Schools	12.48780		12.48780
	City	12.32432		4.39987
	Miscellaneous	0.84003		0.85972
	Total Levy	<u>\$ 31.03325</u>	<u>\$</u>	<u>23.12849</u>
	Ratio of Cedar Rapids Community School District to Total	<u>40.2%</u>		<u>54.0%</u>
1996	1997-1998*			
	County	\$ 5.61839	\$	5.61839
	Schools	12.50172		12.50172
	City	12.07416		4.39996
	Miscellaneous	0.92556		0.92230
	Total Levy	<u>\$ 31.11983</u>	<u>\$</u>	<u>23.44237</u>
	Ratio of Cedar Rapids Community School District to Total	<u>40.2%</u>		<u>53.3%</u>

City of Hiawatha		City of Marion		Town of Palo		Town of Robins	
\$	5.31110	\$	5.31110	\$	5.31110	\$	5.31110
	12.40887		12.40887		12.40887		12.40887
	10.85444		12.75826		10.01942		9.04828
	0.87427		0.87427		0.87427		0.87427
\$	29.44868	\$	31.35250	\$	28.61366	\$	27.64252
	42.1%		39.6%		43.4%		44.9%
\$	5.31110	\$	5.31110	\$	5.31110	\$	5.31110
	11.88387		11.88387		11.88387		11.88387
	10.87986		12.39855		9.99010		9.04591
	0.89281		0.89281		0.89281		0.89281
\$	28.96764	\$	30.48633	\$	28.07788	\$	27.13369
	41.0%		39.0%		42.3%		43.8%
\$	5.38110	\$	5.38110	\$	5.38110	\$	5.38110
	12.48780		12.48780		12.48780		12.48780
	10.34467		12.46129		9.66518		9.00902
	0.85972		0.85972		0.85972		0.85972
\$	29.07329	\$	31.18991	\$	28.39380	\$	27.73764
	43.0%		40.0%		44.0%		45.0%
\$	5.61839	\$	5.61839	\$	5.61839	\$	5.61839
	12.50172		12.50172		12.50172		12.50172
	10.94417		13.16082		9.65405		8.96845
	0.92230		0.92230		0.92230		0.92230
\$	29.98658	\$	32.20323	\$	28.69646	\$	28.01086
	41.7%		38.8%		43.6%		44.6%

(continued)

Cedar Rapids Community School District
Property Tax Rates Per \$1,000 Assessed Valuation -
Direct and Overlapping Governments (continued)
Last Ten Fiscal Years

Levy Year	Collection Year	City of Cedar Rapids		Town of Bertram	
1995	1996-1997*				
	County	\$	5.94563	\$	5.94563
	Schools		12.83183		12.83183
	City		12.07417		4.13036
	Miscellaneous		0.86018		0.91861
	Total Levy	\$	31.71181	\$	23.82643
	Ratio of Cedar Rapids Community School District to Total		40.5%		53.9%
1994	1995-96*				
	County	\$	6.13757	\$	6.13757
	Schools		13.40785		13.40785
	City		12.09999		4.33791
	Miscellaneous		0.89658		0.93372
	Total Levy	\$	32.54199	\$	24.81705
	Ratio of Cedar Rapids Community School District to Total		41.2%		54.0%

*Tax rates expressed in dollars per \$1,000 of assessed valuation.

Source: Linn County Auditor.

City of Hiawatha		City of Marion		Town of Palo		Town of Robins	
\$	5.94563	\$	5.94563	\$	5.94563	\$	5.94563
	12.83183		12.83183		12.83183		12.83183
	9.77853		13.10005		10.06695		8.81930
	0.91861		0.91861		0.91861		0.91861
\$	29.47460	\$	32.79612	\$	29.76302	\$	28.51537
43.5%		39.1%		43.1%		45.0%	
\$	6.13757	\$	6.13757	\$	6.13757	\$	6.13757
	13.40785		13.40785		13.40785		13.40785
	10.95618		12.95790		10.51679		7.66786
	0.93372		0.93372		0.93372		0.93372
\$	31.43532	\$	33.43704	\$	30.99593	\$	28.14700
42.7%		40.1%		43.3%		47.6%	

