

# **CITY OF CEDAR FALLS, IOWA**

## **Comprehensive Annual Financial Report**

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**June 30, 2004**

Prepared by:

Financial Services Division

Of

Department of Administrative Services

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**City of Cedar Falls, Iowa  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2004**

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September 28, 2004

To Mayor Crews, Members of the City Council and Citizens of the City of Cedar Falls:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Falls, Iowa, for the year ended June 30, 2004. This is the second CAFR completed in compliance with the Governmental Accounting Standards Board Statement No. 34 (GASB 34). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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To facilitate the understanding of the City's financial affairs, the CAFR is divided into the following sections:

- Introductory Section – Includes this letter of transmittal and a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officer's Association of the United States and Canada.
- Financial Section – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information.
- Statistical Section – Various unaudited statistics relating to the 10-year financial history of the City of Cedar Falls.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Cedar Falls' MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." Information to comply with OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and "Government Auditing Standards" is included in another report under a separate cover.

The City of Cedar Falls provides many municipal services including fire and police protection, streets, garbage collection, parks, recreation, cultural arts, planning, zoning, general administration, and sewer services. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After careful evaluation of these

factors, the City has included in this financial report the Cedar Falls Electric Utility, Gas Utility, Water Utility, and Communication Utility, as well as all funds of the City. The Utilities are each reported as discretely presented component units.

For FY04, the City did implement Governmental Accounting Standards Board Statement No.44. This statement improves the understandability and usefulness of the information presented in the Statistical Section of this report.

## **GOVERNMENTAL STRUCTURE**

The City has operated under the mayor-council form of government since incorporation. Policy-making and legislative authority are vested in the governing council, which consists of seven members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, setting goals, and approving mayor-appointed committees. The full-time mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department directors. The mayor and Council are elected on a nonpartisan basis. The Council consists of two council members elected at large and one council member elected from each of the five wards as established by ordinance, elected for terms of four years. The mayor is elected at large and to a two-year term.

## **ECONOMIC CONDITION AND OUTLOOK**

The City, incorporated in 1854, is located in the northeastern part of the state, has a land area of 28.9 square miles and a population of 36,145. The City is empowered to levy a property tax on both real and personal property located within its boundaries, and has the power by state statute to extend its corporate limits by annexation, which is seldom done, but will be done when deemed appropriate by the City Council.

The economic condition and outlook of Cedar Falls and the metro area have continued to improve. In the early 1980's, the largest industries in the metro area were John Deere Co. and Rath Meat Packing. When the farm economy declined in the mid-1980's, the business of those firms also declined, which caused an increase in unemployment rates and an exodus of the population in the metro area. The Cedar Falls economy was insulated from many of the impacts created by the recession due to the growth and stability of the University of Northern Iowa and a diverse service business sector.

The Cedar Valley Economic Development Partnership was formed in the metro area to organize the human resources and generate needed development capital to attract new business and industry to the area and to encourage expansion of businesses already in the area. As a result, many new businesses have located offices and plants in the metro area. Target Corporation has constructed a distribution center with an assessed value of approximately \$45 million. In addition, the Cedar Falls Industrial and Technology Park continues to show tremendous expansion.

The increase in new businesses and expansion of established firms has had a positive effect on employment and the City's tax base. Historically, Cedar Falls' unemployment rate has closely followed the State trends, which are significantly lower than the nation's unemployment rate (See Attachment A). This is due to the strong service employment base supported by the state university located in Cedar Falls. Since the devaluation of property in 1986-1988, Cedar Falls has had steady growth in property values. Assessed values increased in FY04 by almost \$52.7 million, and taxable values increased by nearly \$23.4 million (See Attachment B).

The City has responded to a portion of this challenge by maintaining a comparatively low tax rate. Cedar Falls has the fifth lowest tax rate per capita of the twenty largest cities in the state of Iowa (See Attachment C). This low rate

can be attributed to the efforts of the City to streamline operations over the past nineteen years, mainly by reducing the number of employees. Cedar Falls had the one of the lowest number of full-time employees per 1,000 residents in FY04. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 1993, the average sales price reported was \$80,025. In 2003, the average sales price was \$163,637 which is a one hundred four (104) percent increase in the past ten years. These statistics indicate that Cedar Falls' local economy is sound and there is a strong market for Cedar Falls homes (See Attachment E).

Housing values have surged from the recession and devaluation of the mid-1980's to values that once again place the homeowners living in Cedar Falls in an advantageous market position. This market growth is a credit to businesses, the school system, utilities, and quality of City services in Cedar Falls. Each entity has worked together to strengthen the local economy, create jobs, and improve Cedar Falls' quality of life.

## MAJOR INITIATIVES

**For the Year:** Fiscal Year 2004 continued to be strong in terms of growth and development in the Cedar Falls Industrial & Technology Park. Major economic development projects completed during FY04 in the Cedar Falls Industrial & Technology Park totaled approximately 257,000 SF with added new valuation of just under \$14,000,000. These projects do not include any development east of Highway 58 in the Wal-Mart area. Specific 2004 projects of note that are already completed in the Cedar Falls Industrial & Technology Park include:

- **PIPAC Centre on The Lake:** Recently completed \$6,500,000 state of the art conference/banquet facility providing a unique experience for the Cedar Valley.
- **Hamilton College:** New 30,000 SF facility home to Hamilton's Cedar Falls campus and its 650 students. This \$3,000,000 project was completed in Spring 2004.
- **Performance Bodies:** This company just moved into its new 50,000 SF, \$1,500,000 manufacturing facility.
- **TEAM Technologies Data Center:** The 24,000 SF state of the art data center/office was completed in June 2004. This \$2,800,000 facility is the third building of the TEAM Campus.
- **Crystal Distribution:** Recently completed addition consisting of 70,000 SF and added valuation of \$1,200,000. Crystal now owns/operates 330,000 SF in the Cedar Falls Industrial and Technology Park.

**For the Future:** The Cedar Falls Industrial & Technology Park continues to expand, and the following projects are currently in progress or on the horizon for FY05:

- **Bossard-IIP:** Construction has just begun on this new 200,000 SF distribution facility located just west of Target Corporation. The \$7,500,000 facility is scheduled for completion in Spring 2005.
- **Mudd Group Video Production Center:** This 17,000 SF video production center will be the third building of The Mudd Group Campus. The \$1,500,000 project will begin in early 2005.
- **Wingate Inn:** Construction is underway on this new 41,000 SF hotel being built immediately south of The PIPAC Centre. The valuation for this hotel is \$2,900,000.
- **Fastenal:** This is a Fall 2004 project consisting of a 6,000 SF facility with a \$350,000 valuation.
- **Schwan's:** Construction on this new 10,000 SF facility will begin Fall 2004 at a valuation of \$450,000.

- **Manufacturing Project:** Staff should be closing this project in late 2004 with an early 2005 start of construction. The project will consist of a 90,000 SF manufacturing facility with a \$3,500,000 valuation.
- **Several other expansions to existing businesses**

Financial projections for a 10 year period have been prepared for the TIF district based on future taxable values of new businesses, including the projects listed above; future taxable values of current construction in the Industrial and Technology Park; future tax rates; and tax abatements currently in existence. Based on these financial projections, the City will be able to pay off all the debt relating to the Industrial and Technology Park, including the debt payments to other funds, by FY08. After FY08, the TIF district is expected to generate approximately \$2 - 3 million on an annual basis.

The generation of revenues inside the TIF district for the past five fiscal years and for future fiscal years obviously is a benefit to the Industrial and Technology Park. The revenues must be placed back in the district and this allows for future expansion and increased infrastructure for future corporate residents. Even though the future does look bright for the Industrial and Technology Park, there has been some concern for its effect on the General Fund. As a TIF district "captures" additional property taxes in that district, it at the same time means lost property tax revenues to the General Fund. Management of the City and the City Council had to consider this impact when establishing the TIF district. Through detail and comprehensive planning of City staff and the City Council, the aforementioned financial projections show the benefits that were derived from the establishment of the Industrial and Technology Park and the TIF district. In addition, the taxable values of new businesses drawn to the Industrial and Technology Park can eventually be included in the General Fund property tax values at the point that the TIF district is terminated. These industrial and commercial taxable values will then help to solve the residential property tax ratio in the City of Cedar Falls and can help reduce the burden caused by state mandated residential rollback.

In addition to large projects in the Industrial and Technology Park, the City has a new 54,000 square foot Library/Community Center that was completed in FY04. This increased the size of the current Library and provides greater service to our citizens with the addition of the automated book check-out system and more computer stations for public use. The Community Center portion provides a location for senior activities and community events.

## **FINANCIAL INFORMATION, MANAGEMENT AND CONTROL**

A detailed understanding of the financial position and operating results of the City is provided in the CAFR. Presented below is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources, obligations and information.

## **BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. In the government-wide Statement of Net Assets and Statement of Activities, the accrual basis of accounting is used which means revenues are recognized when earned and expenses recognized when incurred. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. This means that revenues are recognized when they become measurable and available and expenditures are recognized when the related fund liability is incurred. All proprietary funds are accounted for using the accrual basis of accounting.

## ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorizations.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance to management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits. The benefit consists of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State of Iowa, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the function level ( Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-Type activities). The City has adhered to these budgetary laws.

## FUND DESCRIPTIONS

The accounts of the City of Cedar Falls are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of the funds is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and, as applicable, expenditures and expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The funds used by the City are grouped into two broad fund types and six generic funds as follows:

**Governmental Funds.** These funds are used to account for the program and activities of the governmental functions of the City.

**General Fund:** This fund serves as the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds:** These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund:** This fund is to account for the accumulation of financial resources for payment of interest and principal of legal obligations of the City.

**Capital Projects Funds:** These funds are used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

**Proprietary Funds.** These funds are used to account for ongoing organizations and activities that are similar to those found in the private sector.

**Enterprise Funds:** These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Internal Service Funds:** Used to account for financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

These funds are further classified as major and nonmajor. Major funds are determined by a percentage of assets, liabilities, revenues, or expenditures in relation to the totals of all funds in those categories. The General Fund will always be considered major and the City of Cedar Falls has the following funds that are considered major: Hospital Fund, Street Repair Fund, Street Construction Fund, Debt Service Fund, Capital Improvements Fund, Bond Fund, Sewer Fund, and Refuse Fund.

## RETIREMENT PLANS

The City participates in the Iowa Public Employees System (IPERS) which was designed to supplement Social Security. All employees who do not participate in any other retirement system in the State are eligible and must participate in IPERS. The plan is administered by the State of Iowa and the City's responsibility is limited to payment contributions. State statute requires contributions of 3.70% by the employee and 5.75% by the employer.

The City participates in the Municipal Fire and Police Retirement Systems of Iowa, a plan administered by the State of Iowa for the fire and police employees. The City's responsibility to the state-administered plan is limited to the payment of contributions.

Funding as specified by the Plan requires contributions on the specified wages as follows:

	<u>Fire Department</u>	<u>Police Department</u>
Employee contribution	9.35%	9.35%
City's contribution	20.48%	20.48%

## DEBT ADMINISTRATION

In February of 2004, sewer bonds were sold to finance various sewer projects. During this sale, the City was able to receive an upgrade from Moody's Investors Service for the second time in four years. The City's Revenue Bonds were upgraded from A2 to A1. The upgrade was based on a trend of sound financial operations, a diverse and stable service economy, and debt levels that will rapidly retire. In FY03, the City received an upgrade on its General Obligation Bonds. The bonds were upgraded from Aa3 to Aa2. The new bond ratings have the potential to decrease interest costs on any new debt issuance by the City.

## **CASH MANAGEMENT AND INVESTMENTS**

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated cash requirements during the period.

The overall strategy of holding deposits and making investments is to expose the City of Cedar Falls to a minimal amount of credit risk and market risk. Bank balances are classified as follows:

- Category 1      100% of the City's deposits are either insured by the FDIC or collateralized with securities held by the City or by its agent in the City's name.
- Category 2      None of the City's deposits are uninsured, but collateralized with securities held by the pledging financial institutions trust department or agent in the City's name.
- Category 3      None of the City's deposits are uninsured or uncollateralized.

With respect to risk, investments may be classified as follows:

- Category 1      100% of the City's investments are either insured or registered, with securities held by the City or its agent in the City's name.
- Category 2      None of the City's investments are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name.
- Category 3      None of the City's investments are uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the City's name.

## **RISK MANAGEMENT**

To keep its property casualty premiums from escalating beyond control, the City maintains high levels of self-insured retention in its workers compensation, general liability, auto liability, and long-term disability insurance programs. As a part of this comprehensive plan, resources are accumulated in the General Fund to meet potential losses. To help avoid the conditions and practices which cause losses, a risk management committee has been formed to establish loss control procedures, claims analysis, and employee safety programs. Additionally, insurance company recommendations and fire inspection recommendations are implemented whenever possible. When risks cannot be avoided or reduced to acceptable levels, the City transfers the risk by purchasing insurance. The All Lines Aggregate policy purchased by the City is an alternative approach to traditional insurance or self-insurance. It is a package concept containing multiple lines of coverage with some retention of risk to the City. Through the All Lines Aggregate, the City retains as much of the risk as financially feasible, while the excess insurance provides financial security. The reserves for the self-insurance portions of the program stand at \$3,020,937. Future savings or losses will depend upon how well the City is able to contain losses and mitigate our risk exposures.

## **INDEPENDENT AUDIT**

Eide Bailly, LLP, a firm of independent public accountants has audited the financial records, books of account and transactions of the City for the fiscal year ended June 30, 2004, and their opinion is included in the Financial Section of this report. The financial statements are the responsibility of the City. The responsibility of the independent public accountants is to express an opinion on the City's financial statements based on their audit. An audit is conducted in accordance with U.S. generally accepted auditing standards. Those standards require that

the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Falls for its comprehensive annual financial report (CAFR) for the year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last fourteen consecutive years (fiscal years ended 1990-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

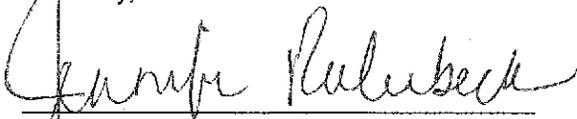
The City received, for the first time, the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for FY98. The award is received for Popular Annual Financial Reports that conform to program standards of creativity, presentation, understandability and reader appeal. ~~The City also received the award for FY00.~~

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget beginning July 1, 2003. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. The City of Cedar Falls has received the GFOA's Award for Distinguished Budget Presentation for the last eleven years.

## **ACKNOWLEDGMENTS**

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Department of Administrative Services, particularly the financial services division and Kelly Lambert, Financial Technician. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. I would also like to thank the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

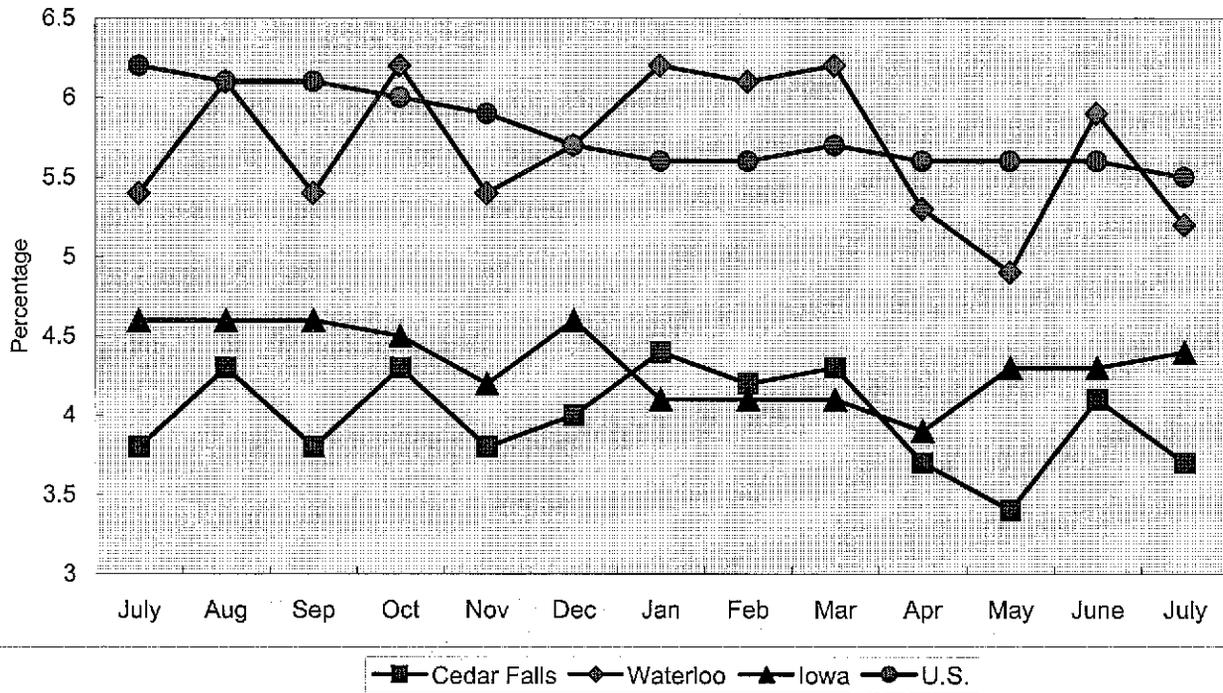
Sincerely,



Jennifer Rodenbeck, CPA, CPFO  
Finance Manager

Unempl

**Unemployment Rates  
Cedar Falls, Waterloo, Iowa & U.S.**



**Unemployment Rates  
Cedar Falls, Waterloo, Iowa & U.S.**

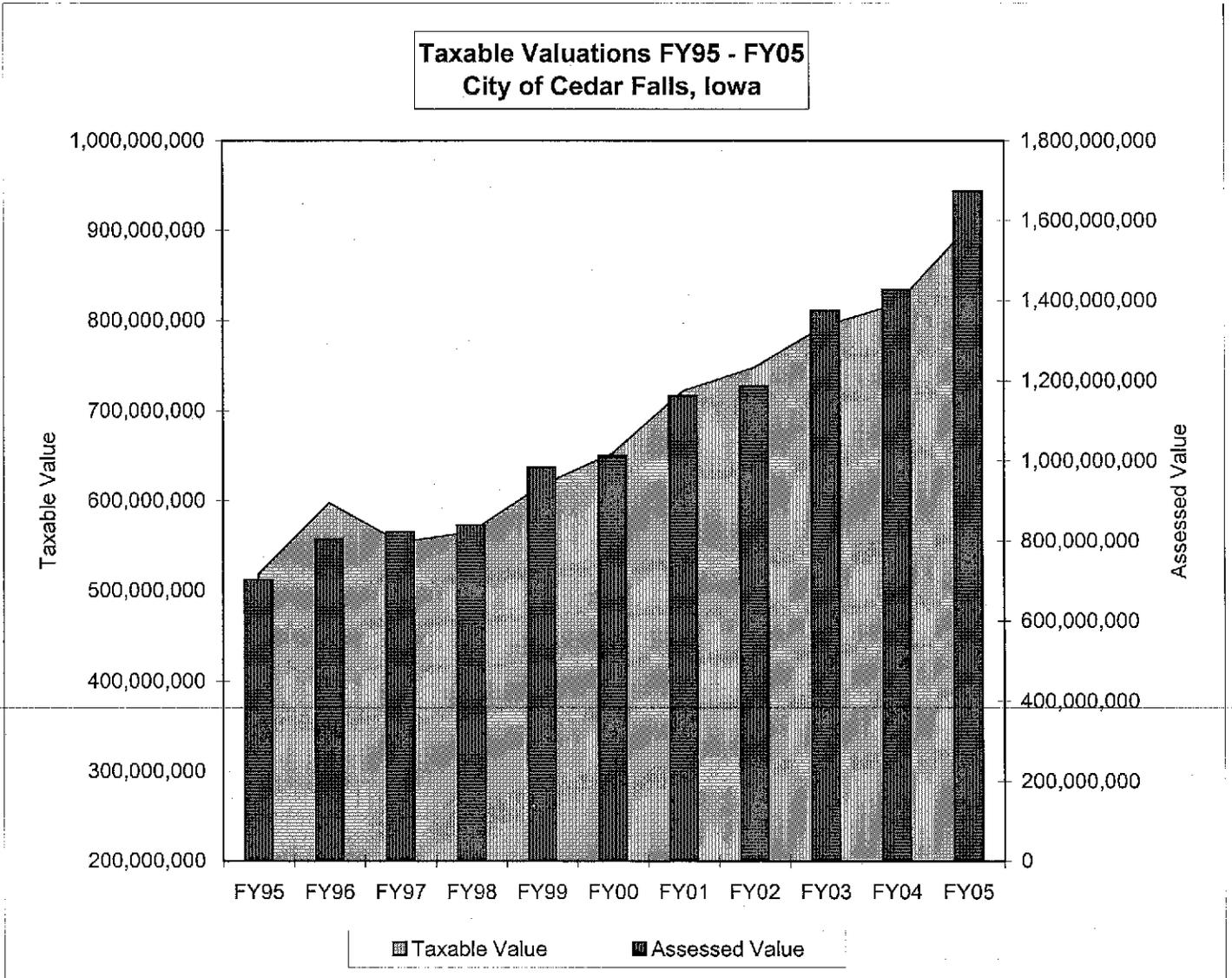
Month 03-04	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	3.8	5.4	4.6	6.2
Aug	4.3	6.1	4.6	6.1
Sep	3.8	5.4	4.6	6.1
Oct	4.3	6.2	4.5	6.0
Nov	3.8	5.4	4.2	5.9
Dec	4.0	5.7	4.6	5.7
Jan	4.4	6.2	4.1	5.6
Feb	4.2	6.1	4.1	5.6
Mar	4.3	6.2	4.1	5.7
Apr	3.7	5.3	3.9	5.6
May	3.4	4.9	4.3	5.6
June	4.1	5.9	4.3	5.6
July	3.7	5.2	4.4	5.5
Average	4.0	5.7	4.3	5.8

Cedar Falls has consistently remained below Waterloo and the nation's unemployment rates.

Historically Cedar Falls' unemployment rate has closely followed the State trends. Cedar Falls is insulated from many of the economic problems in the Metro area due to a strong service employment base supported by UNI.

ATTACHMENT B

Taxvalue



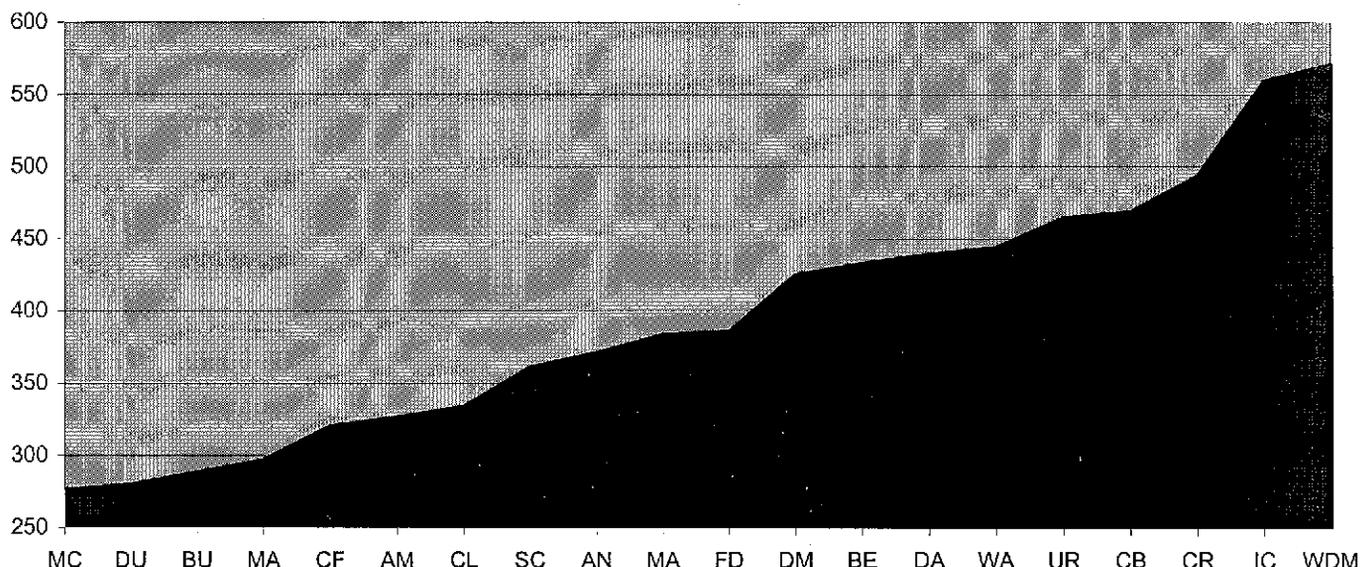
Year	Taxable Value	Assessed Value
FY95	519,088,059	702,208,786
FY96	597,471,141	804,033,617
FY97	553,548,261	822,854,401
FY98	565,333,594	838,595,077
FY99	617,205,551	983,280,851
FY00	653,019,972	1,012,876,271
FY01	722,070,299	1,161,812,891
FY02	747,955,311	1,188,336,276
FY03	794,505,253	1,374,429,803
FY04	817,896,980	1,427,127,146
FY05	903,439,479	1,673,902,007

Taxable values fell rapidly in the Mid-1980's due to economic difficulty in the Metro area. The last five years have provided a steady growth trend.