(concluded)

Cedar Rapids Community School District

Computation of Legal Debt Margin

June 30, 2005

As of June 30, 2005, the District did not exceed its legal debt margin, computed as follows:

Total taxable valuation*	<u>\$ 4,198,043,964</u>
Debt limit 5% of total taxable valuation	209,902,198
Amount of debt applicable to debt limit, total general obligation bonded debt, QZAB bond payable, and capital loan payable	<u>(41,860,000)</u>
Excess of debt limit over bonded debt issued, legal debt margin	<u>\$ 168,042,198</u>

*Total taxable valuation includes Tax Increment Financing, (TIF) valuation
Source: Linn County Auditor.

Cedar Rapids Community School District

Ratio of General Obligation Bonded Debt to Taxable Value and General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year (of Collection)	Population	Taxable* Value	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
2004-05	120,758	\$3,988,485,012	\$41,225,000	1.03 %	\$341
2003-04	120,758	3,976,283,189	43,025,000	1.08	356
2002-03	120,758	3,858,278,079	44,800,000	1.16	371
2001-02	120,758	3,671,871,211	45,850,000	1.25	380
2000-01	120,758	3,558,188,418	10,000,000	0.28	83
1999-00	113,482	3,603,996,566	-	0.00	0
1998-99	113,482	3,464,104,092	-	0.00	0
1997-98	113,482	3,310,556,259	650,000	0.02	6
1996-97	113,482	3,216,048,087	1,250,000	0.04	11
1995-96	113,482	3,060,385,756	1,825,000	0.06	16

Population - Source: Cedar Rapids Chamber of Commerce.

Taxable Value - Source: Linn County Auditor.

*Taxable Value excludes Tax Increment Financing, (TIF) valuation

Cedar Rapids Community School District

**Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Fund Expenditures**

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures*	Ratio of Debt Service to Total General Fund Expenditures
2004-05	\$1,800,000	\$2,085,463	\$3,885,463	\$ 136,497,832	2.85 %
2003-04	1,775,000	2,169,062	3,944,062	131,925,606	2.99
2002-03	1,050,000	2,957,655	4,007,655	130,972,018	3.06
2001-02	150,000	595,550	745,550	132,747,546	0.56
2000-01	-	-	-	126,430,138	0.00
1999-00	-	-	-	119,735,636	0.00
1998-99	650,000	43,875	693,875	112,286,739	0.62
1997-98	600,000	84,375	684,375	106,137,083	0.64
1996-97	575,000	123,188	698,188	98,471,345	0.71
1995-96	525,000	158,414	683,414	93,843,578	0.73

Source: District financial records.

* General Fund expenditures exclude: "Other Financing Uses"

Cedar Rapids Community School District
Computation of Direct and Overlapping Debt

June 30, 2005

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$41,225,000	100.00 %	\$41,225,000
Overlapping:			
City of Cedar Rapids	72,880,300	71.58	52,167,719
City of Hiawatha	8,740,000	100.00	8,740,000
City of Marion	10,560,000	1.64	173,184
City of Robins	5,935,000	67.93	4,031,646
Kirkwood Community College	48,865,000	27.13	13,257,075
Linn County	4,500,000	56.33	2,534,850
Total Overlapping	151,480,300	53.41	80,904,474
 Total Direct and Overlapping Debt	 <u>\$192,705,300</u>	 <u>63.38 %</u>	 <u>\$122,129,474</u>

Source: Linn County Auditor



CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Demographic Statistics

Last Ten Fiscal Years

Calendar Year	City of CR Population	Per Capita Income * (CRMSA)	Mean Household Income * (CRMSA)	Linn County Retail Sales * (In Millions) (CRMSA)	Median Age (CRMSA)	Unemployment Rate (CRMSA)
2004	120,758	\$ 28,102	\$ 68,200	\$ 2,813	36.9	4.7%
2003	120,758	27,818	67,815	2,674	36.8	4.9
2002	120,758	27,411	67,040	2,626	36.4	4.5
2001	120,758	27,727	67,994	2,606	36.2	2.9
2000	113,482	27,980	68,803	2,589	35.8	2.5
1999	113,482	27,223	67,094	2,492	36.7	1.8
1998	113,482	26,707	65,951	2,336	35.5	1.9
1997	113,482	24,830	61,427	2,256	35.3	2.6
1996	113,482	24,011	59,539	2,207	35.1	2.9
1995	113,482	23,301	58,196	2,142	34.8	2.8

Source: Woods & Poole Economics

(CRMSA) = Cedar Rapids Metropolitan Statistical Area Data

*Stated in 1996 dollars

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Construction and Property Values

Last Ten Fiscal Years

Fiscal Year	New Construction		Remodeling, Repairs and Additions		All Construction
	Number of Permits	Value of Permits	Number of Permits	Value of Permits	Number of Permits
2003-04	1,805	\$104,111,873	4,436	\$54,825,072	6,241
2002-03	1,822	79,818,471	5,282	58,408,213	7,104
2001-02	1,737	94,177,319	6,334	58,603,022	8,071
2000-01	1,768	100,134,810	5,067	55,969,400	6,835
1999-00	1,925	139,578,485	4,737	62,278,422	6,662
1998-99	2,071	103,200,806	5,554	49,849,016	7,625
1997-98	2,027	97,362,915	5,453	69,081,303	7,480
1996-97	1,872	88,107,677	5,136	39,934,741	7,008
1995-96	1,786	80,102,523	5,021	51,369,102	6,807
1994-95	1,867	99,839,182	5,471	57,493,861	7,338

Construction - Source: Cedar Rapids Chamber of Commerce
 Assessed Property Values - Source: Linn County Auditor

All
Construction
Value of
Permits

Assessment Year	Assessed Property Value		
	Real	Utilities	Total

\$158,936,945	2003	\$6,112,429,402	\$343,619,649	\$6,456,049,051
138,226,684	2002	5,760,602,589	335,465,814	6,096,068,403
152,780,341	2001	5,617,276,812	327,129,914	5,944,406,726
156,104,210	2000	4,954,894,744	324,204,098	5,279,098,842
201,856,907	1999	4,872,528,493	322,289,275	5,194,817,768
153,049,822	1998	4,789,498,318	344,568,240	5,134,066,558
166,444,218	1997	4,696,467,399	347,803,311	5,044,270,710
128,042,418	1996	4,275,909,021	313,653,297	4,589,562,318
131,471,625	1995	4,168,361,699	308,980,648	4,477,342,347
157,333,043	1994	3,602,619,779	328,442,259	3,931,062,038

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Principal Taxpayers

June 30, 2005

Taxpayer	Type of Business	Assessed Value 2003 for FY 2005 Revenue	
		Amount	Percentage of Total Assessed Valuation
IES Industries, Inc.	Electrical and gas utility	\$214,800,539	3.3%
AEGON USA, Inc.	Insurance	50,443,402	0.8%
H-N-W Associates (Westdale Mall)	Real estate developer	33,856,035	0.5%
MidAmerican Energy	Electrical and gas utility	25,483,871	0.4%
Individual	Real Estate Holdings	22,840,711	0.4%
Qwest	Telephone utility	22,483,052	0.3%
Mercy Hospital	Hospital	16,719,679	0.3%
Hy Vee	Groceries	16,401,253	0.3%
Windsor Joint Venture	Residential apartment	15,906,591	0.2%
Cargill	Grain Processing	13,639,415	0.2%
Totals		\$432,574,548	6.7%