For FY05, assessed values increased by \$247,000,000 mostly due to a countywide reassessment that increased residential and commercial values. However, taxable values only increased by \$85,000,000 due to the change in the residential rollback factor from 51.39% in FY04 to 48.46% in FY05.

Citytaxr

**Property Tax Per Capita (FY04)  
20 Largest Iowa Cities**



**Property Tax Per Capita (FY04)  
20 Largest Iowa Cities**

City	FY04 Tax Per Person	2000 Population	Abbreviation
Mason City	276.32	29,172	MC
Dubuque	280.10	57,686	DU
Burlington	288.58	26,839	BU
Marshalltown	296.85	26,009	MA
<b>Cedar Falls</b>	<b>320.35</b>	<b>36,145</b>	<b>CF</b>
Ames	326.56	50,731	AM
Clinton	333.90	27,772	CL
Sioux City	360.96	85,013	SC
Ankeny	371.06	27,117	AN
Marion	383.74	26,294	MA
Fort Dodge	385.66	25,136	FD
Des Moines	425.05	198,682	DM
Bettendorf	433.01	31,275	BE
Davenport	439.39	98,359	DA
Waterloo	444.09	68,747	WA
Urbandale	464.57	29,072	UR
Council Bluffs	468.63	58,268	CB
Cedar Rapids	493.39	120,758	CR
Iowa City	559.42	62,220	IC
West Des Moines	570.69	46,403	WDM
Average	396.12		

For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

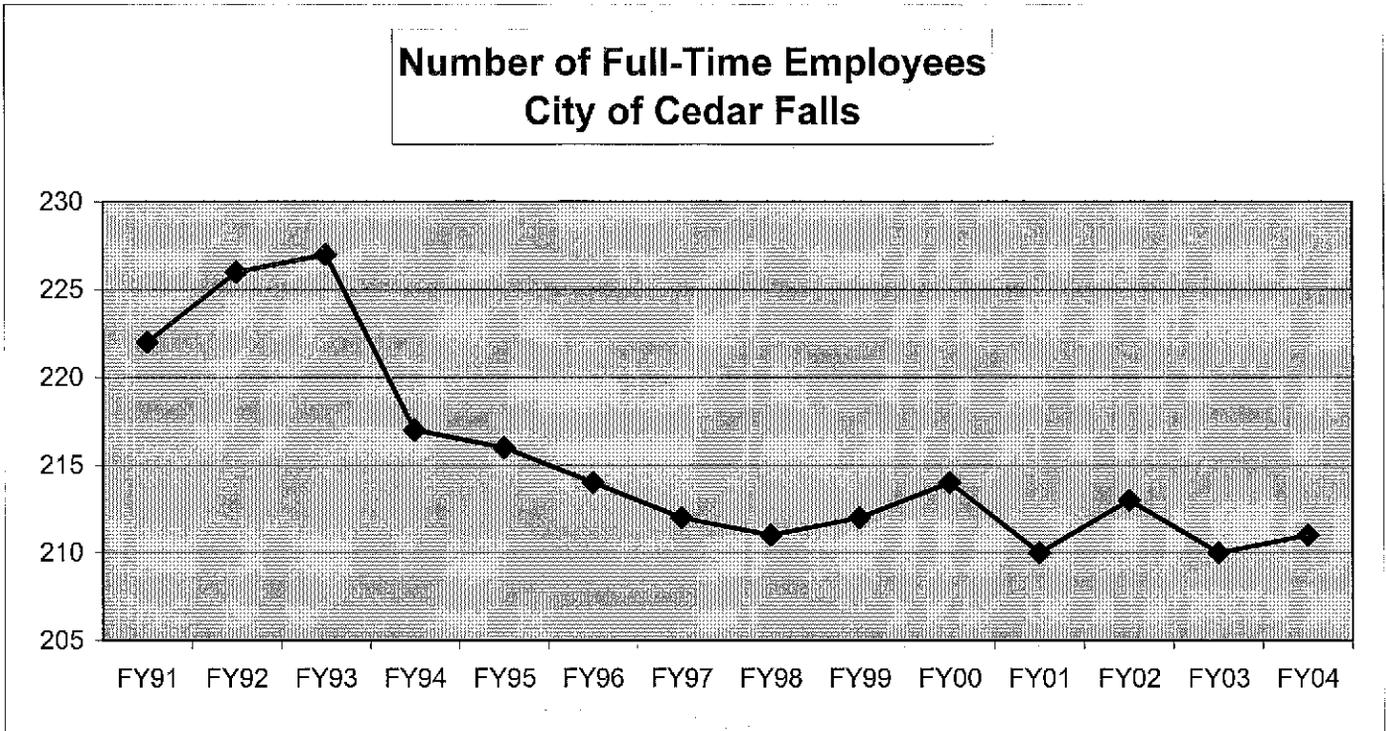
At a cost of \$320.35 per person, the City is substantially below the average rate of \$396.11. This rate can be attributed to the City's concerted efforts to streamline operations over the past 20 years.

If the City of Cedar Falls operated at the state average property tax per capita, an additional 2.7 million dollars would be devoted to operations. This would be an increase of 25% of taxes levied in FY04.

Included in Cedar Falls' population are university students who live in campus housing and do not pay property taxes. This results in an even greater property tax burden on the citizens.

ATTACHMENT D

emplypc



**Number of Full-Time Employees  
City of Cedar Falls  
FY91 - FY05**

Year	Number of Employees	Population	Employees per 1,000
FY91	222	34,298	6.47
FY92	226	34,298	6.59
FY93	227	34,298	6.62
FY94	217	34,298	6.33
FY95	216	34,298	6.30
FY96	214	34,298	6.24
FY97	212	34,298	6.18
FY98	211	34,298	6.15
FY99	212	34,298	6.18
FY00	214	34,298	6.24
FY01	210	36,145	5.81
FY02	213	36,145	5.89
FY03	210	36,145	5.81
FY04	211	36,145	5.84
FY05	212	36,145	5.87
Average:			6.17

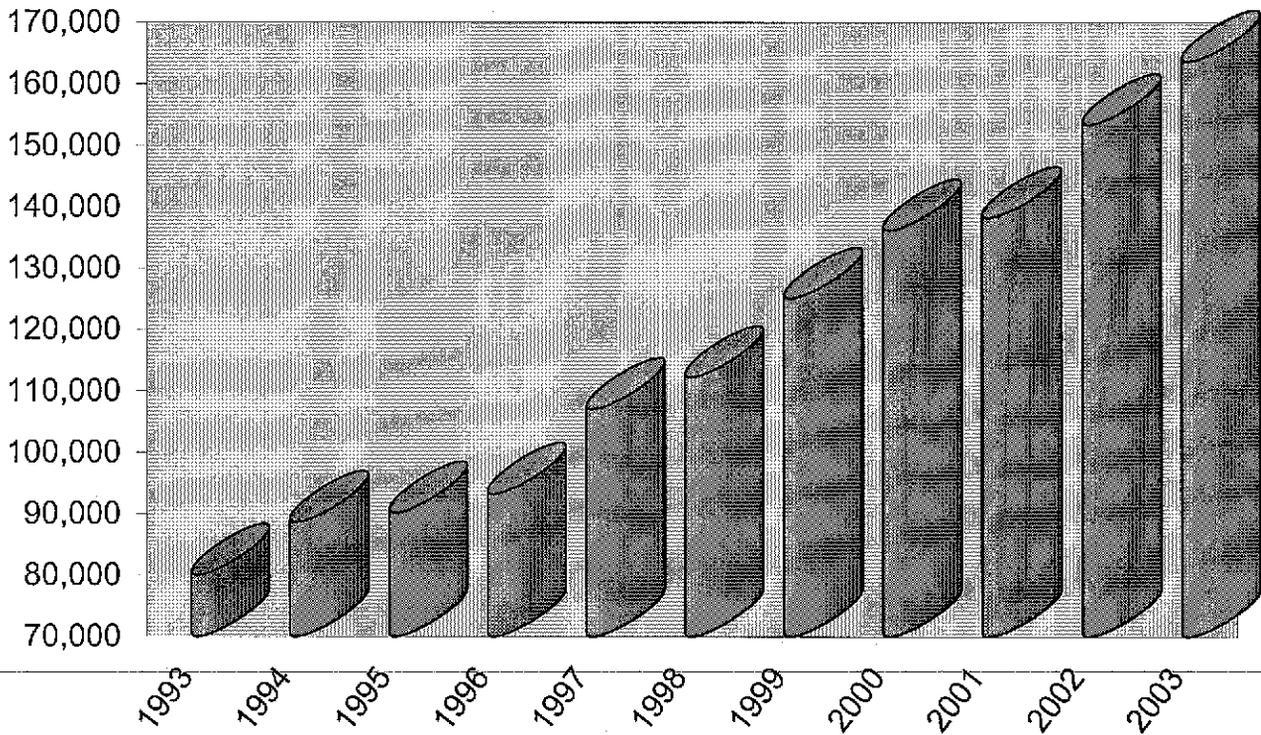
Full-time employees hired by the City of Cedar Falls have gradually dropped over the past 15 years from a high of 227 in FY93 to a low of 210 in FY01 & FY03.

Reductions in employment are created by the policy directives the City Council implemented through reorganization in FY88-91 and early retirement initiatives in FY94 and FY95.

ATTACHMENT E

Resale05

**Average Residential Sales Price (Annual)  
Cedar Falls, Iowa**



Year	Average Sales Price
1993	80,025
1994	88,641
1995	90,172
1996	93,238
1997	107,014
1998	112,208
1999	125,052
2000	136,175
2001	138,226
2002	153,312
2003	163,637
Average	117,064

The average sale price residential properties in Cedar Falls has grown by 104% between 1993 - 2003 from \$80,025 to 163,637.

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FALLS

*Town*

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Falls,  
Iowa

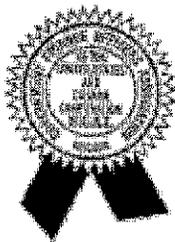
For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2003

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.



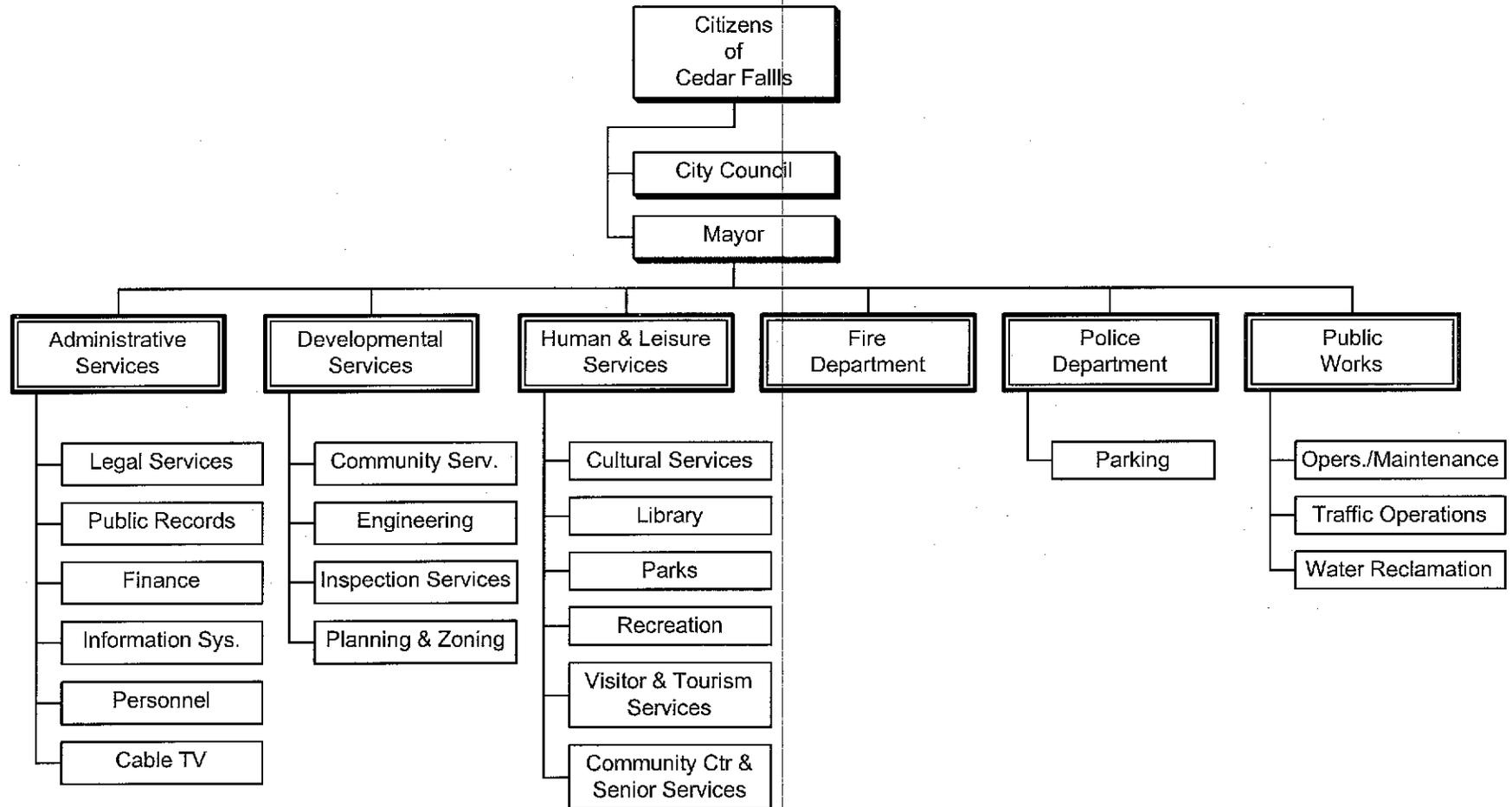
A handwritten signature in black ink, appearing to read "Edward Henry".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

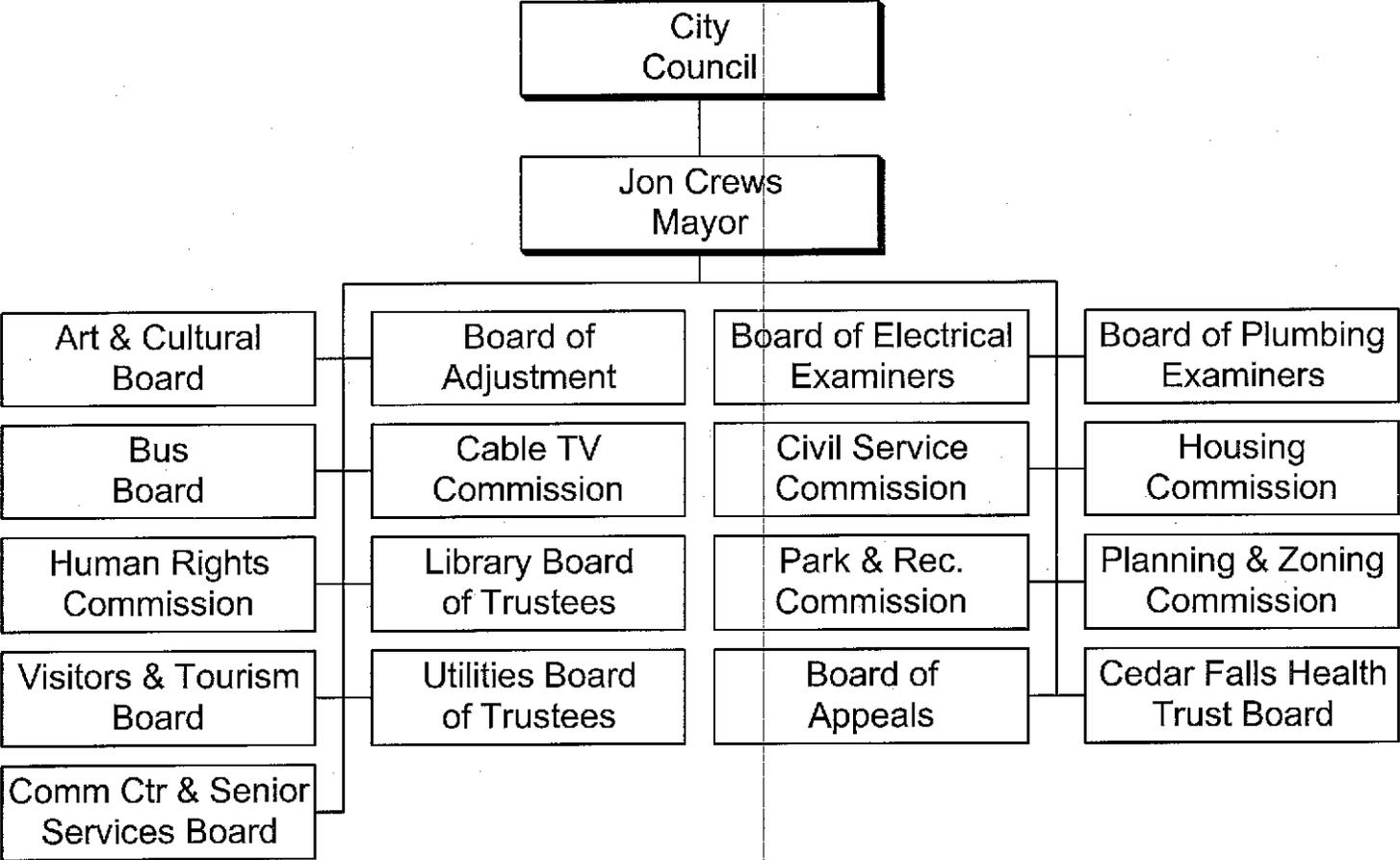
Executive Director

CITY OF CEDAR FALLS, IOWA  
ORGANIZATIONAL CHART



-15-

CITY OF CEDAR FALLS, IOWA  
BOARDS AND COMMISSIONS



# CITY OF CEDAR FALLS, IOWA

## PRINCIPAL OFFICIALS

June 30, 2004

Title	Name
Mayor	Jon Crews
Council Member – 1 <sup>st</sup> Ward	Tom Hagarty
Council Member – 2 <sup>nd</sup> Ward	Susan deBuhr
Council Member – 3 <sup>rd</sup> Ward	Robert Murphy
Council Member – 4 <sup>th</sup> Ward	Kamyar Enshayan
Council Member – 5 <sup>th</sup> Ward	Stanley G. Smith
Council Member – At Large	Axe Haugen
Council Member – At Large	Dave Wieland
Administrative Services Director	Richard L. McAlister
Developmental Services Director	John Page
Human & Leisure Services Director	Ward Stubbs
Fire Chief	Steve Mitchell
Police Chief	Rick Ahlstrom
Public Works Director	Bruce Sorensen
City Attorney	Gary Jones
City Attorney	Steve Moore
City Attorney	Susan Staudt
Finance Manager	Jennifer Rodenbeck
City Clerk	Gary Hesse
Data Processing Manager	Laurene Saathoff
Personnel Manager	Brenda Balvanz
Cable TV Manager	Kirk Eastman
City Engineer	Larry Buchholz
City Planner	Marty Ryan
Community Services Manager	Robert Seymour
Inspection Services Manager	Dick Cheeseman
Cultural Services Manager	Mary Huber
Park Division Manager	Mark Ripplinger
Recreation Division Manager	Bruce Verink
Visitors & Tourism Manager	Kimberly Burger
Cedar Falls Public Library Director	Carol French Johnson
Building & Traffic Operations Manager	Laverne Junker
Operations and Maintenance Manager	Brian Heath
Water Reclamation Manager	Lyle Krueger
Cedar Falls Utilities General Manager	Jim Krieg

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Consultants • Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Cedar Falls, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Cedar Falls, Iowa. Our responsibility is to express an opinion 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; Chapter 11 of the Code of Iowa; 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of June 30, 2004, 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, under separate cover, dated September 22, 2004, on our consideration of the City's internal control over financial reporting and 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 listed in the table of contents 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 basic financial statements of the City of Cedar Falls, Iowa. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

*Eide Bailly LLP*

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Dubuque, Iowa  
September 22, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Cedar Falls' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the transmittal letter on page 1 and the City's financial statements, which begin on page 29.

### 2004 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased 13.05%, or \$4,259,848, from fiscal year 2003 to fiscal year 2004. Property tax increased \$1,303,353.
- Program expenses increased 6.76%, or \$1,680,440 in fiscal year 2004 from fiscal year 2003. Public Safety, Public Works, and Culture and Recreation expenses increased \$893,786, \$528,594, and \$399,527, respectively.
- The City's net assets increased 7.45%, or \$12,400,104, from June 30, 2003 to June 30, 2004. Of this amount, the net assets of the governmental activities increased by \$10,333,942 and the net assets of the business-type activities increased by \$2,066,162.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the City as a whole and present an overall view of the City's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and Capital Projects Funds and the Internal Service Funds.

### REPORTING THE CITY'S FINANCIAL ACTIVITIES

#### Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City of Cedar Falls in a better financial position at the end of the fiscal year, compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting,

which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. A person will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Assets and the Statement of Activities report two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, streets, fire, police, parks, recreation, library, and housing and block grant assistance. Property taxes, local option sales taxes, road use taxes, and federal and state grants finance most of these activities.
- Business-type activities – The City of Cedar Falls charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer and refuse are reported in this section.

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## **Fund Financial Statements**

The Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City has two kinds of funds:

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether these are more or few financial resources that can be spent in the near future to finance City programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

- Proprietary Funds – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City of Cedar Falls' proprietary funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the change in the net assets for governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Current and						
other assets	\$ 76,143,590	\$ 71,159,128	\$ 10,061,702	\$ 7,722,486	\$ 86,205,292	\$ 78,881,614
Capital assets	112,913,115	105,254,064	32,114,651	31,354,502	145,027,766	136,608,566
Total assets	189,056,705	176,413,192	42,176,353	39,076,988	231,233,058	215,490,180
Long-term debt	\$ 21,149,298	\$ 22,834,382	\$ 7,516,418	\$ 6,668,396	\$ 28,665,716	\$ 29,502,778
Other liabilities	23,071,529	19,076,874	732,242	547,061	23,803,771	19,623,935
Total liabilities	\$ 44,220,827	\$ 41,911,256	\$ 8,248,660	\$ 7,215,457	\$ 52,469,487	\$ 49,126,713
Net assets:						
Invested in capital						
assets, net of						
related debt	\$ 94,575,609	\$ 82,419,682	\$ 26,778,721	\$ 24,686,106	\$ 121,354,330	\$ 107,105,788
Restricted	15,944,416	14,924,796	808,500	609,000	16,752,916	15,533,796
Unrestricted	34,315,853	37,157,458	6,340,472	6,566,425	40,656,325	43,723,883
Total net assets	\$ 144,835,878	\$ 134,501,936	\$ 33,927,693	\$ 31,861,531	\$ 178,763,571	\$ 166,363,467

Net assets of governmental activities increased from FY03 by approximately \$10.3 million, or 7.68%. Net assets of business-type activities increased from FY03 by approximately \$2.1 million, or 6.48%. The largest portion of the City's net assets is the invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, bond covenants, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations are approximately \$40.7 million at the end of the year.