Source: Linn County Auditor

Cedar Rapids Community School District

General Analysis of Facilities and Staffing

Name of School	Date Constructed	Grades Served	Head Count Enrollment Third Friday in September 2004	Teachers Actively Employed* Third Friday in September 2004	Student/ Teacher Ratio
High Schools (9-12)					
Jefferson	1959	9-12 and Special Education	1,563	94.0	16.6
Kennedy	1967	9-12 and Special Education	1,781	105.9	16.8
Metro	1955	9-12 and Special Education	575	33.0	17.4
Washington	1958	9-12 and Special Education	1,595	95.6	16.7
Total High Schools			5,514	328.5	16.8
Middle Schools (6-8)					
Franklin	1922	6-8 and Special Education	657	49.2	13.4
Harding	1964	6-8 and Special Education	926	65.5	14.1
McKinley	1922	6-8 and Special Education	659	56.5	11.7
Roosevelt	1924	6-8 and Special Education	646	53.5	12.1
Taft	1965	6-8 and Special Education	713	47.7	14.9
Taft alternative	1965	6-8 and Special Education	22	5.0	4.4
Wilson	1928	6-8 and Special Education	301	24.8	12.1
Total Middle Schools			3,924	302.2	13.0
Elementary Schools (K-5)					
Arthur	1914	K-5 and Special Education	333	21.6	15.4
Cleveland	1950	K-5 and Special Education	375	25.6	14.6
Coolidge	1967	K-5 and Special Education	420	26.6	15.8
Erskine	1955	1-5 and Special Education	356	20.6	17.3
Garfield	1930	K-5 and Special Education	309	21.1	14.6
Gibson	2002	K-5 and Special Education	503	32.6	15.4
Grant	1961	K-1 and Special Education	192	16.2	11.9
Grant Wood	1948	1-5 and Special Education	335	24.3	13.8
Harrison	1930	K-5 and Special Education	406	31.2	13.0
Hiawatha	1956	K-5 and Special Education	412	28.8	14.3
Hoover	1954	K-5 and Special Education	291	20.1	14.5
Jackson	1970	K-5 and Special Education	286	20.8	13.8
Johnson	1955	1-5 and Special Education	353	29.6	11.9
Kenwood	1950	K-5 and Special Education	267	20.3	13.2
Madison	1961	K-5 and Special Education	279	20.7	13.5
Monroe	1961	Kindergarten and Spec. Ed.	237	17.5	13.5
Nixon	1970	K-5 and Special Education	351	21.1	16.6
Pierce	1965	K-5 and Special Education	459	25.7	17.9
Polk	1961	K-5 and Special Education	204	22.6	9.0
Taylor	1973	K-5 and Special Education	256	28.4	9.0
Truman	1961	K-5 and Special Education	334	21.9	15.3
Van Buren	1970	K-5 and Special Education	374	29.2	12.8
Wilson	1961	K-5 and Special Education	236	18.6	12.7
Wright	1953	K-5 and Special Education	241	26.9	9.0
Total Elementary Schools			7,809	572.2	13.6
Pre-school & Homeschool & ESC Facilitators			457	38.0	12.0
Off Campus Programs			133	18.8	7.1
Total			17,837	1,259.7	14.2

* All certified staff, including support personnel, such as counselors and media specialists (full-time equivalent).

Head Count Enrollment - Source: District Research Department

Teachers Actively Employed - Source: District Human Resources Department

Cedar Rapids Community School District

Enrollment by Grade*

Last Ten Fiscal Years

Grade	2004-05	2003-04	2002-03	2001-02
Kindergarten	1,456	1,416	1,392	1,293
1	1,216	1,210	1,138	1,231
2	1,128	1,065	1,174	1,199
3	1,035	1,078	1,122	1,209
4	1,048	1,059	1,131	1,143
5	1,042	1,077	1,069	1,094
6	1,048	1,032	1,040	1,058
7	1,031	1,008	1,027	1,046
8	1,001	1,014	1,043	1,009
9	1,184	1,163	1,068	1,094
10	1,130	1,059	1,107	1,167
11	1,004	1,062	1,196	1,130
12	1,058	1,059	1,111	1,032
Special Education	2,999	3,022	2,963	2,881
Home School	316	272	243	248
Preschool	141	133	134	111
	<u>17,837</u>	<u>17,729</u>	<u>17,958</u>	<u>17,945</u>
Changes from Prior Year				
Increase (Decrease)	<u>108</u>	<u>(229)</u>	<u>13</u>	<u>(201)</u>
Percent Change	<u>0.61%</u>	<u>-1.28%</u>	<u>0.07%</u>	<u>-1.11%</u>

* Enrollment as of the third Friday in September.