For the year ended June 30, 2004, net assets changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for services	\$ 3,378,534	\$ 2,653,599	\$ 6,219,071	\$ 5,736,634	\$ 9,597,605	\$ 8,390,233
Operating grants and contributions	2,207,574	2,077,794	--	--	2,207,574	2,077,794
Capital grants and contributions	4,210,176	993,846	11,687	--	4,221,863	993,846
General Revenues						
Property taxes	14,110,761	12,807,408	54,475	10,396	14,165,236	12,817,804
Other city	4,169,362	3,893,997	--	--	4,169,362	3,893,997
Use of money and property	2,618,556	3,031,121	116,420	170,254	2,734,976	3,201,375
Intergovernmental	3,785,710	4,053,397	--	--	3,785,710	4,053,397
Fines and forfeitures	--	527,966	--	--	--	527,966
Miscellaneous	946,121	1,156,311	--	--	946,121	1,156,311
Gain/Loss on sale of assets	72,034	(56,459)	(2,820)	(7,072)	69,214	(63,531)
Utility contribution	1,400,000	1,500,000	--	--	1,400,000	1,500,000
Capital contributions	--	--	--	8,720	--	8,720
<b>Total revenues</b>	<b>\$ 36,898,828</b>	<b>\$ 32,638,980</b>	<b>\$ 6,398,833</b>	<b>\$ 5,918,932</b>	<b>\$ 43,297,661</b>	<b>\$ 38,557,912</b>
Expenses						
Public safety	\$ 6,378,906	\$ 5,485,120	\$ --	\$ --	\$ 6,378,906	\$ 5,485,120
Public works	8,083,107	7,554,513	--	--	8,083,107	7,554,513
Health and social services	177,236	367,638	--	--	177,236	367,638
Culture and recreation	4,788,464	4,388,937	--	--	4,788,464	4,388,937
Community and economic development	2,641,914	2,461,419	--	--	2,641,914	2,461,419
General government	3,309,062	3,164,667	--	--	3,309,062	3,164,667
Debt service	1,046,548	1,267,811	--	--	1,046,548	1,267,811
Capital projects	119,579	174,271	--	--	119,579	174,271
Sewer	--	--	2,656,015	2,722,667	2,656,015	2,722,667
Refuse	--	--	1,696,726	1,661,120	1,696,726	1,661,120
<b>Total expenses</b>	<b>\$ 26,544,816</b>	<b>\$ 24,864,376</b>	<b>\$ 4,352,741</b>	<b>\$ 4,383,787</b>	<b>\$ 30,897,557</b>	<b>\$ 29,248,163</b>
Increase in net assets before transfers	\$ 10,354,012	\$ 7,774,604	\$ 2,046,092	\$ 1,535,145	\$ 12,400,104	\$ 9,309,749
Transfers	(20,070)	(371,589)	20,070	371,589	--	--
<b>Increase in net assets</b>	<b>\$ 10,333,942</b>	<b>\$ 7,403,015</b>	<b>\$ 2,066,162</b>	<b>\$ 1,906,734</b>	<b>\$ 12,400,104</b>	<b>\$ 9,309,749</b>
Net assets, beginning	134,501,936	126,961,804	31,861,531	29,954,797	166,363,467	156,916,601
Restatement	--	137,117	--	--	--	137,117
<b>Net assets, ending</b>	<b>\$ 144,835,878</b>	<b>\$ 134,501,936</b>	<b>\$ 33,927,693</b>	<b>\$ 31,861,531</b>	<b>\$ 178,763,571</b>	<b>\$ 166,363,467</b>

Property tax revenue increased by approximately \$1.3 million from FY03 due to increased TIF revenue. Donations for the new library and new streets provided by developers caused capital grants and donations to increase by \$3.2 million.

**INDIVIDUAL MAJOR FUND ANALYSIS**

**Governmental Fund Highlights**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$47,493,277. \$6,173,447 is reserved for employee retirement systems, inventory, long-term notes receivable, and debt service. This leaves an unreserved balance of \$41,319,830.

This governmental fund balance increased by \$2,937,997, which is 6.59%. This increase was attributable to the increase in property tax revenues and miscellaneous revenues.

The General Fund is the chief operating fund of the City of Cedar Falls. At the end of the current fiscal, unreserved fund balance of the General Fund was \$4,202,156, while the total fund balance totaled \$4,280,455. As a measure of the General Funds liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unreserved fund balance represents 29.5% of the total General Fund expenditures, while the total fund balance represents 30% of that same amount.

The following fund balances in the other major funds, which comprise the Total Governmental Funds are listed below:

	FY04 Amount	FY03 Amount	Increase (Decrease)
Hospital Fund	\$ 11,539,917	\$ 10,971,932	\$ 567,985
Street Repair Fund	5,879,377	5,303,451	575,926
Street Construction Fund	4,431,992	4,006,990	425,002
Debt Service Fund	147,737	91,560	56,177
Capital Improvements Fund	6,219,870	6,990,792	(770,922)
Bond Fund	4,025,741	3,300,239	725,502
Other Governmental Funds	10,968,188	9,920,236	1,047,952

The largest increase in fund balance for the major funds occurred in the Bond Fund. This was due to \$2,355,000 in bond proceeds received in February 2004. The Capital Improvements Fund had the largest decrease in fund balance for the major funds. This decrease was caused by the increased expenditures for the Recreation Center expansion in FY04. The \$1,047,952 increase in the Other Nonmajor Governmental Funds was primarily caused by the sale of land in the Economic Development Capital Fund.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2004 and June 30, 2003.

Revenues	FY04 Amount	Percent of Total	FY03 Amount	Increase (Decrease) from FY03	Percent of Increase (Decrease)
Property taxes and assessments	\$ 14,085,403	40.90 %	\$ 12,807,404	\$ 1,277,999	52.72 %
Other City taxes	4,169,362	12.11	3,893,996	275,366	11.36
Licenses and permits	847,158	2.46	724,041	123,117	5.08
Use of money and property	2,618,556	7.61	3,031,124	(412,568)	(17.02)
Intergovernmental	6,324,283	18.37	7,125,038	(800,755)	(33.03)
Charges for services	1,984,119	5.76	1,929,559	54,560	2.25
Fines and forfeitures	547,257	1.59	527,965	19,292	0.80
Miscellaneous	2,460,384	7.14	473,127	1,987,257	81.97
Utility contribution in lieu of taxes	1,400,000	4.07	1,500,000	(100,000)	(4.12)
	<u>\$ 34,436,522</u>	<u>100.00 %</u>	<u>\$ 32,012,254</u>	<u>\$ 2,424,268</u>	<u>100.00 %</u>

The most significant increase in revenues was in miscellaneous. The increase was due to large donations received in FY04 for the library, and the sale of Industrial and Technology Park land.

The most significant decrease in revenues was in intergovernmental. This decrease was due to the loss of revenue from the State of Iowa.

The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2004 and June 30, 2003.

Expenditures	FY04 Amount	Percent of Total	FY03 Amount	Increase (Decrease) from FY03	Percent of Increase (Decrease)
Public Safety	\$ 6,288,812	17.97 %	\$ 6,057,219	\$ 231,593	8.13 %
Public Works	6,987,749	19.96	6,683,343	304,406	10.68
Health & Social Services	50,921	0.15	252,322	(201,401)	(7.07)
Culture & Recreation	4,246,829	12.13	4,336,496	(89,667)	(3.15)
Community and Economic Development	2,600,174	7.43	2,469,573	130,601	4.58
General Government	3,075,636	8.79	3,151,579	(75,943)	(2.67)
Debt Service	5,093,474	14.55	4,844,970	248,504	8.72
Capital Projects	6,656,971	19.02	4,355,970	2,301,001	80.76
	<u>\$ 35,000,566</u>	<u>100.00 %</u>	<u>\$ 32,151,472</u>	<u>\$ 2,849,094</u>	<u>100.00 %</u>

The most significant increase in expenditures occurred in the capital projects function. This was due to the timing of projects funded by bond proceeds.

The most significant decrease in expenditures occurred in the health and social services function. This was due to the timing of health related projects funded by the Health Trust Fund Board.

### Proprietary Funds

City of Cedar Falls proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer and Refuse funds at the end of the year amounted to \$6,340,472. There are unrestricted assets in the Governmental Activities Internal Service fund of \$7,628,391.

These funds were established for the City operations that are financed and operated in a manner similar to private business enterprises. The cost of providing the services to the general public is recovered, in whole or in part, through user charges.

The City's enterprise operations are comprised of two separate and distinct activities: Sewer and Refuse. Results of operations for these funds for the year ended June 30, 2004 is as follows:

	Sewer		Refuse	
	2004	2003	2004	2003
Operating Revenues	\$ 3,747,185	\$ 3,638,914	\$ 2,471,886	\$ 2,097,720
Operating Expenses	2,346,845	2,317,578	1,696,726	1,661,120
Non-Operating Revenue (Expenses)	(166,168)	(249,897)	25,073	18,386
Capital Contributions	11,687	8,720	--	--
Operating Transfers, net	16,410	296,399	3,660	75,190
Net Income	1,262,269	1,376,558	803,893	530,176

### BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the General Fund budget two times. The first amendment was done in March 2004 and the second amendment was made in May 2004. These amendments were needed to cover a reduction in State funding and unplanned disbursements, including the timing of various capital projects. The City did not exceed the amended budgeted amounts in any of its programs.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of June 30, 2004, the City had \$145 million invested in capital assets including police and fire equipment, public buildings, park facilities, roads, bike trails, bridges, water treatment facilities, sanitary sewer lines, and storm water improvements. (See Table following.) This represents a net increase of \$8.4 million or 6.2% over last year.

**City of Cedar Falls Capital Assets  
(net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 12,630,400	\$ 10,796,873	\$ 1,301,739	\$ 1,301,739	\$ 13,932,139	\$ 12,098,612
Buildings	18,019,145	13,189,713	7,992,122	8,117,971	26,011,267	21,307,684
Improvements other than buildings	1,803,728	1,811,731	--	--	1,803,728	1,811,731
Machinery and equipment	6,265,681	5,588,710	3,075,410	2,882,811	9,341,091	8,471,521
Infrastructure	71,861,859	69,487,577	17,762,254	17,464,960	89,624,113	86,952,537
Construction in progress	2,332,302	4,379,460	1,983,126	1,587,021	4,315,428	5,966,481
<b>Total</b>	<b>\$ 112,913,115</b>	<b>\$ 105,254,064</b>	<b>\$ 32,114,651</b>	<b>\$ 31,354,502</b>	<b>\$ 145,027,766</b>	<b>\$ 136,608,566</b>

Major capital asset events during the current fiscal year included the following:

- Purchase of land in the Industrial and Technology Park for \$737,373.
- ~~Completion of the new library/community center totaling \$5.1 million and furniture and equipment for \$519,000.~~

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

**Debt**

At year-end, the City had \$28,880,000 in outstanding bonds compared to \$29,735,000 last year. That is a decrease of \$855,000 (2.9%).

**City of Cedar Falls Outstanding Debt  
General Obligation and Revenue Bonds**

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 18,210,000	\$ 18,750,000	\$ 2,850,000	\$ 3,505,000	\$ 21,060,000	\$ 22,255,000
Tax increment financing	3,115,000	4,280,000	--	--	3,115,000	4,280,000
Revenue bonds	--	--	4,705,000	3,200,000	4,705,000	3,200,000
<b>Total</b>	<b>\$ 21,325,000</b>	<b>\$ 23,030,000</b>	<b>\$ 7,555,000</b>	<b>\$ 6,705,000</b>	<b>\$ 28,880,000</b>	<b>\$ 29,735,000</b>

The City of Cedar Falls maintained their Aa2 rating from Moody's Investor Services for all general obligation bond issuances.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total assessed valuation. As of June 30, 2004, the City's legal debt margin was \$44,091,357.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the state legislative session in 2003, the legislature did eliminate certain state funding to local governments starting with FY2004. This had a significant impact on the City's general fund for the past year. There were reductions in budgeted operating expenditures for all departments and fees were increased for certain fines, permits, and program fees.

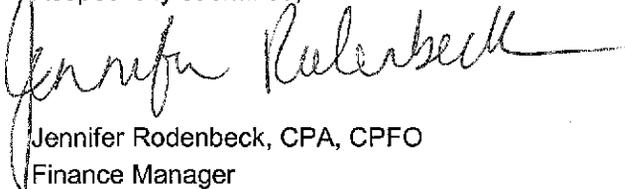
Even with the State reductions, the City Council did establish a balanced budget in the General Fund for FY05. The tax levy rate per \$1,000 of taxable valuation for FY05 is provided below:

General levy	\$ 8.10
Trust and Agency levy	3.30
Debt Service levy	1.80
Transit levy	.27
Liability Insurance levy	.15
Municipal Band levy	<u>.03</u>
Total levy	\$ 13.65

### CONTACTING THE CITY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City's discretely presented component units, Cedar Falls Utilities, have separately issued financial statements. If you have questions about this report or need additional information, contact the Department of Administrative Services, 220 Clay Street, Cedar Falls, IA 50613.

Respectfully submitted,

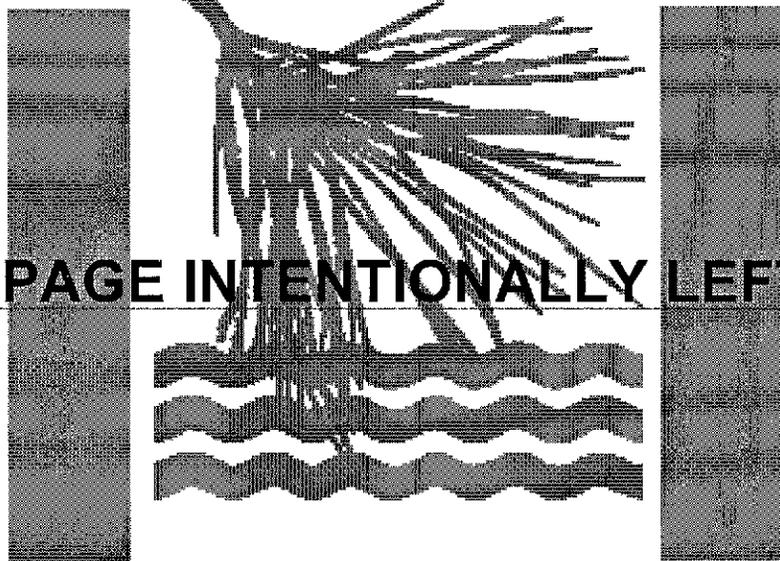


Jennifer Rodenbeck, CPA, CPFO  
Finance Manager

(319) 268-5108

Email – [Jennifer.Rodenbeck@ci.cedar-falls.ia.us](mailto:Jennifer.Rodenbeck@ci.cedar-falls.ia.us)

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**City of Cedar Falls, Iowa**  
**Statement of Net Assets**  
**June 30, 2004**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 56,226,880	\$ 8,559,685	\$ 64,786,565
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	16,080,225	--	16,080,225
Other city taxes	685,774	--	685,774
Accrued interest	212,818	17,006	229,824
Special assessments	25,359	33,755	59,114
Notes	148,781	--	148,781
Customers	--	--	--
Other	1,104,672	626,060	1,730,732
Due from component unit	700,000	--	700,000
Due from other governments	706,892	--	706,892
Inventories	252,189	26,196	278,385
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	799,000	799,000
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Note receivable	--	--	--
Capital assets:			
Land	12,630,400	1,301,739	13,932,139
Land improvements	3,050,086	--	3,050,086
Buildings	21,908,958	11,301,204	33,210,162
Machinery and equipment	11,393,411	3,942,180	15,335,591
Infrastructure	106,872,816	25,768,428	132,641,244
Construction in progress	2,332,302	1,983,126	4,315,428
Accumulated depreciation	(45,274,858)	(12,182,026)	(57,456,884)
Total assets	<u>\$ 189,056,705</u>	<u>\$ 42,176,353</u>	<u>\$ 231,233,058</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,103,033	\$ 412,364	\$ 2,515,397
Accrued liabilities	1,888,147	67,860	1,956,007
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Unearned revenue	16,003,718	--	16,003,718
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	2,495,000	1,320,000	3,815,000
Contracts payable	600,000	--	600,000
Compensated absences	493,976	69,577	563,553
Portion due or payable after one year:			
Bonds payable	18,654,298	6,196,418	24,850,716
Contracts payable	600,000	--	600,000
Compensated absences	1,382,655	182,441	1,565,096
Total liabilities	<u>\$ 44,220,827</u>	<u>\$ 8,248,660</u>	<u>\$ 52,469,487</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 94,575,609	\$ 26,778,721	\$ 121,354,330
Restricted:			
Streets	10,115,226	--	10,115,226
Debt service	147,737	799,000	946,737
Employee retirement system	5,681,453	--	5,681,453
Post closure costs	--	9,500	9,500
Unrestricted	34,315,853	6,340,472	40,656,325
Total net assets	<u>\$ 144,835,878</u>	<u>\$ 33,927,693</u>	<u>\$ 178,763,571</u>

See notes to financial statements

Component Units

Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ 3,861,603	\$ 3,490,284	\$ 588,422	\$ --
7,485,000	685,569	1,850,000	--
9,206,139	250,938	976,880	--
--	--	--	--
--	--	--	--
268,335	13,032	35,561	10,921
--	--	--	--
--	24,126	--	--
2,091,043	3,320,062	168,427	806,439
495,092	1,441,706	22,650	59,028
--	--	--	--
--	--	--	--
1,987,890	124,837	91,056	214,091
449,715	108,928	18,768	95,794
519,045	177,485	--	70,637
9,303,000	950,097	--	903,000
727,000	--	--	--
3,564,590	--	--	--
830,431	41,350	63,581	--
4,683	--	--	--
10,799,268	662,952	229,211	--
13,227,578	508,194	324,908	223,336
71,702,410	14,744,195	15,430,976	12,410,597
2,192,830	60,615	382,114	84,553
<u>(56,422,028)</u>	<u>(5,549,813)</u>	<u>(5,493,839)</u>	<u>(5,258,759)</u>
<u>\$ 82,293,624</u>	<u>\$ 21,054,557</u>	<u>\$ 14,688,715</u>	<u>\$ 9,619,637</u>
\$ 1,330,781	\$ 3,212,028	\$ 100,816	\$ 341,275
1,532,351	327,596	56,109	441,575
1,400,000	--	--	--
--	161,500	--	3,403,090
--	--	--	--
745,000	25,000	--	565,000
--	--	--	--
358,839	129,865	69,911	96,819
15,121,379	2,314,893	--	5,835,429
--	--	--	--
--	--	--	--
<u>\$ 20,488,350</u>	<u>\$ 6,170,882</u>	<u>\$ 226,836</u>	<u>\$ 10,683,188</u>
\$ 34,420,776	\$ 8,127,600	\$ 10,936,951	\$ (1,343,792)
--	--	--	--
2,532,046	1,054,117	--	950,083
--	--	--	--
--	--	--	--
24,852,452	5,701,958	3,524,928	(669,842)
<u>\$ 61,805,274</u>	<u>\$ 14,883,675</u>	<u>\$ 14,461,879</u>	<u>\$ (1,063,551)</u>

**City of Cedar Falls, Iowa  
Statement of Activities**

**For the Year Ended June 30, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 6,378,906	\$ 561,788	\$ 74,697	\$ --
Public works	8,083,107	311,932	--	3,201,139
Health and social services	177,236	--	--	--
Culture and recreation	4,788,464	1,356,978	2,132,877	--
Community and economic development	2,641,914	--	--	--
General government	3,309,062	1,147,836	--	--
Interest on long-term debt and related fees	1,046,548	--	--	--
Capital projects	119,579	--	--	1,009,037
Total governmental activities	<u>\$ 26,544,816</u>	<u>\$ 3,378,534</u>	<u>\$ 2,207,574</u>	<u>\$ 4,210,176</u>
Business-type activities:				
Sewer	\$ 2,656,015	\$ 3,747,185	\$ --	\$ 11,687
Refuse	1,696,726	2,471,886	--	--
Total business-type activities	<u>\$ 4,352,741</u>	<u>\$ 6,219,071</u>	<u>\$ --</u>	<u>\$ 11,687</u>
<b>Total primary government</b>	<u><b>\$ 30,897,557</b></u>	<u><b>\$ 9,597,605</b></u>	<u><b>\$ 2,207,574</b></u>	<u><b>\$ 4,221,863</b></u>
Component units				
Electric Utility	\$ 22,416,666	\$ 23,439,416	\$ --	\$ --
Gas Utility	14,029,438	15,512,031	--	--
Water Utility	1,932,697	1,903,984	--	660,722
Communications Utility	5,497,763	6,461,945	--	--
<b>Total component units</b>	<u><b>\$ 43,876,564</b></u>	<u><b>\$ 47,317,376</b></u>	<u><b>\$ --</b></u>	<u><b>\$ 660,722</b></u>

General revenues:

- Property taxes and assessments
- Other city taxes
- Use of money and property
- Intergovernmental
- Miscellaneous
- Gain on sale of assets - governmental activities
- Loss on sale of assets - business-type activities
- Utility contribution in lieu of taxes

Transfers

- Total general revenues and transfers
- Change in net assets

- Net assets - beginning (restated)
- Net assets - ending

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ (5,742,421)	\$ --	\$ (5,742,421)	\$ --	\$ --	\$ --	\$ --
(4,570,036)	--	(4,570,036)	--	--	--	--
(177,236)	--	(177,236)	--	--	--	--
(1,298,609)	--	(1,298,609)	--	--	--	--
(2,641,914)	--	(2,641,914)	--	--	--	--
(2,161,226)	--	(2,161,226)	--	--	--	--
(1,046,548)	--	(1,046,548)	--	--	--	--
889,458	--	889,458	--	--	--	--
<u>\$ (16,748,532)</u>	<u>\$ --</u>	<u>\$ (16,748,532)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,102,857	\$ 1,102,857	\$ --	\$ --	\$ --	\$ --
--	775,160	775,160	--	--	--	--
<u>\$ --</u>	<u>\$ 1,878,017</u>	<u>\$ 1,878,017</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (16,748,532)</u>	<u>\$ 1,878,017</u>	<u>\$ (14,870,515)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 1,022,750	\$ --	\$ --	\$ --
--	--	--	--	1,482,593	--	--
--	--	--	--	--	632,009	--
--	--	--	--	--	--	964,182
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,022,750</u>	<u>\$ 1,482,593</u>	<u>\$ 632,009</u>	<u>\$ 964,182</u>
\$ 14,110,761	\$ 54,475	\$ 14,165,236	\$ --	\$ --	\$ --	\$ --
4,169,362	--	4,169,362	--	--	--	--
2,618,556	116,420	2,734,976	500,215	63,200	42,796	16,938
3,785,710	--	3,785,710	--	--	--	--
946,121	--	946,121	--	--	--	--
72,034	--	72,034	--	--	--	--
--	(2,820)	(2,820)	--	--	--	--
1,400,000	--	1,400,000	--	--	--	--
(20,070)	20,070	--	--	--	--	--
<u>\$ 27,082,474</u>	<u>\$ 188,145</u>	<u>\$ 27,270,619</u>	<u>\$ 500,215</u>	<u>\$ 63,200</u>	<u>\$ 42,796</u>	<u>\$ 16,938</u>
\$ 10,333,942	\$ 2,066,162	\$ 12,400,104	\$ 1,522,965	\$ 1,545,793	\$ 674,805	\$ 981,120
134,501,936	31,861,531	166,363,467	60,282,309	13,337,882	13,787,074	(2,044,671)
<u>\$ 144,835,878</u>	<u>\$ 33,927,693</u>	<u>\$ 178,763,571</u>	<u>\$ 61,805,274</u>	<u>\$ 14,883,675</u>	<u>\$ 14,461,879</u>	<u>\$ (1,063,551)</u>