Source: District Research Department

2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
1,410	1,484	1,535	1,537	1,609	1,608
1,312	1,334	1,359	1,388	1,396	1,337
1,288	1,326	1,328	1,347	1,278	1,257
1,300	1,315	1,296	1,228	1,243	1,193
1,264	1,264	1,215	1,218	1,185	1,218
1,241	1,205	1,209	1,142	1,223	1,222
1,193	1,179	1,137	1,191	1,210	1,183
1,139	1,113	1,147	1,200	1,138	1,202
1,114	1,143	1,192	1,140	1,177	1,151
1,358	1,360	1,359	1,307	1,377	1,381
1,235	1,219	1,235	1,240	1,255	1,349
1,205	1,112	1,242	1,245	1,267	1,211
1,155	1,237	1,226	1,232	1,203	1,113
1,566	1,501	1,331	1,294	1,222	1,217
227	240	227	243	200	181
139	132	106	156	160	147
18,146	18,164	18,144	18,108	18,143	17,970
(18)	20	36	(35)	173	68
-0.10%	0.11%	0.20%	-0.19%	0.96%	0.38%

Cedar Rapids Community School District

Staffing Levels*

Last Ten Fiscal Years

	2004-05	2003-04	2002-03	2001-02
Administration				
Superintendent	1.0	1.0	1.0	1.0
Deputy/Assistant Superintendent	0.0	1.0	1.0	3.0
Principals and Assistants	51.0	50.0	50.0	48.0
District Administrators	13.0	15.0	14.0	16.0
Supervisors	7.0	7.0	8.0	8.0
Total Administration	<u>72.0</u>	<u>74.0</u>	<u>74.0</u>	<u>76.0</u>
Teachers				
K-12, Music, Physical Education and Art	906.1	921.7	940.0	977.9
Special Education	249.5	257.0	253.2	238.7
Federal Programs	20.2	19.2	21.0	14.5
Media Specialist	24.7	32.4	32.4	32.4
Counselors	45.1	45.4	44.4	44.0
Total Teachers	<u>1,245.6</u>	<u>1,275.7</u>	<u>1,291.0</u>	<u>1,307.5</u>
Support Personnel				
Clerical	175.3	180.5	187.3	184.7
Teacher aides, Special Education	264.5	258.7	243.1	215.5
Teacher aides, regular	84.2	82.2	90.0	98.1
Custodial and maintenance	174.4	173.3	179.0	178.8
Bus drivers/Attendants	98.2	92.9	93.0	92.8
Food service workers	129.4	132.1	130.1	135.3
Nurses/Volunteer Coordinator	14.7	14.5	13.3	11.7
Crafts and trades	18.4	19.4	20.1	20.4
Data processing	3.8	3.8	3.8	3.8
Day care	88.0	87.1	85.3	87.7
Other	66.4	64.9	67.1	60.5
Total Support Personnel	<u>1,117.3</u>	<u>1,109.4</u>	<u>1,112.1</u>	<u>1,089.3</u>
Total Staff	<u><u>2,434.9</u></u>	<u><u>2,459.1</u></u>	<u><u>2,477.1</u></u>	<u><u>2,472.8</u></u>

* FTE (full time equivalent) as of the third Friday in September.