**City of Cedar Falls, Iowa**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2004**

		Special Revenue	
	General Fund	Hospital Fund	Street Repair Fund
<b>ASSETS</b>			
Cash	\$ 3,833,174	\$ 11,837,642	\$ 5,568,496
Receivables, net of allowance for uncollectible amounts:			
Property taxes	10,300,632	--	--
Other city taxes	55,631	--	574,512
Accrued interest	25,594	102,275	15,441
Special assessments	--	--	--
Notes	--	--	--
Other	23,153	280,531	--
Due from component unit	700,000	--	--
Due from other funds	--	--	--
Due from other governments	12,022	--	--
Inventories	78,299	--	--
Total assets	\$ 15,028,505	\$ 12,220,448	\$ 6,158,449
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 164,116	\$ 400,000	\$ 279,072
Accrued liabilities	339,408	--	--
Deferred revenue	10,244,526	280,531	--
Due to other funds	--	--	--
Total liabilities	\$ 10,748,050	\$ 680,531	\$ 279,072
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	78,299	--	--
Long-term notes receivable	--	--	--
Debt service	--	--	--
Unreserved:			
Undesignated, reported in:			
General fund	4,202,156	--	--
Special revenue funds	--	11,539,917	5,879,377
Capital projects funds	--	--	--
Total fund balances	\$ 4,280,455	\$ 11,539,917	\$ 5,879,377
Total liabilities and fund balances	\$ 15,028,505	\$ 12,220,448	\$ 6,158,449

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

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.
- Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.
- Accrued interest payable and arbitrage payable, are not due and payable in the current period and, therefore, are not reported in the funds.
- Accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.
- Bonds payable and contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.
- Net assets of governmental activities

See notes to financial statements

Special Revenue Street Construction Fund	Debt Service Fund	Capital Projects		Other Governmental Funds	Total Governmental Funds
		Capital Improvements Fund	Bond Fund		
\$ 4,018,528	\$ 133,865	\$ 6,616,388	\$ 4,479,526	\$ 10,610,643	\$ 47,098,262
--	4,738,116	530,808	--	510,669	16,080,225
--	--	--	--	55,631	685,774
--	--	18,616	122	27,316	189,364
--	--	22,692	--	2,667	25,359
--	--	9,574	--	139,207	148,781
--	--	--	720,729	75,653	1,100,066
--	--	--	--	--	700,000
--	--	--	--	71,380	71,380
363,231	--	9,266	13,827	308,546	706,892
126,709	--	--	--	16,304	221,312
<u>\$ 4,508,468</u>	<u>\$ 4,871,981</u>	<u>\$ 7,207,344</u>	<u>\$ 5,214,204</u>	<u>\$ 11,818,016</u>	<u>\$ 67,027,415</u>
\$ 45,262	\$ --	\$ 351,741	\$ 467,734	\$ 253,784	\$ 1,961,709
31,214	--	--	--	13,303	383,925
--	4,724,244	635,733	720,729	511,361	17,117,124
--	--	--	--	71,380	71,380
<u>\$ 76,476</u>	<u>\$ 4,724,244</u>	<u>\$ 987,474</u>	<u>\$ 1,188,463</u>	<u>\$ 849,828</u>	<u>\$ 19,534,138</u>
\$ --	\$ --	\$ --	\$ --	\$ 5,681,453	\$ 5,681,453
126,709	--	--	--	16,304	221,312
--	--	--	--	122,945	122,945
--	147,737	--	--	--	147,737
--	--	--	--	--	4,202,156
4,305,283	--	--	--	3,178,019	24,902,596
--	--	6,219,870	4,025,741	1,969,467	12,215,078
<u>\$ 4,431,992</u>	<u>\$ 147,737</u>	<u>\$ 6,219,870</u>	<u>\$ 4,025,741</u>	<u>\$ 10,968,188</u>	<u>\$ 47,493,277</u>
<u>\$ 4,508,468</u>	<u>\$ 4,871,981</u>	<u>\$ 7,207,344</u>	<u>\$ 5,214,204</u>	<u>\$ 11,818,016</u>	
					109,484,059
					1,113,406
					11,057,447
					(148,274)
					(1,814,739)
					(22,349,298)
					<u>\$ 144,835,878</u>

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2004**

	General Fund	Special Revenue	
		Hospital Fund	Street Repair Fund
<b>Revenues:</b>			
Property taxes and assessments	\$ 9,507,851	\$ --	\$ --
Other city taxes	297,364	--	3,667,106
Licenses and permits	847,158	--	--
Use of money and property	143,260	1,716,481	87,999
Intergovernmental	529,522	--	--
Charges for services	1,527,970	--	--
Fines and forfeitures	308,519	--	--
Miscellaneous	69,899	4,300	64,667
Utility contribution in lieu of taxes	1,400,000	--	--
<b>Total revenues</b>	<b>\$ 14,631,543</b>	<b>\$ 1,720,781</b>	<b>\$ 3,819,772</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	\$ 5,597,598	\$ --	\$ --
Public works	1,138,442	--	3,243,846
Health and social services	19,500	31,421	--
Culture and recreation	3,969,873	--	--
Community and economic development	624,151	--	--
General government	2,878,828	--	--
Debt service	--	--	--
Capital projects	--	--	--
<b>Total expenditures</b>	<b>\$ 14,228,392</b>	<b>\$ 31,421</b>	<b>\$ 3,243,846</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 403,151</b>	<b>\$ 1,689,360</b>	<b>\$ 575,926</b>
<b>Other financing sources (uses):</b>			
Proceeds from long-term debt	\$ --	\$ --	\$ --
Discount on long-term debt	--	--	--
Land contract	--	--	--
Transfers in	656,740	--	--
Transfers out	(732,440)	(1,121,375)	--
<b>Total other financing sources (uses)</b>	<b>\$ (75,700)</b>	<b>\$ (1,121,375)</b>	<b>\$ --</b>
<b>Net change in fund balances</b>	<b>\$ 327,451</b>	<b>\$ 567,985</b>	<b>\$ 575,926</b>
Fund balances, beginning	3,970,080	10,971,932	5,303,451
Increase (decrease) in reserve for inventories	(17,076)	--	--
<b>Fund balances, ending</b>	<b>\$ 4,280,455</b>	<b>\$ 11,539,917</b>	<b>\$ 5,879,377</b>

See notes to financial statements

Special Revenue Street Construction Fund	Debt Service Fund	Capital Projects		Other Governmental Funds	Total Governmental Funds
		Capital Improvements Fund	Bond Fund		
\$ --	\$ 3,883,114	\$ 360,158	\$ --	\$ 334,280	\$ 14,085,403
--	--	--	--	204,892	4,169,362
--	--	--	--	--	847,158
--	--	140,257	45,321	485,238	2,618,556
3,377,181	--	34,441	253,905	2,129,234	6,324,283
--	--	--	--	456,149	1,984,119
--	--	--	--	238,738	547,257
23,953	--	31,919	1,556,420	709,226	2,460,384
--	--	--	--	--	1,400,000
<u>\$ 3,401,134</u>	<u>\$ 3,883,114</u>	<u>\$ 566,775</u>	<u>\$ 1,855,646</u>	<u>\$ 4,557,757</u>	<u>\$ 34,436,522</u>
\$ --	\$ --	\$ --	\$ --	\$ 691,214	\$ 6,288,812
2,424,351	--	--	--	181,110	6,987,749
--	--	--	--	--	50,921
--	--	--	--	276,956	4,246,829
--	--	--	--	1,976,023	2,600,174
--	--	--	--	196,808	3,075,636
--	5,067,453	--	26,021	--	5,093,474
--	--	1,058,324	3,580,450	2,018,197	6,656,971
<u>\$ 2,424,351</u>	<u>\$ 5,067,453</u>	<u>\$ 1,058,324</u>	<u>\$ 3,606,471</u>	<u>\$ 5,340,308</u>	<u>\$ 35,000,566</u>
<u>\$ 976,783</u>	<u>\$ (1,184,339)</u>	<u>\$ (491,549)</u>	<u>\$ (1,750,825)</u>	<u>\$ (782,551)</u>	<u>\$ (564,044)</u>
\$ --	\$ --	\$ --	\$ 2,355,000	\$ --	\$ 2,355,000
--	--	--	(14,130)	--	(14,130)
--	--	--	--	1,200,000	1,200,000
23,500	1,845,455	144,917	400,000	706,760	3,777,372
(600,031)	(604,939)	(424,290)	(264,543)	(75,320)	(3,822,938)
<u>\$ (576,531)</u>	<u>\$ 1,240,516</u>	<u>\$ (279,373)</u>	<u>\$ 2,476,327</u>	<u>\$ 1,831,440</u>	<u>\$ 3,495,304</u>
\$ 400,252	\$ 56,177	\$ (770,922)	\$ 725,502	\$ 1,048,889	\$ 2,931,260
4,006,990	91,560	6,990,792	3,300,239	9,920,236	44,555,280
24,750	--	--	--	(937)	6,737
<u>\$ 4,431,992</u>	<u>\$ 147,737</u>	<u>\$ 6,219,870</u>	<u>\$ 4,025,741</u>	<u>\$ 10,968,188</u>	<u>\$ 47,493,277</u>

**City of Cedar Falls, Iowa**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances -**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2004**

Net change in fund balances - total governmental funds \$ 2,931,260

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

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Net acquisition of capital assets	12,012,652	
Depreciation expense	(4,320,794)	
		7,691,858

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	25,358	
Other	(799,012)	
		(773,654)

---

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(3,555,000)	
Discount on general obligation bonds	(19,916)	
Repaid	4,060,000	
Accrued interest	20,972	
		506,056

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(192,297)	
Change in inventory	6,737	
		(185,560)

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

		163,982
Change in net assets of governmental activities	<u>\$</u>	<u>10,333,942</u>

See notes to financial statements

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**City of Cedar Falls, Iowa  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004**

Business-type Activities - Enterprise Funds

	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 6,639,169	\$ 1,920,516	\$ 8,559,685
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	11,852	5,154	17,006
Special assessments	33,755	--	33,755
Other	416,717	209,343	626,060
Inventories	3,270	22,926	26,196
Total current assets	<u>\$ 7,104,763</u>	<u>\$ 2,157,939</u>	<u>\$ 9,262,702</u>
Noncurrent assets:			
Restricted assets:			
Cash	\$ 799,000	\$ --	\$ 799,000
Capital assets:			
Land	1,232,271	69,468	1,301,739
Buildings	10,425,337	875,867	11,301,204
Machinery and equipment	3,097,225	844,955	3,942,180
Infrastructure	25,768,428	--	25,768,428
Construction in progress	1,915,462	67,664	1,983,126
Accumulated depreciation	(11,511,804)	(670,222)	(12,182,026)
Total noncurrent assets	<u>\$ 31,725,919</u>	<u>\$ 1,187,732</u>	<u>\$ 32,913,651</u>
Total assets	<u>\$ 38,830,682</u>	<u>\$ 3,345,671</u>	<u>\$ 42,176,353</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 279,893	\$ 132,471	\$ 412,364
Accrued liabilities	49,221	18,639	67,860
Bonds payable - due within one year	1,320,000	--	1,320,000
Compensated absences - due within one year	39,626	29,951	69,577
Total current liabilities	<u>\$ 1,688,740</u>	<u>\$ 181,061</u>	<u>\$ 1,869,801</u>
Noncurrent liabilities:			
Bonds payable- after one year	\$ 6,196,418	\$ --	\$ 6,196,418
Compensated absences - after one year	100,802	81,639	182,441
Total noncurrent liabilities	<u>\$ 6,297,220</u>	<u>\$ 81,639</u>	<u>\$ 6,378,859</u>
Total liabilities	<u>\$ 7,985,960</u>	<u>\$ 262,700</u>	<u>\$ 8,248,660</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 25,590,990	\$ 1,187,731	\$ 26,778,721
Restricted for debt service	799,000	--	799,000
Restricted for post closure costs	--	9,500	9,500
Unrestricted	4,454,732	1,885,740	6,340,472
Total net assets	<u>\$ 30,844,722</u>	<u>\$ 3,082,971</u>	<u>\$ 33,927,693</u>

See notes to financial statements

Governmental  
Activities -  
Internal  
Service Funds

\$ 9,128,618

23,454

--

4,606

30,877

\$ 9,187,555

\$ --

--

90,302

6,278,241

--

--

(2,939,487)

\$ 3,429,056

\$ 12,616,611

\$ 141,324

1,355,948

--

25,988

\$ 1,523,260

\$ --

35,904

\$ 35,904

\$ 1,559,164

\$ 3,429,056

--

--

7,628,391

\$ 11,057,447

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	Business-type Activities - Enterprise Funds	
	Sewer Fund	Refuse Fund
Operating revenues:		
Charges for services, pledged for revenue bonds	\$ 3,686,981	\$ --
Charges for services	--	1,724,853
Other	60,204	747,033
Total operating revenues	<u>\$ 3,747,185</u>	<u>\$ 2,471,886</u>
Operating expenses:		
Personal services	\$ 885,549	\$ 711,634
Contractual services	497,030	822,495
Supplies and equipment	151,306	125,189
Depreciation	812,960	37,408
Total operating expenses	<u>\$ 2,346,845</u>	<u>\$ 1,696,726</u>
Operating income	<u>\$ 1,400,340</u>	<u>\$ 775,160</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 88,527	\$ 27,893
Interest expense	(309,170)	--
Loss on disposal of equipment	--	(2,820)
Property taxes and assessments	54,475	--
Nonoperating revenues (expenses), net	<u>\$ (166,168)</u>	<u>\$ 25,073</u>
Income before contributions and transfers	<u>\$ 1,234,172</u>	<u>\$ 800,233</u>
Capital contributions	\$ 11,687	\$ --
Transfers in	145,620	111,640
Transfers out	(129,210)	(107,980)
Contributions and transfers, net	<u>\$ 28,097</u>	<u>\$ 3,660</u>
Change in net assets	\$ 1,262,269	\$ 803,893
Net assets, beginning	29,582,453	2,279,078
Net assets, ending	<u>\$ 30,844,722</u>	<u>\$ 3,082,971</u>

See notes to financial statements

Business-type Activities- Enterprise Funds <u>Total</u>	Governmental Activities- Internal Service Funds <u></u>
\$ 3,686,981	\$ --
1,724,853	4,531,313
807,237	297,327
<u>\$ 6,219,071</u>	<u>\$ 4,828,640</u>
\$ 1,597,183	\$ 675,233
1,319,525	3,363,135
276,495	398,613
850,368	310,151
<u>\$ 4,043,571</u>	<u>\$ 4,747,132</u>
<u>\$ 2,175,500</u>	<u>\$ 81,508</u>
\$ 116,420	\$ 136,382
(309,170)	--
(2,820)	(79,404)
54,475	--
<u>\$ (141,095)</u>	<u>\$ 56,978</u>
<u>\$ 2,034,405</u>	<u>\$ 138,486</u>
\$ 11,687	\$ --
257,260	48,996
(237,190)	(23,500)
<u>\$ 31,757</u>	<u>\$ 25,496</u>
\$ 2,066,162	\$ 163,982
31,861,531	10,893,465
<u>\$ 33,927,693</u>	<u>\$ 11,057,447</u>

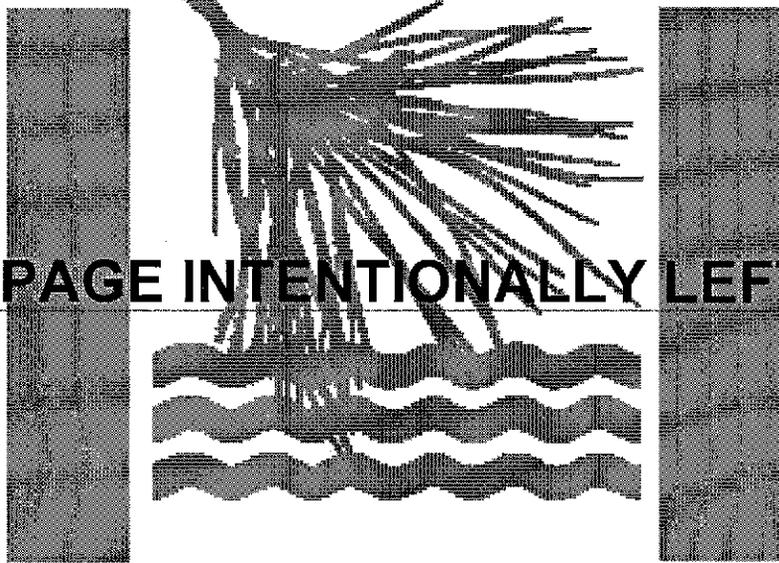
**City of Cedar Falls, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2004**

	<u>Business-type Activities - Enterprise Funds Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 3,827,515
Receipts from interfund services	--
Payments to suppliers	(522,322)
Payments to employees	(871,588)
Net cash provided by operating activities	<u>\$ 2,433,605</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 145,620
Transfers to other funds	(129,210)
Property taxes and assessments	20,720
Net cash provided by noncapital financing activities	<u>\$ 37,130</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Net acquisition of property and equipment	\$ (1,348,729)
Capital contributions	11,687
Proceeds from bond sales	1,890,915
Principal paid on debt maturities	(1,030,000)
Interest paid	(322,063)
Net cash (used for) capital and related financing activities	<u>\$ (798,190)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>\$ 92,409</u>
Net increase in cash	<u>\$ 1,764,954</u>
CASH BALANCES, Beginning	5,673,215
CASH BALANCES, Ending	<u>\$ 7,438,169</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,400,340
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	812,960
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	81,183
Inventories	216
Increase (decrease) in accounts payable, accrued and other liabilities	138,906
Net cash provided by operating activities	<u>\$ 2,433,605</u>

See notes to financial statements

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Refuse Fund	Total	
\$ 2,454,928	\$ 6,282,443	\$ --
--	--	4,824,034
(851,910)	(1,374,232)	(3,633,872)
(699,503)	(1,571,091)	(664,816)
<u>\$ 903,515</u>	<u>\$ 3,337,120</u>	<u>\$ 525,346</u>
\$ 111,640	\$ 257,260	\$ 48,996
(107,980)	(237,190)	(23,500)
--	20,720	--
<u>\$ 3,660</u>	<u>\$ 40,790</u>	<u>\$ 25,496</u>
\$ (264,610)	\$ (1,613,339)	\$ (356,749)
--	11,687	--
--	1,890,915	--
--	(1,030,000)	--
--	(322,063)	--
<u>\$ (264,610)</u>	<u>\$ (1,062,800)</u>	<u>\$ (356,749)</u>
\$ 27,740	\$ 120,149	\$ 145,856
\$ 670,305	\$ 2,435,259	\$ 339,949
1,250,211	6,923,426	8,788,669
<u>\$ 1,920,516</u>	<u>\$ 9,358,685</u>	<u>\$ 9,128,618</u>
\$ 775,160	\$ 2,175,500	\$ 81,508
37,408	850,368	310,151
(16,959)	64,224	(4,606)
4,348	4,564	8,191
103,558	242,464	130,102
<u>\$ 903,515</u>	<u>\$ 3,337,120</u>	<u>\$ 525,346</u>

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**CITY OF CEDAR FALLS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Cedar Falls is a municipal corporation governed by an elected mayor and seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The discretely presented electric, gas, water, and communications utilities each have a December 31 year end.

*Discretely Presented Component Units.* The electric, gas, water, and communications utilities serve all the citizens of the City and are governed by a five-member board appointed by the mayor of the City of Cedar Falls. The rates for user charges and bond issuance authorizations are approved by the City Council, and the legal liability for the general obligation portion of the Utilities' debt remains with the City.

Complete financial statements for the Utilities may be obtained at the administrative offices.

Cedar Falls Utilities  
Utility Parkway  
Cedar Falls, Iowa 50613

*Jointly Governed Organizations.* The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Black Hawk County Consolidated Public Safety Communications Center, Black Hawk County Solid Waste Management Commission, Black Hawk County Criminal Justice Information Systems and Metropolitan Transit Authority.

**B. 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 primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The City reports the following major governmental funds:

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

The *hospital fund* accounts for the lease income derived from Sartori Memorial Hospital and related debt payments.

The *street repair fund* accounts for local option sales tax received from the state to be used to repair streets.

The *street construction fund* accounts for state revenues allocated to the City to be used to maintain and improve the City's streets.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds

The *capital improvements fund* accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

The *bond fund* accounts for all bond proceeds not related to proprietary funds and all the related capital projects associated with the bond sales.

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operations and maintenance of the City's sanitary sewer system.

The *refuse fund* accounts for the operations and maintenance of the City's garbage collection.

Additionally, the City reports the following fund type:

*Internal service funds* account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These include data processing, vehicle maintenance, health insurance, payroll, and risk management activities.

### **C. 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 are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 government 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, franchise taxes, licenses, interest, fines and forfeitures, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the government's refuse and sewer functions and various other functions of the government. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

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 refuse fund, sewer fund, and the government's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and the Utility to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; 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. Investments of the City and the Utility are reported at fair value. Due to legal and budgetary reasons, the General Fund is assigned a portion of the investment earnings associated with the other funds. These funds are Street Construction, Debt Service, and the Cemetery Perpetual Care Funds.

##### **2. Receivables and Payables**

~~Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans).~~

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2004, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2003 and March 31, 2004. On July 1, 2003 the taxes were levied by the County and became an enforceable lien against property. Any County collections on the 2003-2004 tax levy remitted to the City within sixty days subsequent to June 30, 2004, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2004, are delinquent and have been recorded as receivables and deferred revenue.

By statute, the City is required to certify its budget in March 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.

##### **3. Inventories**

Inventories in the governmental fund types are valued at cost using the first-in/first-out method. The costs of governmental fund type inventories are recognized as expenditures when purchased. Inventories in the proprietary fund types and component unit are valued at the lower of first-in/first-out cost or market, except for fuel inventories of the Electric Utility, which are valued at the lower

of last-in/first-out method cost or market. The cost of proprietary fund type and component unit inventories are recognized as expenses when consumed.

#### **4. Restricted Assets**

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond operation and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments. The "revenue bond improvement" account is used to report those proceeds of revenue bond issuances that are restricted to make up potential deficiencies in the revenue bond sinking account and the revenue bond reserve account, and to the extent not required for the forgoing, to pay the cost of extraordinary maintenance expenses and capital improvements. The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account.

Certain assets of the component units are also restricted because of applicable bond provisions.

#### **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are defined by the government as equipment with initial, individual cost of \$2,500 or greater or a purchase of land, land improvements, building, or infrastructure with a value of \$5,000 or greater and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Computer Equipment	10 years	Streets	30 years
Equipment	10-30 years	Buildings	40-50 years
Office Equipment	10-30 years	Land Improvements	40 years
Vehicles	10-20 years	Storm Water	40 years
Parking Lots	15 years	Bridges	45 years
Furniture	20 years	Lift Stations	50 years
Large Vehicles	20-40 years	Sewer	50 years
Traffic Signals	20 years	Historic Buildings	100 years

## **6. *Compensated Absences***

City employees accumulate vacation, sick leave, and comp-time hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay and a maximum of one-half of all unused sick leave may be paid upon termination of employment.

All severance is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect on June 30, 2004.

## **7. *Long-term Obligations***

In the government-wide financial statements and proprietary 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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

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## **8. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Note 2. Stewardship, Compliance, and Accountability**

#### **A. Budgetary information**

The City prepares and adopts an annual budget on a function basis for the City as a whole, rather than at the fund level, as prescribed by Iowa statutes. The state of Iowa mandates that annual budgets for the fiscal year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The review and adoption of the budget for the City is in accordance with state laws and City budget procedures as stated in City Code, recodified November 1971, and amended by ordinance adoption thereafter. Budget proposals for all operating department requests are conducted by the Department of Administrative Services who prepares, for the Mayor's consideration, a preliminary budget by January 1 of each year for the coming fiscal year. The budget proposal presented to the City Council by the Mayor and Director of Administrative Services is a complete financial plan for the upcoming fiscal year. The proposal is submitted on or before the first Monday of February. The City Council holds various budget meetings with the Mayor, Director of Administrative Services, department heads, and boards and commissions, as well as holding a public hearing prior to adopting the budget. The Council adopts the budget by resolution and certifies it to

the County Auditor by the 15th of March preceding the beginning of the fiscal year. This budget becomes the appropriation for operations of the City.

The adopted budget presents expenditures in nine functions- Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level. Appropriations as adopted lapse at the end of the fiscal year.

Amendments to the City budget are considered annually as funding sources are available. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. An additional levy of property taxes is not allowed by state law. The City budget for the current year may be amended for any of the following purposes:

- To permit the appropriation and expenditure of unexpended, unencumbered fund balances on hand at the end of the preceding fiscal year.
- To permit the appropriation and expenditure of amounts anticipated to be available from sources other than property taxation.
- To permit transfers between funds as prescribed by state law.
- To permit transfers between functions.

The Council adopts the amended budget by resolution and certifies it to the County Auditor by May 31 of the budget year. The amended budget becomes the appropriation for operations of the City. ~~The City Council adopted two budget amendment resolutions during the year ended June 30, 2004.~~

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Due to the emphasis placed on monitoring budgets, as a result of limited resources to provide City services, major classifications such as personal services, capital outlays, contractual services, and commodities are monitored throughout the year by the Department of Administrative Services.

Monthly reports are prepared by department and activity. Any major deviations must be approved by the Department of Administrative Services and the Mayor. While the legal level of control is the program level of expenditure, departments are responsible for not expending more than the amount of the appropriation for each activity within their area of responsibility, unless approved by the Department of Administrative Services and the Mayor.

The City budgets all receipts, disbursements, and interfund and intrafund transfers on the cash basis. The budget amounts included in this report are the final cash basis budget for the year for all funds excluding the trust and agency funds, which are not budgeted for by the City. Budgeted interfund transfers and intrafund transfers have been eliminated in the following statement of program disbursements - budget and actual.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the General Fund and most of the special revenue funds, unexpended budgeted amounts lapse at the end of the budget year.

**B. Deficit Fund Balance**

The Sidewalk Assessment, a nonmajor capital projects fund, has a deficit fund balance of \$2,458. The deficit is expected to be recovered through future property tax assessment.

**Note 3. Detailed Notes on Transaction Accounts/Classes**

**A. Deposits and Investments**

The City's deposits in banks and credit unions at June 30, 2004 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name 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 City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; 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.

Cash balances as of June 30, 2004, consist of the following:

Cash – unrestricted	\$ 64,786,565
Cash – restricted	799,000
	<u>\$ 65,585,565</u>

When applicable, the City's investments are categorized to give an indication of the level of risk assumed by the City. Category 1 includes securities that are insured, registered or held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered securities held by the counterparty's trust department or its agent in the City's name. Category 3 includes uninsured and unregistered securities held by the counterparty or by its trust or safekeeping department or its agent, but not in the City's name. The City had no investments subject to categorization at June 30, 2004.

A reconciliation of cash as shown on the combined balance sheet for the primary government follows:

Carrying amount of deposits	\$ 65,585,565
Cash – Governmental Activities	\$ 56,226,880
Cash – Business-type Activities	8,559,685
Cash – Business-type Activities, restricted	799,000
Total	<u>\$ 65,585,565</u>

The component units' deposits were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the entity or its agent in the entity's name, or by a multiple financial institution collateral pool 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.

Cash balances as of December 31, 2003, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 3,861,603	\$ 3,490,284	\$ 588,422	\$ --
Cash – restricted	519,045	177,485	--	70,637
	<u>\$ 4,380,648</u>	<u>\$ 3,667,769</u>	<u>\$ 588,422</u>	<u>\$ 70,637</u>

The component units classify their investments into categories, which present an indication of the level of credit risk in relation to the nature of the investment and the custodial provisions. Category 1 securities are insured, registered, held by the entity, or held by the entity's agent in the entity's name. Category 2 denotes uninsured and unregistered securities that are held by counterparty's trust department or agent in the entity's name. Investments in the Iowa Public Agency Investment Trust (IPAIT) are included in cash due to their high liquidity.

At year-end, the Component Units' investment balances were classified and carrying value equals fair value as follows:

Category	Investment	Electric Utility	Gas Utility	Water Utility	Communications Utility
1	Certificates of deposit	\$ 16,788,000	\$ 1,635,666	\$ 1,850,000	\$ 903,000
2	U.S. government and agency securities	9,933,139	250,938	976,880	--
		<u>\$ 26,721,139</u>	<u>\$ 1,886,604</u>	<u>\$ 2,826,880</u>	<u>\$ 903,000</u>

A reconciliation of cash and investments as shown on the statement for net assets for the component units follows:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Carrying amount of deposits	\$ 4,380,648	\$ 3,667,769	\$ 588,422	\$ 70,637
Carrying amount of investments	26,721,139	1,886,604	2,826,880	903,000
Total	<u>\$ 31,101,787</u>	<u>\$ 5,554,373</u>	<u>\$ 3,415,302</u>	<u>\$ 973,637</u>
Cash	\$ 3,861,603	\$ 3,490,284	\$ 588,422	\$ --
Cash - restricted	519,045	177,485	--	70,637
Investments:				
Certificates of deposit	7,485,000	685,569	1,850,000	--
U.S. government and agency securities	9,206,139	250,938	976,880	--
Certificates of deposit - restricted	9,303,000	950,097	--	903,000
U.S. government and agency securities - restricted	727,000	--	--	--
Total	<u>\$ 31,101,787</u>	<u>\$ 5,554,373</u>	<u>\$ 3,415,302</u>	<u>\$ 973,637</u>

**B. Notes Receivables**

The City has two notes receivable with businesses located in Cedar Falls for the purpose of economic development totaling \$148,781 as of June 30, 2004. These notes are reflected on the Balance Sheets of the Capital Improvements Fund and the nonmajor capital projects funds and mature in varying amounts through June 30, 2012.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2004 was as follows:

Primary Government

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,796,873	\$ 1,981,502	\$ 147,975	\$ 12,630,400
Construction in progress	4,379,460	2,332,302	4,379,460	2,332,302
Total capital assets, not being depreciated	<u>\$ 15,176,333</u>	<u>\$ 4,313,804</u>	<u>\$ 4,527,435</u>	<u>\$ 14,962,702</u>
Capital assets, being depreciated:				
Buildings	\$ 16,796,162	\$ 5,336,099	\$ 223,303	\$ 21,908,958
Land improvements	2,968,081	180,609	98,604	3,050,086
Machinery and equipment	10,559,500	1,538,099	704,188	11,393,411
Infrastructure	101,144,652	5,728,164	--	106,872,816
Total capital assets, being depreciated	<u>\$ 131,468,395</u>	<u>\$ 12,782,971</u>	<u>\$ 1,026,095</u>	<u>\$ 143,225,271</u>
Less accumulated depreciation for:				
Buildings	\$ 3,606,448	\$ 502,181	\$ 218,816	\$ 3,889,813
Land improvements	1,156,350	112,112	22,104	1,246,358
Machinery and equipment	4,970,791	662,670	505,731	5,127,730
Infrastructure	31,657,075	3,353,982	100	35,010,957
Total accumulated depreciation	<u>\$ 41,390,664</u>	<u>\$ 4,630,945</u>	<u>\$ 746,751</u>	<u>\$ 45,274,858</u>
Total capital assets, being depreciated, net	<u>\$ 90,077,731</u>	<u>\$ 8,152,026</u>	<u>\$ 279,344</u>	<u>\$ 97,950,413</u>
Governmental activities capital asset, net	<u>\$ 105,254,064</u>	<u>\$ 12,465,830</u>	<u>\$ 4,806,779</u>	<u>\$ 112,913,115</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,301,739	\$ --	\$ --	\$ 1,301,739
Construction in progress	1,587,021	1,983,127	1,587,022	1,983,126
Total capital assets, not being depreciated	<u>\$ 2,888,760</u>	<u>\$ 1,983,127</u>	<u>\$ 1,587,022</u>	<u>\$ 3,284,865</u>
Capital assets, being depreciated:				
Buildings	\$ 11,207,721	\$ 103,654	\$ 10,171	\$ 11,301,204
Machinery and equipment	3,645,588	316,587	19,995	3,942,180
Infrastructure	24,940,086	828,342	--	25,768,428
Total capital assets, being depreciated	<u>\$ 39,793,395</u>	<u>\$ 1,248,583</u>	<u>\$ 30,166</u>	<u>\$ 41,011,812</u>
Less accumulated depreciation for:				
Buildings	\$ 3,089,750	\$ 229,502	\$ 10,170	\$ 3,309,082
Machinery and equipment	762,777	121,168	17,175	866,770
Infrastructure	7,475,126	531,048	--	8,006,174
Total accumulated depreciation	<u>\$ 11,327,653</u>	<u>\$ 881,718</u>	<u>\$ 27,345</u>	<u>\$ 12,182,026</u>
<hr/>				
Total capital assets, being depreciated, net	<u>\$ 28,465,742</u>	<u>\$ 366,865</u>	<u>\$ 2,821</u>	<u>\$ 28,829,786</u>
Business-type activities capital assets, net	<u>\$ 31,354,502</u>	<u>\$ 2,349,992</u>	<u>\$ 1,589,843</u>	<u>\$ 32,114,651</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Public safety	\$ 48,149
Public works	3,388,373
Health and social services	126,316
Culture and recreation	652,833
Community and economic development	62,514
General government	42,609
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	310,151
Total depreciation expense - governmental activities	<u>\$ 4,630,945</u>

**Business-type activities**

Sewer	\$ 812,960
Refuse	37,408
Total depreciation expense - business-type activities	<u>\$ 850,368</u>

Construction Commitments

The City has active construction projects as of June 30, 2004. At year-end the City's commitments with contractors are as follows:

	Project Authorization	Expended to Date	Remaining Commitment
Aquatic Center	\$ 286,517	\$ 34,761	\$ 251,756
Crew Room	133,398	55,983	77,415
Downtown Streetscape	443,468	91,240	352,228
Greenhill & Hudson Road Traffic Signal	116,354	13,854	102,500
Library	5,033,270	4,977,027	56,243
Lincoln Street Bridge	54,000	41,700	12,300
Odor Control, Phase II and cover	702,000	698,834	3,166
Parkade Reconstruction	667,706	290,635	377,071
Recreation Center Expansion	1,461,783	478,000	983,783
Sanitary Sewer Rehab	143,645	--	143,645
2 <sup>nd</sup> Stage Filter Renovation	74,900	18,725	56,175
Sewer Repair	15,268	9,881	5,387
Sidewalk Repair	30,596	7,746	22,850
Southwest Branch Dry Run Channel Improv.	39,500	8,697	30,803
Street restoration	1,510,167	802,157	708,010
Street reconstruction	1,262,111	262,134	999,977
Visitor & Tourism Building	910,707	249,426	661,281
West 1st Street	512,100	479,279	32,821
	<u>\$ 13,397,490</u>	<u>\$ 8,520,079</u>	<u>\$ 4,877,411</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2003, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 830,431	\$ --	\$ --	\$ 830,431
Construction in progress	643,947	3,865,960	2,317,077	2,192,830
Total capital assets, not being depreciated	<u>\$ 1,474,378</u>	<u>\$ 3,865,960</u>	<u>\$ 2,317,077</u>	<u>\$ 3,023,261</u>
Capital assets, being depreciated:				
Buildings	\$ 10,685,118	\$ 119,637	\$ 5,487	\$ 10,799,268
Land improvements	4,683	--	--	4,683
Machinery and equipment	12,437,925	920,826	131,173	13,227,578
Infrastructure	70,797,666	1,296,323	391,579	71,702,410
Total capital assets, being depreciated	<u>\$ 93,925,392</u>	<u>\$ 2,336,786</u>	<u>\$ 528,239</u>	<u>\$ 95,733,939</u>
Less accumulated depreciation	<u>(53,454,678)</u>	<u>(3,309,995)</u>	<u>342,645</u>	<u>(56,422,028)</u>
Total capital assets, being depreciated, net	<u>\$ 40,470,714</u>	<u>\$ (973,209)</u>	<u>\$ 185,594</u>	<u>\$ 39,311,911</u>
Electric Utility capital assets, net	<u>\$ 41,945,092</u>	<u>\$ 2,892,751</u>	<u>\$ 2,502,671</u>	<u>\$ 42,335,172</u>

Activity for the Gas Utility for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 41,350	\$ --	\$ --	\$ 41,350
Construction in progress	21,622	362,260	323,267	60,615
Total capital assets, not being depreciated	<u>\$ 62,972</u>	<u>\$ 362,260</u>	<u>\$ 323,267</u>	<u>\$ 101,965</u>
Capital assets, being depreciated:				
Buildings	\$ 682,652	\$ 2,145	\$ 21,845	\$ 662,952
Machinery and equipment	496,915	12,407	1,128	508,194
Infrastructure	15,342,300	308,715	906,820	14,744,195
Total capital assets, being depreciated	<u>\$ 16,521,867</u>	<u>\$ 323,267</u>	<u>\$ 929,793</u>	<u>\$ 15,915,341</u>
Less accumulated depreciation	<u>(5,902,253)</u>	<u>(588,297)</u>	<u>940,737</u>	<u>(5,549,813)</u>
Total capital assets, being depreciated, net	<u>\$ 10,619,614</u>	<u>\$ (265,030)</u>	<u>\$ (10,944)</u>	<u>\$ 10,365,528</u>
Gas Utility capital assets, net	<u>\$ 10,682,586</u>	<u>\$ 97,230</u>	<u>\$ 312,323</u>	<u>\$ 10,467,493</u>

Activity for the Water Utility for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,581	\$ --	\$ --	\$ 63,581
Construction in progress	6,627	1,156,979	781,492	382,114
Total capital assets, not being depreciated	<u>\$ 70,208</u>	<u>\$ 1,156,979</u>	<u>\$ 781,492</u>	<u>\$ 445,695</u>
Capital assets, being depreciated:				
Buildings	\$ 228,343	\$ 868	\$ --	\$ 229,211
Machinery and equipment	310,528	14,585	205	324,908
Infrastructure	14,730,846	766,039	65,909	15,430,976
Total capital assets, being depreciated	<u>\$ 15,269,717</u>	<u>\$ 781,492</u>	<u>\$ 66,114</u>	<u>\$ 15,985,095</u>
Less accumulated depreciation	<u>(5,229,648)</u>	<u>(328,863)</u>	<u>64,672</u>	<u>(5,493,839)</u>
Total capital assets, being depreciated, net	<u>\$ 10,040,069</u>	<u>\$ 452,629</u>	<u>\$ 1,442</u>	<u>\$ 10,491,256</u>
Water Utility capital assets, net	<u>\$ 10,110,277</u>	<u>\$ 1,609,608</u>	<u>\$ 782,934</u>	<u>\$ 10,936,951</u>

Activity for the Communications Utility for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 74,373	\$ 788,209	\$ 778,029	\$ 84,553
Total capital assets, not being depreciated	<u>\$ 74,373</u>	<u>\$ 788,209</u>	<u>\$ 778,029</u>	<u>\$ 84,553</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 211,847	\$ 11,489	\$ --	\$ 223,336
Infrastructure	11,735,740	769,923	95,066	12,410,597
Total capital assets, being depreciated	<u>\$ 11,947,587</u>	<u>\$ 781,412</u>	<u>\$ 95,066</u>	<u>\$ 12,633,933</u>
Less accumulated depreciation	<u>(4,297,178)</u>	<u>(1,042,301)</u>	<u>80,720</u>	<u>(5,258,759)</u>
Total capital assets, being depreciated, net	<u>\$ 7,650,409</u>	<u>\$ (260,889)</u>	<u>\$ 14,346</u>	<u>\$ 7,375,174</u>
Communications Utility capital assets, net	<u><u>\$ 7,724,782</u></u>	<u><u>\$ 527,320</u></u>	<u><u>\$ 792,375</u></u>	<u><u>\$ 7,459,727</u></u>

#### **D. Leases**

##### **Sartori Memorial Hospital**

On January 1, 1997, the operations of Sartori Memorial Hospital (Hospital) were sold to Covenant Health Systems, Inc. As part of this sale, the City entered into a lease agreement with Sartori Memorial Hospital, Inc. (SMH), whereas the City will lease to SMH the land and buildings owned by the City and used in the Hospital's operations. The initial term of the lease shall be for a period of 25 years, with variable lease payments each year. The lease may be extended for up to three additional terms, with each additional term being for a period of five years. At the termination of this lease, Covenant Health Systems, Inc. will also pay to the City an amount of \$660,378, which represents the liability arising from accrued vacation of Hospital personnel as of December 31, 1996. The present value of this liability as of June 30, 2004, is recorded as a receivable and deferred revenue in the Hospital Fund in the amount of \$280,531.

##### **Crystal Distribution Services**

On November 12, 2001, the City entered into a lease agreement with Crystal Distribution Services, Inc. for the former Top Air building constructed in the City's industrial and technology park. The lease agreement is for a period of twelve years with various monthly payments ranging from \$10,000 to \$20,000 payable to the City. Crystal Distribution Services will have the option to purchase the building upon expiration of the lease.

The leases for the Hospital and with Crystal Distribution Services are both being treated as operating leases by the City.

The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Hospital	Building
2005	\$ 31,796	\$ 142,500
2006	31,796	172,500
2007	31,796	180,000
2008	31,796	180,000
2009	31,796	180,000
2010 - 2014	158,978	885,000
2015 - 2019	158,978	--
2020 - 2021	63,589	--
Total	<u>\$ 540,525</u>	<u>\$ 1,740,000</u>

The capital assets being leased through the operating leases are as follows:

	Governmental Activities	
	Hospital	Building
Land	\$ 151,494	\$ --
Building	5,052,624	2,153,925
Less:		
Accumulated depreciation	(947,367)	(408,348)
Total	<u>\$ 4,256,751</u>	<u>\$ 1,745,577</u>

## E. Long-term Debt

### General Obligation Bonds

Unmatured general obligation bonds totaling \$20,897,307, net of unamortized discount and unamortized deferred amount on refunding of \$162,693, are outstanding as of June 30, 2004. These bonds bear interest with rates ranging from 1.15% to 5.25%; mature in varying annual amounts through June 30, 2014; and were originally issued for \$26,030,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 1,980,000	\$ 756,796	\$ 690,000	\$ 76,850
2006	2,020,000	677,055	695,000	61,325
2007	2,020,000	609,580	710,000	43,950
2008	1,760,000	537,058	755,000	22,650
2009	1,655,000	467,548	--	--
2010 - 2014	8,775,000	1,175,968	--	--
Total	<u>\$ 18,210,000</u>	<u>\$ 4,224,005</u>	<u>\$ 2,850,000</u>	<u>\$ 204,775</u>

### Tax Increment Financing Bonds

Unmatured tax increment financing bonds totaling \$3,091,164, net of unamortized discount and unamortized deferred amount on refunding of \$23,836, are outstanding as of June 30, 2004. These bonds bear interest with rates ranging from 2.25% to 4.70%; mature in varying annual amounts through June 30, 2012; and were originally issued for \$3,940,000. Annual debt service requirements to maturity for tax increment financing bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2005	\$ 515,000	\$ 127,500
2006	370,000	110,440
2007	380,000	96,071
2008	400,000	80,375
2009	415,000	63,500
2010 - 2014	1,035,000	93,150
Total	<u>\$ 3,115,000</u>	<u>\$ 571,036</u>

### Revenue Bonds

Unmatured revenue bonds totaling \$4,677,245, net of unamortized discounts of \$27,755, are outstanding as of June 30, 2004. These bonds bear interest at rates of 2.00% to 5.50%; mature in varying annual amounts through June 30, 2012; and were originally issued for \$5,490,000.

The revenue bond ordinances require that certain cash and investment amounts be segregated into various restricted reserve accounts, and that these amounts be used only for the payment of principal and interest on the related bonds when due or for other purposes, as set forth in the bond ordinances. As of the reporting date of each fund, \$799,000 of cash and investments were segregated and included in the restricted reserve accounts.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2005	\$ 630,000	\$ 212,068
2006	655,000	175,228
2007	680,000	146,788
2008	690,000	116,368
2009	750,000	85,548
2010 - 2014	1,300,000	75,363
Total	<u>\$ 4,705,000</u>	<u>\$ 811,363</u>

As of June 30, 2004, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City	<u>\$ 1,427,127,146</u>
Debt limit - 5% of total actual valuation	\$ 71,356,357
Debt applicable to debt limit:	
General obligation bonds	24,175,000
General obligation bonds - component unit	<u>3,090,000</u>
Legal debt margin	<u>\$ 44,091,357</u>

All tax-exempt debt issued by the City is subject to IRS arbitrage rebate unless the City meets the \$5 million small issuers exemption in a given year. However, the City's only debt issuance that had arbitrage rebate owed as of June 30, 2004 was the 1999C general obligation bonds. The amount was \$73,519 as of that date and is included in the accrued liabilities of the governmental activities in the Statement of Net Assets.

During FY04, the City issued \$2,355,000 of general obligation bonds for various projects including \$700,000 for the Recreation Center expansion and \$700,000 for the new Aquatic Center. The City also issued \$1,900,000 in revenue bonds for sewer improvements.

## Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2004, and the total bonded indebtedness of the City as of that date.