Source: District Human Resources Department

2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
1.0	1.0	1.0	1.0	1.0	1.0
3.0	3.0	2.0	3.0	3.0	-
48.0	48.0	48.0	49.0	47.0	47.0
16.0	13.0	13.0	21.0	19.0	20.5
8.0	8.0	8.0	8.0	8.0	8.0
76.0	73.0	72.0	82.0	78.0	76.5
988.8	967.1	922.6	929.9	895.6	887.4
227.9	216.3	203.8	201.3	177.0	177.3
18.0	15.1	15.8	13.7	18.9	24.4
32.4	33.4	31.7	31.4	32.3	33.1
45.0	42.0	43.3	42.7	43.3	41.7
1,312.1	1,273.9	1,217.2	1,219.0	1,167.1	1,163.9
185.5	177.0	175.1	174.0	175.4	173.0
186.8	171.4	139.9	135.4	106.6	105.5
105.3	113.5	134.0	120.5	109.9	108.5
175.0	176.8	174.8	137.8	142.9	140.6
82.3	82.8	74.7	74.5	71.5	79.8
130.7	129.1	125.8	127.6	133.4	129.8
11.7	11.8	9.5	8.4	6.7	7.1
20.4	19.4	41.6	42.0	42.0	43.0
3.8	3.8	3.6	8.6	4.6	4.6
91.6	100.7	93.6	105.0	128.4	130.0
56.9	47.7	17.4	40.0	16.2	10.9
1,050.0	1,034.0	990.0	973.8	937.6	932.8
2,438.1	2,380.9	2,279.2	2,274.8	2,182.7	2,173.2

Cedar Rapids Community School District

General Fund Cost Per Pupil

Last Ten Fiscal Years

Fiscal Year	General Fund Costs*	Average Daily Attendance	Operating Cost Per Pupil
2004-05	\$136,497,832	16,226	\$8,412
2003-04	131,925,606	16,149	8,169
2002-03	130,972,018	16,433	7,970
2001-02	132,747,546	16,522	8,035
2000-01	126,430,138	17,043	7,418
1999-00	119,735,636	16,545	7,237
1998-99	112,286,739	17,119	6,559
1997-98	106,137,083	17,248	6,154
1996-97	98,471,345	17,361	5,672
1995-96	93,843,578	16,963	5,532

* General Fund expenditures exclude: "Other Financing Uses."

Total Costs - Source: District financial records.

Average Daily Attendance - Source: District Research Department

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, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 9, 2005. 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. 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, 2005 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-G-05.

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 Gunderson LLP

Clinton, Iowa
September 9, 2005

**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, 2005. Cedar Rapids Community School District's major federal programs are identified in 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, 2005.