	Date of Issue	Balance Beginning of Year	Issued/ Incurred During Year	Redeemed/ Paid During Year	Balance End of Year	Amount Due Within One Year
<b>Governmental Activities:</b>						
General obligation bonds:						
Essential corporate purpose	1995	\$ 300,000	\$ --	\$ 300,000	\$ --	\$ --
Essential corporate purpose	1992	1,050,000	--	1,050,000	--	--
Essential corporate purpose	1997	3,000,000	--	150,000	2,850,000	175,000
Essential corporate purpose	1998	4,115,000	--	370,000	3,745,000	370,000
Essential corporate purpose	1999	70,000	--	10,000	60,000	10,000
Essential corporate purpose	1999	2,670,000	--	185,000	2,485,000	195,000
Essential corporate purpose	2002	4,555,000	--	400,000	4,155,000	410,000
Essential corporate purpose	2002	1,605,000	--	420,000	1,185,000	405,000
Essential corporate purpose	2002	1,385,000	--	10,000	1,375,000	315,000
Essential corporate purpose	2004	--	2,355,000	--	2,355,000	100,000
		<u>\$ 18,750,000</u>	<u>\$ 2,355,000</u>	<u>\$ 2,895,000</u>	<u>\$ 18,210,000</u>	<u>\$ 1,980,000</u>
Less unamortized discount		144,045	14,130	21,294	136,881	--
Less unamortized deferred amount on refunding		19,980	--	4,995	14,985	--
		<u>\$ 18,585,975</u>	<u>\$ 2,340,870</u>	<u>\$ 2,868,711</u>	<u>\$ 18,058,134</u>	<u>\$ 1,980,000</u>
Tax increment financing bonds:						
Tax increment financing	1995	\$ 150,000	\$ --	\$ 150,000	\$ --	\$ --
Tax increment financing	1996	460,000	--	460,000	--	--
Tax increment financing	1996	210,000	--	210,000	--	--
Tax increment financing	1999	530,000	--	80,000	450,000	80,000
Tax increment financing	2001	2,770,000	--	265,000	2,505,000	275,000
Tax increment financing	2002	160,000	--	--	160,000	160,000
		<u>\$ 4,280,000</u>	<u>\$ --</u>	<u>\$ 1,165,000</u>	<u>\$ 3,115,000</u>	<u>\$ 515,000</u>
Less unamortized discount		29,625	--	7,265	22,360	--
Less unamortized deferred amount on refunding		1,968	--	492	1,476	--
		<u>\$ 4,248,407</u>	<u>\$ --</u>	<u>\$ 1,157,243</u>	<u>\$ 3,091,164</u>	<u>\$ 515,000</u>
Governmental activity total long-term debt		<u>\$ 22,834,382</u>	<u>\$ 2,340,870</u>	<u>\$ 4,025,954</u>	<u>\$ 21,149,298</u>	<u>\$ 2,495,000</u>
<b>Business-type activities</b>						
General obligation bonds:						
Sewer	1997	\$ 630,000	\$ --	\$ 630,000	\$ --	\$ --
Sewer	2002	2,875,000	--	25,000	2,850,000	690,000
		<u>\$ 3,505,000</u>	<u>\$ --</u>	<u>\$ 655,000</u>	<u>\$ 2,850,000</u>	<u>\$ 690,000</u>
Less unamortized deferred amount on refunding		14,436	--	3,609	10,827	--
		<u>\$ 3,490,564</u>	<u>\$ --</u>	<u>\$ 651,391</u>	<u>\$ 2,839,173</u>	<u>\$ 690,000</u>
Revenue bonds:						
Refunding	2002	\$ 3,200,000	\$ --	\$ 395,000	\$ 2,805,000	410,000
Sewer	2004	--	1,900,000	--	1,900,000	220,000
		<u>\$ 3,200,000</u>	<u>\$ 1,900,000</u>	<u>\$ 395,000</u>	<u>\$ 4,705,000</u>	<u>\$ 630,000</u>
Less unamortized discount		22,168	9,085	3,498	27,755	--
		<u>\$ 3,177,832</u>	<u>\$ 1,890,915</u>	<u>\$ 391,502</u>	<u>\$ 4,677,245</u>	<u>\$ 630,000</u>
Business-type activity total long-term debt		<u>\$ 6,668,396</u>	<u>\$ 1,890,915</u>	<u>\$ 1,042,893</u>	<u>\$ 7,516,418</u>	<u>\$ 1,320,000</u>

### Revenue Bonds and Installment Agreements – Electric Utility

The Series 1999A, 1999B, and 2003 revenue bonds require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 3.25% and 7.125%. The bonds are secured by the future net revenues of the Utility. The installment payment agreement requires semiannual principal and interest payments, due January 23 and July 23. The interest rate for the remainder of the term of the agreement is 3.228%. The agreement is secured by the future net revenues of the Utility on a subordinated basis to the Series 1999A, 1999B and 2003 revenue bonds. Long-term debt matures and bears interest as follows:

Year Ending	Component Unit - Revenue Bonds	
	Principal	Interest
2004	\$ 745,000	\$ 762,517
2005	785,000	738,487
2006	825,000	696,574
2007	865,000	652,250
2008	910,000	605,402
2009 - 2013	4,760,000	2,209,032
2014 - 2018	3,150,000	1,260,412
2019 - 2023	3,960,000	542,510
	<u>\$ 16,000,000</u>	<u>\$ 7,467,184</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

### Debt Summary – Electric Utility

During 1983, the Utility provided for the advance refunding of its outstanding Electric Revenue Bonds Series 1977. The refunded bonds in the amount of \$1,475,000 were retired on January 1, 2003 for the proceeds of an irrevocable trust fund (Fund). Because the Fund has been determined to be sufficient to pay all principal and interest on the refunded bonds, it is not recorded as an asset, nor are the bonds recorded as a liability as of December 31, 2002. The refunding trust agreement calls for all excess earnings on the fund investments to be returned to the Utility upon final disposition of all outstanding bonds. Excess earnings in the amount of \$1,059,904 were received in December 2002, and are included in interest income.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Revenue Bonds:</b>					
Series 1999A	\$ 4,230,000	\$ --	\$ 305,000	\$ 3,925,000	\$ 325,000
Series 1999B	2,250,000	--	175,000	2,075,000	185,000
Series 2003	--	10,000,000	--	10,000,000	235,000
Total revenue bonds	\$ 6,480,000	\$ 10,000,000	\$ 480,000	\$ 16,000,000	\$ 745,000
Less: Unamortized discount	--	134,166	545	133,621	--
Net revenue bonds	\$ 6,480,000	\$ 9,865,834	\$ 479,455	\$ 15,866,379	\$ 745,000
Installment payment agreement	269,738	--	269,738	--	--
Total long-term debt	\$ 6,749,738	\$ 9,865,834	\$ 749,193	\$ 15,866,379	\$ 745,000

During 2003, the Utility issued \$10,000,000 of Series 2003 revenue bonds for the purpose of paying costs of improvements and extensions to the Utility, including the construction of generation and related transmission facilities to serve the Utility. The bonds mature in 2023 and interest rates throughout the term of the bonds are in a range between 3.25% and 4.50%.

#### Revenue Bonds – Gas Utility

The Series 1992 and 1994 revenue bonds require annual principal payments, due July 1, and semiannual interest payments, due January 1 and July 1. Interest rates throughout the term of the bonds are in a range between 4.3% and 6.375%. The bonds are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

Year Ending	Component Unit - Revenue Bonds	
	Principal	Interest
2004	\$ 25,000	\$ 146,931
2005	500,000	145,431
2006	550,000	114,931
2007	600,000	80,831
2008	675,000	43,032
	\$ 2,350,000	\$ 531,156

On May 13, 2003, the Utility expended \$1,041,542 for the redemption of the outstanding Series 1994 revenue bonds. The Utility used their own funds, as well as, the proceeds of a loan from the Electric Utility in the amount of \$161,500 to extinguish the debt.

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

**Debt Summary – Gas Utility**

Long-term debt activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 1994	\$ 1,025,000	\$ --	\$ 1,025,000	\$ --	\$ --
Series 1992	2,375,000	--	25,000	2,350,000	25,000
Total revenue bonds	\$ 3,400,000	\$ --	\$ 1,050,000	\$ 2,350,000	\$ 25,000
Less:					
Unamortized discount	13,828	--	3,721	10,107	--
Total long-term debt	<u>\$ 3,386,172</u>	<u>\$ --</u>	<u>\$ 1,046,279</u>	<u>\$ 2,339,893</u>	<u>\$ 25,000</u>

**Revenue Bonds – Water Utility**

On May 13, 2003, the Utility expended \$954,177 for the redemption of the outstanding Series 1994 revenue bonds. The Utility used their own funds to extinguish the debt.

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

**Debt Summary – Water Utility**

Long-term debt activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 1994	<u>\$ 935,000</u>	<u>\$ --</u>	<u>\$ 935,000</u>	<u>\$ --</u>	<u>\$ --</u>

### General Obligation Bonds – Communications Utility

All general obligation (G.O.) bonds have been issued by the City on behalf of the Utility. The G.O. bonds require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 2.50% and 5.15%. The total debt service obligations over the remaining term of the bonds are as follows:

Year Ending	Component Unit - G.O. Bonds	
	Principal	Interest
2004	\$ 330,000	\$ 112,666
2005	335,000	102,989
2006	355,000	93,128
2007	365,000	81,917
2008	385,000	69,579
2009 - 2013	1,255,000	152,593
2014	65,000	3,348
	<u>\$ 3,090,000</u>	<u>\$ 616,220</u>

### Capital Loan Notes – Communications Utility

The Series 1999 capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 4.60% and 5.50%. The bonds are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

Year Ending	Component Unit - Capital Loan Notes	
	Principal	Interest
2004	\$ 235,000	\$ 169,975
2005	245,000	159,048
2006	255,000	147,532
2007	270,000	135,293
2008	285,000	122,062
2009 - 2013	1,640,000	377,443
2014	380,000	20,900
	<u>\$ 3,310,000</u>	<u>\$ 1,132,253</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

The Board of Trustees of the Municipal Electric Utility authorized a loan to be extended to the Utility under Resolution No. 2759, 2840, 2939, 2994, and 3086. The December 31, 2003 outstanding balance on this loan was \$2,403,090, bearing interest as 3.1%. The Board of Trustees of the Municipal Electric Utility approved a loan to be extended to the Utility under Resolution No. 3497. The December 31, 2003 outstanding balance on this loan was \$1,000,000, bearing interest at 3.10%.

**Debt Summary – Communications Utility**

Long-term debt activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bond:					
Series 1998	\$ 580,000	\$ --	\$ 30,000	\$ 550,000	\$ 35,000
Series 1999	595,000	--	40,000	555,000	40,000
Series 2002	2,210,000	--	225,000	1,985,000	255,000
Series 1999 capital loan notes					
	3,535,000	--	225,000	3,310,000	235,000
	<u>\$ 6,920,000</u>	<u>\$ --</u>	<u>\$ 520,000</u>	<u>\$ 6,400,000</u>	<u>\$ 565,000</u>
Less: unamortized discount on debt	7,649	--	1,388	6,261	--
Add: unamortized premium on debt	12,401	--	5,711	6,690	--
	<u>\$ 6,924,752</u>	<u>\$ --</u>	<u>\$ 524,323</u>	<u>\$ 6,400,429</u>	<u>\$ 565,000</u>

**F. Long-term Liabilities**

**Accrued Compensated Absences**

Following is a summary of the City's activity for accrued compensated absences for the year-ended June 30, 2004, and the total liability of the City as of that date as reported on the government-wide statement of net assets:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Payable Within One Year
Governmental activities	<u>\$ 1,681,948</u>	<u>\$ 1,076,526</u>	<u>\$ 881,843</u>	<u>\$ 1,876,631</u>	<u>\$ 493,976</u>
Business-type activities	<u>\$ 235,559</u>	<u>\$ 130,855</u>	<u>\$ 114,396</u>	<u>\$ 252,018</u>	<u>\$ 69,577</u>

The majority of compensated absences expenditures are paid for out of the General Fund. On July 1, 2004 the City instituted a new severance program. The new program will allow employees hired after July 1, 1989 to accumulate sick leave. This accumulation may then be used by the employee for health insurance costs upon their termination with the city.

### Contracts Payable

During FY04 the City entered into an agreement to purchase a total of 180 acres of land at an approximate total cost of \$1.8 million. The contract includes 3 installments of 60 acres or \$600,000 per installment. The City paid the first installment in FY04 and the second installment in August 2004. Following is a summary of the City's activity for contracts payable for the year-ended June 30, 2004, and the total liability of the City as of that date as reported on the government-wide statement of net assets:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Payable Within One Year
Governmental activities	\$ --	\$ 1,200,000	\$ --	\$ 1,200,000	\$ 600,000

### G. Interfund Transactions

The following transfers represent individual fund interfund transfers as stated in the Fund Financial Statements.

Transfer To	Transfer From	Amount
General Fund	Hospital Fund	\$ 11,000
	Street Construction Fund	364,760
	Capital Improvements Fund	24,290
	Non-major Governmental Funds	75,320
	Sewer Fund	73,390
	Refuse Fund	107,980
		<u>656,740</u>
Street Construction Fund	Internal Service Fund	23,500
Debt Service Fund	General Fund	592,000
	Hospital Fund	1,110,375
	Street Construction Fund	143,080
		<u>1,845,455</u>
Capital Improvements Fund	General Fund	25,994
	Bond Fund	118,923
		<u>144,917</u>
Bond Fund	Capital Improvements Fund	400,000
Non-major Governmental Funds	General Fund	101,821
	Debt Service Fund	604,939
		<u>706,760</u>
Internal Service Fund	General Fund	12,625
	Street Construction Fund	36,371
		<u>48,996</u>
Sewer Fund	Bond Fund	145,620
Refuse Fund	Street Construction Fund	55,820
	Sewer Fund	55,820
		<u>111,640</u>
	Total	<u>\$ 4,083,628</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move debt service payments from proprietary or special revenue funds to the debt service fund as debt service payments come due, and (3) to move receipts from user fee generated funds to the general fund for certain administrative and custodial costs in the general fund.

**H. Interfund Balances**

Individual interfund receivable and payable balances by fund type as of June 30, 2004, were stated in the fund financial statements as follows:

Fund	Total	
	Interfund Receivables	Interfund Payables
Nonmajor Governmental Funds	\$ 71,380	\$ 71,380

The balances are due to the elimination of reporting negative cash.

**Note 4. Other Notes**

**A. Retirement Systems**

**IPERS**

The City 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 covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$395,600, \$379,157, and \$361,763 respectively, equal to the required contributions for each year.

**Municipal Fire and Police Retirement System of Iowa**

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 20.48% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2004, 2003, and 2002 were \$641,611, \$506,053, and \$482,246 respectively, which met the required minimum contribution for each year.

**B. Due To/From Component Unit**

Amounts due from the component unit to the general fund at June 30, 2004, were as follows:

	<u>Due from</u>
Component Unit:	
Electric utility	<u>\$ 700,000</u>

**C. Related Party Transactions**

During the fiscal year ended June 30, 2003, the Black Hawk County Solid Waste Management Commission, which is a jointly governed organization, passed a resolution for annual distributions of its excess funds. The prorated share for the City of Cedar Falls is estimated at \$564,721 to be received each year for the next fifteen years. The payments received in fiscal years ended June 30, 2003 and 2004 have been recorded in the Refuse Fund as other operating revenue.

**D. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government has established various funds to account for and finance its uninsured risks of loss.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents, which is included in the internal service fund type. Health benefits were self-insured up to a specific stop loss amount of \$85,000 and an aggregate stop loss of approximately \$1,735,737 for 2004. Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Reserve Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. The City has also established reserve funds for insuring workers' compensation, liability, and long-term disability claims which are included in the general fund type. Liability benefits were self-insured up to a specific stop loss amount of \$100,000 and an aggregate stop loss amount of \$260,000. Long-term disability benefits are self funded for the first six months, and the maximum benefit per individual is \$18,000. Workers' compensation benefits were self-insured up to an aggregate stop loss amount of \$350,000 with no specific stop loss amount. Coverage from private insurers is maintained for losses in excess of the stop loss amounts. An independent claims administrator performs all claims handling procedures.

Settled claims for the above funds have not exceeded commercial coverage in any of the last three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Changes in reported liabilities for the fiscal year ended June 30, 2004, are summarized as follows:

	Risk Management Fund				Total
	Health Insurance Reserve Fund	Workers' Compensation Reserve	Liability Reserve	Long-Term Disability Reserve	
Claim liabilities					
June 30, 2002	\$ 345,341	\$ 902,340	\$ --	\$ --	\$ 1,247,681
Claims and changes in estimates during fiscal year 2003	1,087,208	276,674	--	--	1,363,882
Claim payments	(1,161,706)	(233,877)	--	--	(1,395,583)
Claim liabilities					
June 30, 2003	\$ 270,843	\$ 945,137	\$ --	\$ --	\$ 1,215,980
Claims and changes in estimates during fiscal year 2004	1,905,925	388,367	--	--	2,294,292
Claim payments	(1,838,277)	(328,783)	--	--	(2,167,060)
Claim liabilities					
June 30, 2004	<u>\$ 338,491</u>	<u>\$ 1,004,721</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,343,212</u>

#### E. Conduit Debt Obligation

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2004, there is one series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the issue is \$86,000.

#### F. Restatement of Beginning Balance – Governmental Activities

The beginning balance of the Governmental Activities on the Government-wide Statements was restated to account for land that should have been recorded in these funds prior to fiscal year 2004. The effect of this restatement is to increase the governmental activities beginning balance by \$137,117.

#### G. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2004, there were claims and losses that are on file against the City. The City has the authority to levy additional taxes outside the regular limit to fund any uninsured judgment against the City. However, it is estimated that all of these claims and losses will

be covered by insurance when exceeding stop loss limits, and the amounts prior to reaching these limits would not materially affect future financial statements of the City.

#### **H. Subsequent Events**

On July 26, 2004, the City entered into 28E agreements with the University of Northern Iowa and the Board of Regents, State of Iowa. The agreements are for funding support of the new McLeod Center and the use of certain facilities.

#### **I. New Governmental Accounting Standards Board (GASB) Standards**

The Governmental Accounting Standards Board (GASB) has issued four statements not yet implemented by the City of Cedar Falls. The statements, which might impact the City of Cedar Falls, are as follows:

Statement No. 40, *Deposit and Investment Risk Disclosures* issued March 2003, will be effective for the City for the fiscal year ending June 30, 2005. This statement addresses common deposit and investment risks related to credit risk, interest rate risk, and foreign currency risk.

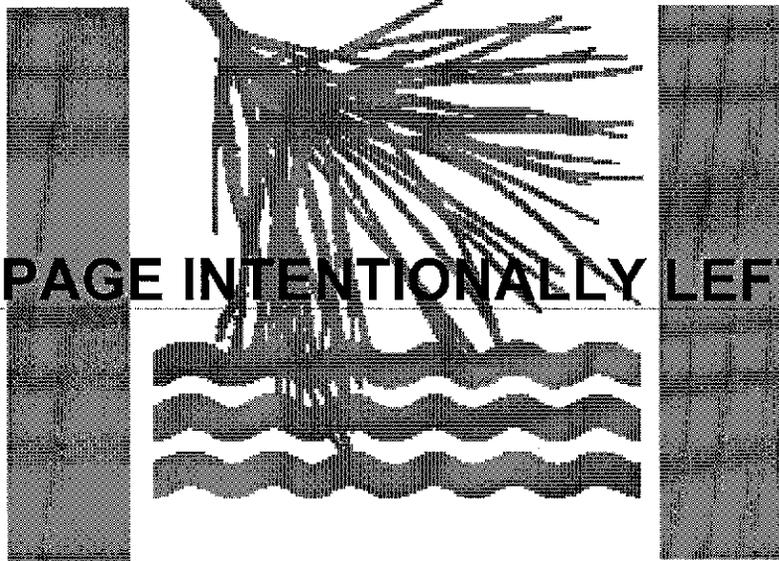
Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* issued November 2003, will be effective for the City for the fiscal year ending June 30, 2006. This statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the City for the fiscal year ended June 30, 2008. This statement establishes uniform financial reporting standards for other post employment benefit (OPEB) plans and supersedes the interim guidance included in statement No. 26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City for the fiscal year ended June 30, 2009. This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

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

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**City of Cedar Falls, Iowa**  
**Budgetary Comparison Schedule - Program Budget**  
**For the Year Ended June 30, 2004**

	Budgeted Amounts	
	Original	Final
<b>Revenues:</b>		
Property taxes and assessments	\$ 14,044,942	\$ 14,044,942
Other City taxes	3,651,307	3,957,037
Licenses and permits	489,700	616,070
Use of money and property	2,745,128	2,775,128
Intergovernmental	7,779,145	7,673,075
Charges for services	7,089,790	7,308,850
Miscellaneous	1,002,228	1,053,253
<b>Total revenues</b>	<b>\$ 36,802,240</b>	<b>\$ 37,428,355</b>
<b>Expenditures:</b>		
<b>Current:</b>		
Public safety	\$ 6,457,690	\$ 6,444,600
Public works	7,262,510	7,662,290
Health and social services	163,950	163,700
Culture and recreation	4,693,250	4,739,955
Community and economic development	2,268,030	2,550,905
General government	3,405,500	3,328,900
Debt service	5,088,360	5,788,360
Capital projects	2,109,490	7,669,490
Business-type	6,977,780	7,250,050
<b>Total expenditures</b>	<b>\$ 38,426,560</b>	<b>\$ 45,598,250</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (1,624,320)</b>	<b>\$ (8,169,895)</b>
<b>Other financing sources (uses):</b>		
Proceeds from long-term debt	\$ 3,352,000	\$ 5,728,580
Transfers in	6,638,720	6,643,720
Transfers out	(6,638,720)	(6,643,720)
<b>Total other financing sources (uses)</b>	<b>\$ 3,352,000</b>	<b>\$ 5,728,580</b>
<b>Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 1,727,680</b>	<b>\$ (2,441,315)</b>
Fund balances, beginning	45,531,954	45,531,954
Fund balances, ending	<b>\$ 47,259,634</b>	<b>\$ 43,090,639</b>

See notes to the required supplementary information.

<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ 14,045,376	\$ 434
4,104,768	147,731
847,158	231,088
3,266,572	491,444
8,133,803	460,728
7,437,628	128,778
3,936,767	2,883,514
<u>\$ 41,772,072</u>	<u>\$ 4,343,717</u>
\$ 6,254,629	\$ 189,971
6,998,951	663,339
50,921	112,779
4,236,484	503,471
2,526,735	24,170
3,067,683	261,217
5,479,447	308,913
5,546,167	2,123,323
5,973,173	1,276,877
<u>\$ 40,134,190</u>	<u>\$ 5,464,060</u>
<u>\$ 1,637,882</u>	<u>\$ 9,807,777</u>
\$ 4,231,785	\$ (1,496,795)
8,127,844	1,484,124
(8,127,844)	(1,484,124)
<u>\$ 4,231,785</u>	<u>\$ (1,496,795)</u>
\$ 5,869,667	\$ 8,310,982
49,105,859	3,573,905
<u>\$ 54,975,526</u>	<u>\$ 11,884,887</u>

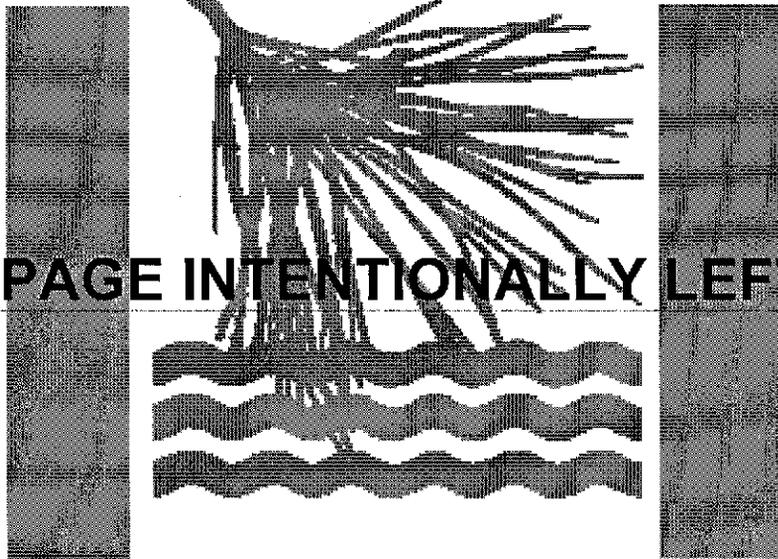
**City of Cedar Falls, Iowa**  
**Budgetary Comparison Schedule -**  
**Program Budget**  
**Notes to RSI**

**Note A - Explanation of Differences between Budgetary Sources and Uses of funds and GAAP Revenues and Expenditures for the GAAP General Fund and Major Special Revenue Funds**

	<u>Program Budget</u>
<b>Sources</b>	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - program budget	\$ 41,772,072
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	(1,116,479)
Total revenues for the program budget on a GAAP basis of accounting	<u>\$ 40,655,593</u>
Reclassifications:	
The City reports sources of funds in the program budget as revenues in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(3,883,114)
Capital Improvements capital projects Fund	(566,775)
Bond capital projects Fund	(1,855,646)
Nonmajor governmental GAAP funds	(4,557,757)
Business-type enterprise funds	(6,219,071)
Total revenues for general fund and major special revenue funds	<u>\$ 23,573,230</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 14,631,543
Hospital Fund	1,720,781
Street Repair Fund	3,819,772
Street Construction Fund	3,401,134
Total revenues for general fund and major special revenue funds	<u>\$ 23,573,230</u>