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 Gundersen LLP

Clinton, Iowa
September 9, 2005

**Cedar Rapids Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2005**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
National School Lunch Program	10.555	FY 05	\$ 2,098,507
School Breakfast Program	10.553	FY 05	515,381
Fresh Fruit & Vegetable Pilot Program	10.555	FY 05	94,898
Total cash expenditures			<u>2,708,786</u>
Food Distribution-USDA Commodities (non-cash)	10.550	FY 05	329,892
Total cash and non-cash expenditures			<u>3,038,678</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I	84.010	1053-G-05	2,076,085
Title I - Carryover	84.010	1053-GC-05	214,513
Title I - SINA	84.010	1053-SI-05	165,000
			<u>2,455,598</u>
Title IIA - Improving Teacher Quality State Grants	84.367	FY 05	223,215
Title IIA - Class Size Reduction Program	84.367	FY 05	869,208
			<u>1,092,423</u>
Title V - State Grants for Innovative Programs	84.298A	FY 05	100,576
Special Education Grants to States (IDEA Part B)	84.027	FY 05	978,325
Safe and Drug Free Schools and Communities	84.186	FY 04	88,295
Safe and Drug Free Schools and Communities	84.186	FY 05	90,331
			<u>178,626</u>
Perkins Vocational Education Program - Basic Grant	84.048A	FY 05	207,291
Title VI A - NCLB Assessment Grant	84.369	FY 05	102,750
Grants for Enhanced Assessment Instruments	84.368	FY 05	2,000
ESETP - Enhancing Education Through Technology	84.318	FY 05	32,150
E2T2 - Enhancing Education Through Technology	84.318	FY 05	129,815
			<u>161,965</u>
Refugee Children School Impact Grant	93.576	FY 05	11,006
21st Century Community Learning Centers Grant	84.287	FY 04 - 08	470,475
Fund for the Improvement of Education	84.215	FY 05	345
Success4 Comprehensive School Improvement	84.027	FY 05	44,341
Education for Homeless Children and Youth	84.196	FY 05	25,000
Iowa Demonstration Construction Grants	84.215	FY 05	2,150,000
U.S. Department of Justice:			
Linn County, Iowa:			
Juvenile Justice and Delinquency Prevention	16.540	FY 05	23,105
Enforcing Underage Drinking Laws Program (EUDL)	16.727	FY 05	3,182
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	FY 05	33,861
			<u>60,148</u>
U.S. Department of Human Services			
Linn County, Iowa:			
Medicaid Time Study Program	93.778	FY 05	77,086
Total			<u>\$ 11,156,633</u>
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 6/30/2004	Grant Revenue Receipts	Program Contributions and Miscellaneous Related Receipts	Program Expenditures	Balance 6/30/2005
\$ -	\$ 2,098,507	\$ -	\$ 2,098,507	\$ -
-	515,381	-	515,381	-
-	61,742	-	61,742	-
-	2,675,630	-	2,675,630	-
110,659	329,892	-	353,542	87,009
110,659	3,005,522	-	3,029,172	87,009
-	1,822,675	-	1,822,675	-
-	214,513	-	214,513	-
-	88,415	-	88,415	-
-	2,125,603	-	2,125,603	-
543,419	388,281	(543,419)	324,535	63,746
363	325,426	543,419	379,032	490,176
543,782	713,707	-	703,567	553,922
162	100,464	-	100,127	499
-	978,325	-	978,325	-
2,761	-	-	2,761	-
-	70,792	-	70,792	-
2,761	70,792	-	73,553	-
-	207,291	-	207,291	-
82,393	102,750	-	185,143	-
-	2,000	-	1,578	422
-	15,322	-	15,322	-
-	96,696	-	96,696	-
-	112,018	-	112,018	-
11,006	-	-	11,006	-
-	110,700	-	110,700	-
-	345	-	166	179
44,341	-	-	22,649	21,692
-	25,000	-	25,000	-
-	560,383	-	560,383	-
-	23,105	-	23,105	-
-	1,726	-	1,726	-
-	37,059	-	37,059	-
-	61,890	-	61,890	-
85,565	77,086	-	139,119	23,532
\$ 880,669	\$ 8,253,876	\$ -	\$ 8,447,290	\$ 687,255
			\$ 8,093,748	
			353,542	
			<u>\$ 8,447,290</u>	

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005**

Section II: Financial Statement Findings:

INSTANCES OF NONCOMPLIANCE:

None

REPORTABLE CONDITIONS:

None

Section III: Federal Award Findings and Questioned Costs:

INSTANCES OF NONCOMPLIANCE:

None

REPORTABLE CONDITIONS:

None

Section IV: Other Findings Related to Required Statutory Reporting:

- IV-A-05 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts stated in the resolution not were exceeded during the year ended June 30, 2005.
- IV-B-05 Certified Budget - Expenditures during the year ended June 30, 2005, did not exceed the amount budgeted in any functional area.
- IV-C-05 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-D-05 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.
- IV-E-05 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-F-05 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, 2005**

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

IV-G-05 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 investigating alternative solutions, and intend to change our current procedures to comply with this requirement.

Conclusion – Response accepted.

IV-H-05 Certified Enrollment - No instances of noncompliance were noted in the basic enrollment data certified to the Department of Education.

IV-I-05 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-J-05 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2005**

N/A

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2005**

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title Phone Number	Anticipated Date of Completion
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N/A