	<u>Program Budget</u>
<b>Uses</b>	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - program budget	\$ 40,134,190
<b>Adjustments</b>	
The City budgets for expenditures on the cash basis, rather than on the modified accrual or accrual basis on all items except payments to suppliers	
The city does not budget for depreciation	(1,090,053)
Total uses for the program budget on a GAAP basis of accounting	<u>\$ 39,044,137</u>
<b>Reclassifications:</b>	
The City reports uses of funds in the program budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(5,067,453)
Capital Improvements capital projects Fund	(1,058,324)
Bond capital projects Fund	(3,606,471)
Nonmajor governmental GAAP funds	(5,340,308)
Business-type enterprise funds	(4,043,571)
Total expenditures for general fund and major special revenue funds	<u>\$ 19,928,010</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 14,228,392
Hospital Fund	31,421
Street Repair Fund	3,243,846
Street Construction Fund	2,424,351
Total expenditures for general fund and major special revenue funds	<u>\$ 19,928,010</u>

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**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2004**  
**(Page 1 of 3)**

	Special Revenue		
	Block Grant Police	Community Development Fund	Housing Assistance Fund
<b>ASSETS</b>			
Cash	\$ 12,646	\$ --	\$ 302,706
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	--
Special assessments	--	--	--
Notes	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Due from other governments	--	239,000	32,496
Inventories	--	--	--
Total assets	<u>\$ 12,646</u>	<u>\$ 239,000</u>	<u>\$ 335,202</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 300	\$ 18,962	\$ 19
Accrued liabilities	--	2,675	2,242
Deferred revenue	--	--	--
Due to other funds	--	68,922	--
Total liabilities	<u>\$ 300</u>	<u>\$ 90,559</u>	<u>\$ 2,261</u>
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	--	--	--
Long-term notes receivable	--	--	--
Unreserved, undesignated, reported in:			
Special revenue funds	12,346	148,441	332,941
Capital projects funds	--	--	--
Total fund balances (deficit)	<u>\$ 12,346</u>	<u>\$ 148,441</u>	<u>\$ 332,941</u>
 Total liabilities and fund balances	 <u>\$ 12,646</u>	 <u>\$ 239,000</u>	 <u>\$ 335,202</u>

Special Revenue

Recreation & Public Safety Fund	Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement
\$ 802,202	\$ 537,044	\$ 36,243	\$ 647,520	\$ 2,989,936	\$ 2,672,381
--	--	--	--	299,927	210,742
2,133	1,495	8	1,843	8,650	8,511
--	--	--	--	--	--
--	75,653	--	--	--	--
68,922	--	--	--	--	--
--	--	--	3,283	--	--
<u>\$ 873,257</u>	<u>\$ 614,192</u>	<u>\$ 36,251</u>	<u>\$ 652,646</u>	<u>\$ 3,298,513</u>	<u>\$ 2,891,634</u>
\$ 13,361	\$ 8,608	\$ --	\$ 7,398	\$ --	\$ --
--	3,712	--	2,044	--	--
--	--	--	--	299,104	209,590
--	--	--	--	--	--
<u>\$ 13,361</u>	<u>\$ 12,320</u>	<u>\$ --</u>	<u>\$ 9,442</u>	<u>\$ 299,104</u>	<u>\$ 209,590</u>
\$ --	\$ --	\$ --	\$ --	\$ 2,999,409	\$ 2,682,044
--	--	--	3,283	--	--
--	--	--	--	--	--
859,896	601,872	36,251	639,921	--	--
--	--	--	--	--	--
<u>\$ 859,896</u>	<u>\$ 601,872</u>	<u>\$ 36,251</u>	<u>\$ 643,204</u>	<u>\$ 2,999,409</u>	<u>\$ 2,682,044</u>
<u>\$ 873,257</u>	<u>\$ 614,192</u>	<u>\$ 36,251</u>	<u>\$ 652,646</u>	<u>\$ 3,298,513</u>	<u>\$ 2,891,634</u>

(continued)

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2003**  
**(Page 2 of 3)**

	Special Revenue		
	Visitor & Tourism	Community Center & Sr Services	Greenwood Perpetual Care
<b>ASSETS</b>			
Cash	\$ 211,571	\$ 32,257	\$ 155,332
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	55,631	--	--
Accrued interest	486	89	--
Special assessments	--	--	--
Notes	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Inventories	13,021	--	--
Total assets	<u>\$ 280,709</u>	<u>\$ 32,346</u>	<u>\$ 155,332</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 8,990	\$ 2,398	\$ --
Accrued liabilities	2,630	--	--
Deferred revenue	--	--	--
Due to other funds	--	--	--
Total liabilities	<u>\$ 11,620</u>	<u>\$ 2,398</u>	<u>\$ --</u>
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	13,021	--	--
Long-term notes receivable	--	--	--
Unreserved, undesignated, reported in:			
Special revenue funds	256,068	29,948	155,332
Capital projects funds	--	--	--
Total fund balances (deficit)	<u>\$ 269,089</u>	<u>\$ 29,948</u>	<u>\$ 155,332</u>
 Total liabilities and fund balances	 <u>\$ 280,709</u>	 <u>\$ 32,346</u>	 <u>\$ 155,332</u>

(continued)

Special Revenue		Capital Projects			
Fairview Perpetual Care	Hillside Perpetual Care	Washington Park Renovation	FEMA	Flood Reserve	Sidewalk Assessment
\$ 80,626	\$ 24,377	\$ 24,268	\$ 329,024	\$ 195,028	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	63	1,035	507	--
--	--	--	--	--	2,667
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	37,050	--
<u>\$ 80,626</u>	<u>\$ 24,377</u>	<u>\$ 24,331</u>	<u>\$ 330,059</u>	<u>\$ 232,585</u>	<u>\$ 2,667</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	2,667
--	--	--	--	--	2,458
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,125</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
80,626	24,377	--	--	--	--
--	--	24,331	330,059	232,585	(2,458)
<u>\$ 80,626</u>	<u>\$ 24,377</u>	<u>\$ 24,331</u>	<u>\$ 330,059</u>	<u>\$ 232,585</u>	<u>\$ (2,458)</u>
<u>\$ 80,626</u>	<u>\$ 24,377</u>	<u>\$ 24,331</u>	<u>\$ 330,059</u>	<u>\$ 232,585</u>	<u>\$ 2,667</u>

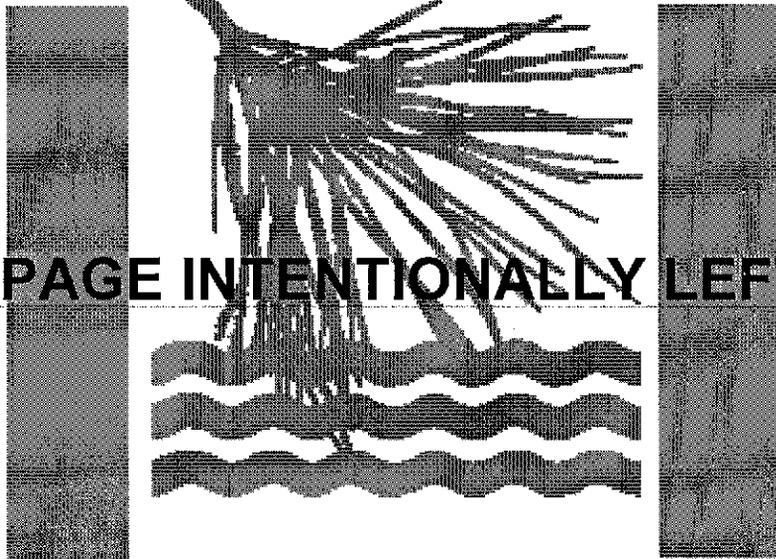
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**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2003**  
**(Page 3 of 3)**

	Capital Projects Economic Development Capital	Total
<b>ASSETS</b>		
Cash	\$ 1,557,482	\$ 10,610,643
Receivables, net of allowance for uncollectible amounts:		
Property taxes	--	510,669
Other city taxes	--	55,631
Accrued interest	2,496	27,316
Special assessments	--	2,667
Notes	139,207	139,207
Other	--	75,653
Due from other funds	2,458	71,380
Due from other governments	--	308,546
Inventories	--	16,304
Total assets	\$ 1,701,643	\$ 11,818,016
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 193,748	\$ 253,784
Accrued liabilities	--	13,303
Deferred revenue	--	511,361
Due to other funds	--	71,380
Total liabilities	\$ 193,748	\$ 849,828
<b>FUND BALANCES</b>		
Reserved for:		
Employee retirement system	\$ --	\$ 5,681,453
Inventories	--	16,304
Long-term notes receivable	122,945	122,945
Unreserved, undesignated, reported in:		
Special revenue funds	--	3,178,019
Capital projects funds	1,384,950	1,969,467
Total fund balances (deficit)	\$ 1,507,895	\$ 10,968,188
Total liabilities and fund balances	\$ 1,701,643	\$ 11,818,016

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**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2003**  
**(Page 1 of 3)**

	Special Revenue		
	Block Grant Police	Community Development Fund	Housing Assistance Fund
Revenues:			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	--	--	--
Use of money and property	104	--	2,438
Intergovernmental	20,006	604,589	1,461,986
Charges for services	--	--	--
Fines and forfeitures	--	--	--
Miscellaneous	3,175	2,268	7,313
Total revenues	<u>\$ 23,285</u>	<u>\$ 606,857</u>	<u>\$ 1,471,737</u>
Expenditures:			
Current:			
Public safety	\$ 48,041	\$ --	\$ --
Public works	--	--	--
Culture and recreation	--	--	--
Community and economic development	--	506,044	1,469,979
General government	--	--	--
Capital projects	--	--	--
Total expenditures	<u>\$ 48,041</u>	<u>\$ 506,044</u>	<u>\$ 1,469,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (24,756)</u>	<u>\$ 100,813</u>	<u>\$ 1,758</u>
Other financing sources (uses):			
Land contract	\$ --	\$ --	\$ --
Transfers in	5,223	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>\$ 5,223</u>	<u>\$ --</u>	<u>\$ --</u>
Net change in fund balances	\$ (19,533)	\$ 100,813	\$ 1,758
Fund balances, beginning	31,879	47,628	331,183
Increase (decrease) in reserve for inventories	--	--	--
Fund balances, ending	<u>\$ 12,346</u>	<u>\$ 148,441</u>	<u>\$ 332,941</u>

Special Revenue

Recreation & Public Safety Fund	Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement
\$ --	\$ --	\$ --	\$ --	\$ 203,300	\$ 130,478
--	--	--	--	--	--
13,108	8,392	558	9,668	155,901	133,547
--	--	--	--	--	--
75,892	300,457	--	73,194	--	--
10,450	--	--	228,288	--	--
--	1,330	14,599	--	--	--
<u>\$ 99,450</u>	<u>\$ 310,179</u>	<u>\$ 15,157</u>	<u>\$ 311,150</u>	<u>\$ 359,201</u>	<u>\$ 264,025</u>
\$ 1,562	\$ --	\$ --	\$ --	\$ 361,691	\$ 279,920
--	--	--	181,110	--	--
52,276	--	4,263	--	--	--
--	--	--	--	--	--
--	196,808	--	--	--	--
--	--	--	--	--	--
<u>\$ 53,838</u>	<u>\$ 196,808</u>	<u>\$ 4,263</u>	<u>\$ 181,110</u>	<u>\$ 361,691</u>	<u>\$ 279,920</u>
<u>\$ 45,612</u>	<u>\$ 113,371</u>	<u>\$ 10,894</u>	<u>\$ 130,040</u>	<u>\$ (2,490)</u>	<u>\$ (15,895)</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
16,642	--	--	--	--	--
--	(44,090)	--	(10,300)	--	--
<u>\$ 16,642</u>	<u>\$ (44,090)</u>	<u>\$ --</u>	<u>\$ (10,300)</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 62,254	\$ 69,281	\$ 10,894	\$ 119,740	\$ (2,490)	\$ (15,895)
797,642	532,591	25,357	522,300	3,001,899	2,697,939
--	--	--	1,164	--	--
<u>\$ 859,896</u>	<u>\$ 601,872</u>	<u>\$ 36,251</u>	<u>\$ 643,204</u>	<u>\$ 2,999,409</u>	<u>\$ 2,682,044</u>

(continued)

**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2003**  
**(Page 2 of 3)**

	Special Revenue		
	Visitor & Tourism	Community Center & Sr Services	Greenwood Perpetual Care
Revenues:			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	204,892	--	--
Use of money and property	2,925	13,508	--
Intergovernmental	--	--	--
Charges for services	--	--	3,320
Fines and forfeitures	--	--	--
Miscellaneous	5,237	160	--
Total revenues	<u>\$ 213,054</u>	<u>\$ 13,668</u>	<u>\$ 3,320</u>
Expenditures:			
Current:			
Public safety	\$ --	\$ --	\$ --
Public works	--	--	--
Culture and recreation	200,970	19,447	--
Community and economic development	--	--	--
General government	--	--	--
Capital projects	--	--	--
Total expenditures	<u>\$ 200,970</u>	<u>\$ 19,447</u>	<u>\$ --</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,084</u>	<u>\$ (5,779)</u>	<u>\$ 3,320</u>
Other financing sources (uses):			
Land contract	\$ --	\$ --	\$ --
Transfers in	9,956	--	--
Transfers out	--	(930)	--
Total other financing sources (uses)	<u>\$ 9,956</u>	<u>\$ (930)</u>	<u>\$ --</u>
Net change in fund balances	\$ 22,040	\$ (6,709)	\$ 3,320
Fund balances, beginning	249,150	36,657	152,012
Increase (decrease) in reserve for inventories	(2,101)	--	--
Fund balances, ending	<u>\$ 269,089</u>	<u>\$ 29,948</u>	<u>\$ 155,332</u>

(continued)

Special Revenue		Capital Projects			
Fairview Perpetual Care	Hillside Perpetual Care	Washington Park Renovation	FEMA	Flood Reserve	Sidewalk Assessment
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 502
--	--	--	--	--	--
--	--	386	5,609	3,086	--
--	--	--	1,127	41,526	--
2,083	1,203	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 2,083</u>	<u>\$ 1,203</u>	<u>\$ 386</u>	<u>\$ 6,736</u>	<u>\$ 44,612</u>	<u>\$ 502</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	47
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 47</u>
<u>\$ 2,083</u>	<u>\$ 1,203</u>	<u>\$ 386</u>	<u>\$ 6,736</u>	<u>\$ 44,612</u>	<u>\$ 455</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,083	\$ 1,203	\$ 386	\$ 6,736	\$ 44,612	\$ 455
78,543	23,174	23,945	323,323	187,973	(2,913)
--	--	--	--	--	--
<u>\$ 80,626</u>	<u>\$ 24,377</u>	<u>\$ 24,331</u>	<u>\$ 330,059</u>	<u>\$ 232,585</u>	<u>\$ (2,458)</u>

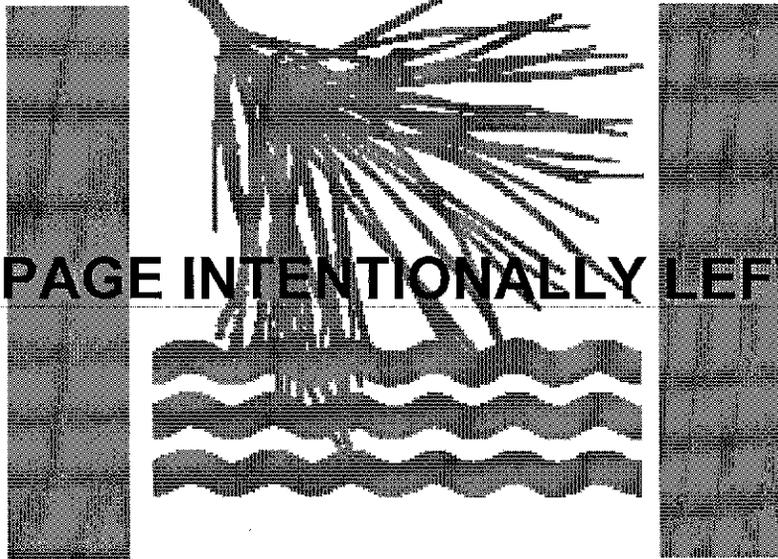
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**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2004**  
**(Page 3 of 3)**

	Capital Projects Economic Development Capital	Total
Revenues:		
Property taxes and assessments	\$ --	\$ 334,280
Other city taxes	--	204,892
Use of money and property	136,008	485,238
Intergovernmental	--	2,129,234
Charges for services	--	456,149
Fines and forfeitures	--	238,738
Miscellaneous	675,144	709,226
Total revenues	\$ 811,152	\$ 4,557,757
Expenditures:		
Current:		
Public safety	\$ --	\$ 691,214
Public works	--	181,110
Culture and recreation	--	276,956
Community and economic development	--	1,976,023
General government	--	196,808
Capital projects	2,018,150	2,018,197
Total expenditures	\$ 2,018,150	\$ 5,340,308
Excess (deficiency) of revenues over (under) expenditures	\$ (1,206,998)	\$ (782,551)
Other financing sources (uses):		
Land contract	\$ 1,200,000	\$ 1,200,000
Transfers in	674,939	706,760
Transfers out	(20,000)	(75,320)
Total other financing sources (uses)	\$ 1,854,939	\$ 1,831,440
Net change in fund balances	\$ 647,941	\$ 1,048,889
Fund balances, beginning	859,954	9,920,236
Increase (decrease) in reserve for inventories	--	(937)
Fund balances, ending	\$ 1,507,895	\$ 10,968,188

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**City of Cedar Falls, Iowa**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2004**

	<u>Health Insurance</u>	<u>Payroll</u>	<u>Risk Management</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,652,326	\$ 1,642,180	\$ 4,043,629
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	4,220	4,531	10,234
Other	4,606	--	--
Inventories	--	--	--
Total current assets	<u>\$ 1,661,152</u>	<u>\$ 1,646,711</u>	<u>\$ 4,053,863</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ --	\$ --	\$ --
Machinery and equipment	--	--	--
Accumulated depreciation	--	--	--
Total noncurrent assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Total assets	<u>\$ 1,661,152</u>	<u>\$ 1,646,711</u>	<u>\$ 4,053,863</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 4,500	\$ 55,741	\$ 28,204
Accrued liabilities	338,491	--	1,004,721
Compensated absences due within one year	--	--	--
Noncurrent liabilities:			
Compensated absences after one year	--	--	--
Total liabilities	<u>\$ 342,991</u>	<u>\$ 55,741</u>	<u>\$ 1,032,925</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ --	\$ --	\$ --
Unrestricted	1,318,161	1,590,970	3,020,938
Total net assets	<u>\$ 1,318,161</u>	<u>\$ 1,590,970</u>	<u>\$ 3,020,938</u>

<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 461,991	\$ 1,328,492	\$ 9,128,618
1,078	3,391	23,454
--	--	4,606
3,006	27,871	30,877
<u>\$ 466,075</u>	<u>\$ 1,359,754</u>	<u>\$ 9,187,555</u>
\$ --	\$ 90,302	\$ 90,302
756,924	5,521,317	6,278,241
(441,392)	(2,498,095)	(2,939,487)
<u>\$ 315,532</u>	<u>\$ 3,113,524</u>	<u>\$ 3,429,056</u>
<u>\$ 781,607</u>	<u>\$ 4,473,278</u>	<u>\$ 12,616,611</u>
\$ 20,406	\$ 32,473	\$ 141,324
5,550	7,186	1,355,948
16,113	9,875	25,988
10,448	25,456	35,904
<u>\$ 52,517</u>	<u>\$ 74,990</u>	<u>\$ 1,559,164</u>
\$ 315,532	\$ 3,113,524	\$ 3,429,056
413,558	1,284,764	7,628,391
<u>\$ 729,090</u>	<u>\$ 4,398,288</u>	<u>\$ 11,057,447</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2004**

	<u>Health Insurance</u>	<u>Payroll</u>	<u>Risk Management</u>
Operating revenues:			
Charges for services	\$ 2,238,244	\$ 205,090	\$ 581,784
Other	223,809	157	5,582
Total operating revenues	<u>\$ 2,462,053</u>	<u>\$ 205,247</u>	<u>\$ 587,366</u>
Operating expenses:			
Personal services	\$ --	\$ 206,312	\$ --
Contractual services	2,148,235	--	935,489
Supplies and equipment	--	--	--
Depreciation	--	--	--
Total operating expenses	<u>\$ 2,148,235</u>	<u>\$ 206,312</u>	<u>\$ 935,489</u>
Operating income (loss)	<u>\$ 313,818</u>	<u>\$ (1,065)</u>	<u>\$ (348,123)</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 24,422	\$ 24,086	\$ 60,209
Loss on disposal of equipment	--	--	--
Nonoperating revenues (expenses)	<u>\$ 24,422</u>	<u>\$ 24,086</u>	<u>\$ 60,209</u>
Income (loss) before transfers	<u>\$ 338,240</u>	<u>\$ 23,021</u>	<u>\$ (287,914)</u>
Transfers in	\$ --	\$ --	\$ --
Transfers out	--	--	--
Transfers, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Change in net assets	\$ 338,240	\$ 23,021	\$ (287,914)
Net assets, beginning	979,921	1,567,949	3,308,852
Net assets, ending	<u>\$ 1,318,161</u>	<u>\$ 1,590,970</u>	<u>\$ 3,020,938</u>

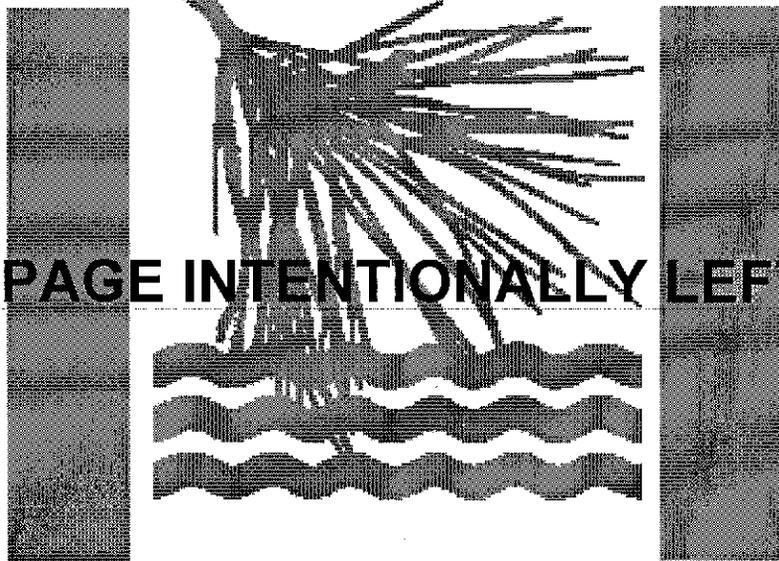
<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 565,805	\$ 940,390	\$ 4,531,313
4,923	62,856	297,327
<u>\$ 570,728</u>	<u>\$ 1,003,246</u>	<u>\$ 4,828,640</u>
\$ 199,027	\$ 269,894	\$ 675,233
128,151	151,260	3,363,135
26,695	371,918	398,613
35,953	274,198	310,151
<u>\$ 389,826</u>	<u>\$ 1,067,270</u>	<u>\$ 4,747,132</u>
<u>\$ 180,902</u>	<u>\$ (64,024)</u>	<u>\$ 81,508</u>
\$ 6,117	\$ 21,548	\$ 136,382
--	(79,404)	(79,404)
<u>\$ 6,117</u>	<u>\$ (57,856)</u>	<u>\$ 56,978</u>
<u>\$ 187,019</u>	<u>\$ (121,880)</u>	<u>\$ 138,486</u>
\$ --	\$ 48,996	\$ 48,996
--	(23,500)	(23,500)
<u>\$ --</u>	<u>\$ 25,496</u>	<u>\$ 25,496</u>
\$ 187,019	\$ (96,384)	\$ 163,982
542,071	4,494,672	10,893,465
<u>\$ 729,090</u>	<u>\$ 4,398,288</u>	<u>\$ 11,057,447</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2004**

	Health Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services	\$ 2,457,448
Payments to suppliers	(2,078,071)
Payments to employees	--
Net cash provided by (used for) operating activities	\$ 379,377
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ --
Transfers to other funds	--
Net cash provided by noncapital financing activities	\$ --
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Net acquisition of property and equipment	\$ --
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	\$ 25,014
Net increase (decrease) in cash	\$ 404,391
CASH BALANCES, Beginning	1,247,935
CASH BALANCES, Ending	\$ 1,652,326
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 313,818
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	--
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	(4,606)
Inventories	--
Increase (decrease) in accounts payable, accrued and other liabilities	70,165
Net cash provided by (used for) operating activities	\$ 379,377

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 205,247	\$ 587,364	\$ 570,729	\$ 1,003,246	\$ 4,824,034
--	(881,895)	(144,737)	(529,169)	(3,633,872)
(201,710)	--	(195,968)	(267,138)	(664,816)
<u>\$ 3,537</u>	<u>\$ (294,531)</u>	<u>\$ 230,024</u>	<u>\$ 206,939</u>	<u>\$ 525,346</u>
\$ --	\$ --	\$ --	\$ 48,996	\$ 48,996
--	--	--	(23,500)	(23,500)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25,496</u>	<u>\$ 25,496</u>
\$ --	\$ --	\$ (125,884)	\$ (230,865)	\$ (356,749)
\$ 26,548	\$ 66,150	\$ 5,918	\$ 22,226	\$ 145,856
\$ 30,085	\$ (228,381)	\$ 110,058	\$ 23,796	\$ 339,949
1,612,095	4,272,010	351,933	1,304,696	8,788,669
<u>\$ 1,642,180</u>	<u>\$ 4,043,629</u>	<u>\$ 461,991</u>	<u>\$ 1,328,492</u>	<u>\$ 9,128,618</u>
\$ (1,065)	\$ (348,123)	\$ 180,902	\$ (64,024)	\$ 81,508
--	--	35,953	274,198	310,151
--	--	--	--	(4,606)
--	--	1,317	6,874	8,191
4,602	53,592	11,852	(10,109)	130,102
<u>\$ 3,537</u>	<u>\$ (294,531)</u>	<u>\$ 230,024</u>	<u>\$ 206,939</u>	<u>\$ 525,346</u>

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**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source\***  
**June 30, 2004 and 2003**

	2004	2003
Governmental fund capital assets:		
Land	\$ 12,630,400	\$ 10,659,756
Land improvements	3,050,086	2,968,081
Buildings	21,818,656	16,705,860
Machinery and equipment	5,115,170	4,242,300
Infrastructure	106,872,816	101,144,652
Construction in progress	2,332,302	4,379,460
Total governmental funds capital assets	\$ 151,819,430	\$ 140,100,109
Investments in governmental funds capital assets by source:		
General fund	\$ 21,341,600	\$ 21,941,173
Special revenue funds	22,353,025	21,768,909
Capital projects funds	87,717,740	81,053,047
Internal service	10,875	--
Donations	20,396,190	15,336,980
Total governmental funds capital assets	\$ 151,819,430	\$ 140,100,109

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity \***  
**June 30, 2004**

Function and Activity	Land	Land Improvements	Buildings
Public Safety	\$ 12,500	\$ --	\$ 673,267
Public Works	231,285	756,588	4,323,184
Health & Social Services	151,494	--	5,052,625
Culture and Recreation	2,464,744	2,058,674	9,615,655
Community and Economic Development	9,770,377	234,824	2,153,925
General Government	--	--	--
	<u>\$ 12,630,400</u>	<u>\$ 3,050,086</u>	<u>\$ 21,818,656</u>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 383,538	\$ --	\$ --	\$ 1,069,305
1,889,456	101,742,712	1,321,109	110,264,334
--	--	--	5,204,119
2,185,264	5,130,104	918,471	22,372,912
31,272	--	92,722	12,283,120
625,640	--	--	625,640
<u>\$ 5,115,170</u>	<u>\$ 106,872,816</u>	<u>\$ 2,332,302</u>	<u>\$ 151,819,430</u>

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity \***  
**For the Fiscal Year Ended June 30, 2004**

	Governmental Funds Capital Assets July 1, 2003	Additions	Deletions	Governmental Funds Capital Assets June 30, 2004
Public Safety	\$ 925,312	\$ 168,778	\$ 24,785	\$ 1,069,305
Public Works	104,570,807	7,298,223	1,604,696	110,264,334
Health & Social Services	5,204,119	--	--	5,204,119
Culture and Recreation	18,325,574	7,290,873	3,243,535	22,372,912
Community and Economic Development	10,470,143	2,039,963	226,986	12,283,120
General Government	604,154	46,430	24,944	625,640
	<u>\$ 140,100,109</u>	<u>\$ 16,844,267</u>	<u>\$ 5,124,946</u>	<u>\$ 151,819,430</u>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Cedar Falls, Iowa  
Statistical Section**

This part of the City statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	98
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	103
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future	111
<hr/>	
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	123
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	128

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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**City of Cedar Falls, Iowa  
Net Assets by Component  
Last Two Fiscal Years  
(Accrual basis of accounting)**

	Fiscal Year	
	2003	2004
<b>Governmental activities</b>		
Invested in capital assets, net of related debt	\$ 82,282,565	\$ 94,575,609
Restricted	14,924,796	15,944,416
Unrestricted	37,157,458	34,315,853
<b>Total governmental activities net assets</b>	<b>\$ 134,364,819</b>	<b>\$ 144,835,878</b>
<b>Business-type activities</b>		
Invested in capital assets, net of related debt	\$ 24,686,106	\$ 26,778,721
Restricted	609,000	808,500
Unrestricted	6,566,425	6,340,472
<b>Total business-type activities net assets</b>	<b>\$ 31,861,531</b>	<b>\$ 33,927,693</b>
<b>Primary government</b>		
Invested in capital assets, net of related debt	\$ 106,968,671	\$ 121,354,330
Restricted	15,533,796	16,752,916
Unrestricted	43,723,883	40,656,325
<b>Total primary government net assets</b>	<b>\$ 166,226,350</b>	<b>\$ 178,763,571</b>

**City of Cedar Falls, Iowa**  
**Changes in Net Assets**  
**Last Two Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year	
	2003	2004
<b>Expenses</b>		
Governmental activities:		
Public safety	\$ 5,485,120	\$ 6,378,906
Public works	7,554,513	8,083,107
Health and social services	367,638	177,236
Culture and recreation	4,388,937	4,788,464
Community and economic development	2,461,419	2,641,914
General government	3,164,667	3,309,062
Debt service	1,267,811	1,046,548
Capital projects	174,271	119,579
Total governmental activities expenses	<u>24,864,376</u>	<u>26,544,816</u>
Business-type activities:		
Sewer	2,722,667	2,656,015
Refuse	1,661,120	1,696,726
Total business-type activities expenses	<u>4,383,787</u>	<u>4,352,741</u>
Total primary government expenses	<u>\$ 29,248,163</u>	<u>\$ 30,897,557</u>
<b>Program Revenues</b>		
Governmental activities:		
Charges for services	\$ 2,653,599	\$ 3,378,534
Operating grants and contributions	2,077,794	2,207,574
Capital grants and contributions	993,846	4,210,176
Total governmental activities program revenues	<u>5,725,239</u>	<u>9,796,284</u>
Business-type activities:		
Charges for services:		
Sewer	3,638,914	3,747,185
Refuse	2,097,720	2,471,886
Capital grants and contributions: sewer	--	11,687
Total business-type activities program revenues	<u>5,736,634</u>	<u>6,230,758</u>
Total primary government program revenues	<u>\$ 11,461,873</u>	<u>\$ 16,027,042</u>
<b>Net (Expense)/Revenues</b>		
Governmental activities	\$ (19,139,137)	(16,748,532)
Business-type activities	1,352,847	1,878,017
Total primary government net expense	<u>\$ (17,786,290)</u>	<u>\$ (14,870,515)</u>

	Fiscal Year	
	2003	2004
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
General revenues:		
Property taxes and assessments	\$ 12,807,408	\$ 14,110,761
Other city taxes	3,893,997	4,169,362
Use of money and property	3,031,121	2,618,556
Intergovernmental	4,053,397	3,785,710
Fines and forfeitures	527,966	--
Miscellaneous	1,156,311	946,121
Gain/(loss) on sale of assets	(56,459)	72,034
Utility contribution in lieu of taxes	1,500,000	1,400,000
Transfers	(371,589)	(20,070)
Total governmental activities	<u>26,542,152</u>	<u>27,082,474</u>
Business-type activities:		
General revenues:		
Property taxes and assessments	10,396	54,475
Use of money and property	170,254	116,420
Gain/(loss) on sale of asset	(7,072)	(2,820)
Capital contributions	8,720	--
Transfers	371,589	20,070
Total business-type activities	<u>553,887</u>	<u>188,145</u>
Total primary government	<u>\$ 27,096,039</u>	<u>\$ 27,270,619</u>
<b>Change in Net Assets</b>		
Governmental activities	\$ 7,403,015	\$ 10,333,942
Business-type activities	1,906,734	2,066,162
Total primary government	<u>\$ 9,309,749</u>	<u>\$ 12,400,104</u>

**City of Cedar Falls, Iowa  
Fund Balances, Governmental Funds,  
Last Two Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year	
	2003	2004
General Fund		
Reserved	\$ 95,374	\$ 78,299
Unreserved	3,874,706	4,202,156
Total general fund	<u>\$ 3,970,080</u>	<u>\$ 4,280,455</u>
All Other Governmental Funds		
Reserved	\$ 6,049,806	\$ 6,095,148
Designated for long-term debt	1,050,000	--
Unreserved, reported in:		
Special revenue funds	21,941,288	24,902,596
Capital projects funds	11,544,108	12,215,078
Total all other governmental funds	<u>\$ 40,585,202</u>	<u>\$ 43,212,822</u>

**City of Cedar Falls, Iowa**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Two Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year	
	2003	2004
<b>Revenues:</b>		
Property taxes and assessments	\$ 12,807,404	\$ 14,085,403
Other city taxes	3,893,996	4,169,362
Licenses and permits	724,041	847,158
Use of money and property	3,031,124	2,618,556
Intergovernmental	7,125,038	6,324,283
Charges for services	1,929,559	1,984,119
Fines and forfeitures	527,965	547,257
Miscellaneous	473,127	2,460,384
Utility contribution in lieu of taxes	1,500,000	1,400,000
Total revenues	<u>\$ 32,012,254</u>	<u>\$ 34,436,522</u>
<b>Expenditures:</b>		
Current:		
Public safety	\$ 6,057,219	\$ 6,288,812
Public works	6,683,343	6,987,749
Health and social services	252,322	50,921
Culture and recreation	4,336,496	4,246,829
Community and economic development	2,469,573	2,600,174
General government	3,151,579	3,075,636
Debt service		
Principal	3,605,000	4,025,954
Interest	1,239,970	1,067,520
Capital projects	4,355,970	6,656,971
Total expenditures	<u>\$ 32,151,472</u>	<u>\$ 35,000,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (139,218)</u>	<u>\$ (564,044)</u>
<b>Other financing sources (uses):</b>		
Proceeds from long-term debt	\$ 3,554,596	\$ 2,355,000
Discount on long-term debt	(13,450)	(14,130)
Land contract	--	1,200,000
Payments on refunding bonds	(3,485,000)	--
Transfers in	4,438,310	3,777,372
Transfers out	(4,754,718)	(3,822,938)
Total other financing sources (uses)	<u>\$ (260,262)</u>	<u>\$ 3,495,304</u>
Net change in fund balances	<u>\$ (399,480)</u>	<u>\$ 2,931,260</u>
<b>Debt service as a percentage of noncapital expenditures</b>		
	17.4%	18.0%

**City of Cedar Falls, Iowa**  
**Assessed and Taxable Value of Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Levy Year	For Fiscal Year Ending June 30,	Real and Personal Property			
		Regular		Agricultural Land	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
1994	1995	\$ 519,088,059	\$ 702,208,786	\$ 5,792,150	\$ 5,792,150
1995	1996	597,471,141	804,033,617	5,894,020	5,894,020
1996	1997	553,548,261	822,854,401	5,532,940	5,532,940
1997	1998	565,333,594	838,595,077	5,435,000	5,435,000
1998	1999	617,205,551	976,751,581	6,295,564	6,529,270
1999	2000	653,019,972	1,006,391,551	6,484,720	6,484,720
2000	2001	722,070,299	1,154,915,581	6,643,223	6,897,310
2001	2002	747,955,311	1,181,469,596	6,866,680	6,866,680
2002	2003	794,505,253	1,367,280,273	7,149,530	7,149,530
2003	2004	817,896,980	1,420,200,646	6,926,500	6,926,500

Source: Black Hawk County Auditor's Office.

**Note:** Property in the city is reassessed every year. Tax rates are per \$1,000 of assessed value.

<u>Taxable Value</u>	<u>Total Assessed Value</u>	<u>Ratio of Total Taxable Value to Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$ 524,880,209	\$ 708,000,936	74.14 %	\$ 15.10136
603,365,161	809,927,637	74.50	13.58123
559,081,201	828,387,341	67.49	14.90820
570,768,594	844,030,077	67.62	14.90577
623,501,115	983,280,851	63.41	14.49049
659,504,692	1,012,876,271	65.11	14.58793
728,713,522	1,161,812,891	62.72	14.12498
754,821,991	1,188,336,276	63.52	14.10036
801,654,783	1,374,429,803	58.33	13.65069
824,823,480	1,427,127,146	57.80	14.10410

**City of Cedar Falls, Iowa  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	City of Cedar Falls			Overlapping Rates Black Hawk County		
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage
1995	12.11107	2.99029	15.10136	9.02127	0.69521	9.71648
1996	10.81520	2.76603	13.58123	7.76195	0.52598	8.28793
1997	11.87998	3.02822	14.90820	7.89490	0.69790	8.59280
1998	12.18259	2.72318	14.90577	7.55193	0.67633	8.22826
1999	11.56944	2.92105	14.49049	6.79867	0.60754	7.40621
2000	11.69479	2.89314	14.58793	6.90463	0.58975	7.49438
2001	11.19250	2.93248	14.12498	6.78238	0.53875	7.32113
2002	11.21875	2.88161	14.10036	7.08003	0.60897	7.68900
2003	11.85892	1.79177	13.65069	7.01176	0.60721	7.61897
2004	11.93225	2.17185	14.10410	7.15152	0.59469	7.74621

Source: Black Hawk County Auditor's Office.

**Note:** The city's general fund maximum property tax rate may only be \$8.10 per \$1,000 of valuation. The remaining portion of the operating rate and the rate for debt service are set based on each year's requirements.

Overlapping Rates

<u>Schools</u>				
<u>Operating Millage</u>	<u>Debt Service</u>	<u>Total School Millage</u>	<u>Other</u>	<u>Total</u>
15.70875	--	15.70875	1.00550	41.53209
14.64597	--	14.64597	0.97168	37.48681
14.20635	--	14.20635	1.17208	38.87943
14.53680	--	14.53680	1.29704	38.96787
14.24056	--	14.24056	1.24187	37.37913
13.71475	--	13.71475	1.11145	36.90851
12.84387	--	12.84387	1.08713	35.37711
13.63050	--	13.63050	1.13630	36.55616
13.95173	--	13.95173	1.17929	36.40068
13.91234	--	13.91234	1.13876	36.90141

**City of Cedar Falls, Iowa  
Principal Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	1995		
	Assessed Valuation for Fiscal Year 1994 - 1995	Rank	Percentage of Total Assessed Valuation
College Square Mall Assoc. LLC	\$ --	--	-- %
WB CF Assoc LTD Partners	4,694,810	5	0.66
Cedar Falls Retirement Residence	--	--	--
Quest Corporation (US West, Inc)	6,196,022	4	0.88
Lockard Blackhawk LC	--	--	--
Davenport Farm and Fleet Inc	--	--	--
Christopherson, Jerry	--	--	--
SUH Northern Iowa, LLC	--	--	--
R and N Investments	--	--	--
Viking Pump	11,494,840	2	1.62
Deere & Company	10,909,570	3	1.54
Kinsath Hospitalities	1,957,190	9	0.28
TR Apartments LTD Partnership	1,580,860	10	0.22
Tri State Joint Ventures	17,148,240	1	2.42
Land Use, Inc	2,387,240	6	0.34
H&H Machine Tool	2,147,040	8	0.30
Container Corporation	2,153,560	7	0.30
	<u>\$ 60,669,372</u>		<u>8.57 %</u>

Source: Black Hawk County Auditor's Office

2004

Assessed Valuation for Fiscal Year 2003 - 2004	Rank	Percentage of Total Assessed Valuation
\$ 29,994,080	1	2.10 %
6,987,210	2	0.49
6,855,470	3	0.48
6,818,405	4	0.48
6,134,500	5	0.43
5,833,160	6	0.41
5,322,420	7	0.37
5,268,390	8	0.37
5,140,960	9	0.36
--	--	--
--	--	--
--	--	--
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--	--	--
--	--	--
--	--	--
--	--	--
<u>\$ 78,354,595</u>		<u>5.49 %</u>

**City of Cedar Falls, Iowa**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Levy Year</u>	<u>For Fiscal Year Ending June 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percentage of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>
1994	1995	\$ 7,702,161	\$ 7,490,559	97.25 %	\$ 10,580
1995	1996	8,195,927	8,140,326	99.32	2,020
1996	1997	8,316,093	8,285,599	99.63	991
1997	1998	8,518,497	8,461,212	99.33	388
1998	1999	9,076,030	9,139,100	100.69	858
1999	2000	9,674,208	9,736,770	100.65	18
2000	2001	10,462,320	10,515,407	100.51	1,455
2001	2002	10,804,380	10,858,889	100.50	1,791
2002	2003	11,051,455	11,120,412	100.62	246
2003	2004	11,796,749	11,824,764	100.24	104

Source: Black Hawk County Auditor's Office.

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections Total to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$ 7,501,139	97.39 %	\$ 363,113	4.71 %
8,142,346	99.35	94,412	1.15
8,286,590	99.65	82,188	0.99
8,461,600	99.33	70,247	0.82
9,139,958	100.70	76,254	0.84
9,736,788	100.65	83,143	0.86
10,516,862	100.52	137,121	1.31
10,860,680	100.52	126,374	1.17
11,120,658	100.63	111,382	1.01
11,824,868	100.24	84,733	0.72

**City of Cedar Falls, Iowa  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Note	General Obligation Bonds	Revenue Bonds
1995	\$ 12,810,000	\$ --	\$ 710,000	\$ --	\$ 8,040,000
1996	13,535,000	2,750,000	655,000	--	6,970,000
1997	19,405,000	2,660,000	600,000	4,500,000	5,945,000
1998	21,720,000	2,480,000	545,000	4,450,000	4,895,000
1999	20,005,000	2,230,000	490,000	4,365,000	3,760,000
2000	21,205,000	2,685,000	430,000	4,275,000	6,160,000
2001	18,945,000	2,310,000	365,000	4,185,000	4,905,000
2002	21,615,000	4,955,000	--	4,090,000	3,590,000
2003	18,750,000	4,280,000	--	3,505,000	3,200,000
2004	18,210,000	3,115,000	--	2,850,000	4,705,000

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Population and personal income data can be found on page 123.

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita<sup>1</sup></u>
\$ 21,560,000	3.39 %	\$ 613
23,910,000	3.49	677
33,110,000	4.59	933
34,090,000	4.52	956
30,850,000	3.80	861
34,755,000	4.11	962
30,710,000	3.65	849
34,250,000	3.81	945
29,735,000	3.20	824
28,880,000	2.95	793

**City of Cedar Falls, Iowa**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds <sup>1</sup>	Taxable Value of Property	Percentage Taxable Value of Property	Assessed Value of Property
1995	\$ 12,810,000	\$ 524,880,209	2.44 %	\$ 708,000,936
1996	13,535,000	603,365,161	2.24	809,927,637
1997	19,405,000	559,081,201	3.47	828,387,341
1998	21,720,000	570,768,594	3.81	844,030,077
1999	20,005,000	623,501,115	3.21	983,280,851
2000	21,205,000	659,504,692	3.22	1,012,876,271
2001	18,945,000	728,713,522	2.60	1,161,812,891
2002	21,615,000	754,821,991	2.86	1,188,336,276
2003	18,750,000	801,654,783	2.34	1,374,429,803
2004	18,210,000	824,823,480	2.21	1,427,127,146

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Includes only general obligation bonds supported by property tax dollars.

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
1.81 %	\$ 364.46
1.67	383.23
2.34	546.80
2.57	609.12
2.03	558.36
2.09	586.66
1.63	523.86
1.82	596.36
1.36	519.88
1.28	499.88

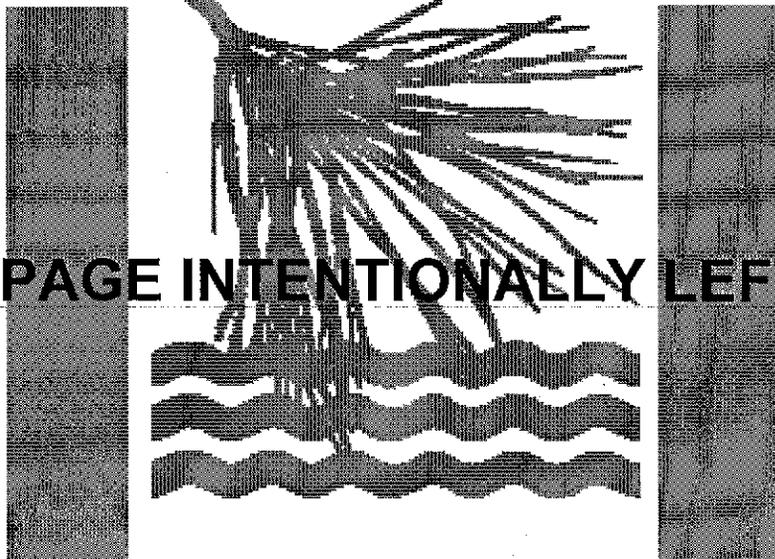
**City of Cedar Falls, Iowa  
Direct and Overlapping Debt  
As of June 30, 2004**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Cedar Falls, Iowa	\$ <u>24,175,000</u>	100.00 %	\$ <u>24,175,000</u>
Overlapping:			
Black Hawk County	\$ 15,165,000	27.27	\$ 4,135,496
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Institute of Technology	<u>7,230,000</u>	14.18	<u>1,025,214</u>
Total Overlapping	\$ <u>22,395,000</u>		\$ <u>5,160,710</u>
Total	\$ <u><u>46,570,000</u></u>		\$ <u><u>29,335,710</u></u>

Source: Black Hawk County Auditor

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

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**City of Cedar Falls, Iowa  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	Fiscal Year			
	1995	1996	1997	1998
Debt Limit	\$ 35,110,439	\$ 40,201,681	\$ 41,142,720	\$ 41,929,754
Total net debt applicable to limit	16,630,000	22,590,000	27,165,000	32,895,000
Legal debt margin	<u>\$ 18,480,439</u>	<u>\$ 17,611,681</u>	<u>\$ 13,977,720</u>	<u>\$ 9,034,754</u>
Total net debt applicable to the limit as a percentage of debt limit	47.36%	56.19%	66.03%	78.45%

**Note:** Under Iowa code, the city's outstanding general obligation debt should not exceed 5 percent of total assessed property value.

Fiscal Year

1999	2000	2001	2002	2003	2004
\$ 49,164,043	\$ 50,643,814	\$ 58,090,645	\$ 59,416,814	\$ 68,721,490	\$ 71,356,357
30,690,000	32,715,000	29,685,000	34,295,000	29,920,000	27,265,000
<u>\$ 18,474,043</u>	<u>\$ 17,928,814</u>	<u>\$ 28,405,645</u>	<u>\$ 25,121,814</u>	<u>\$ 38,801,490</u>	<u>\$ 44,091,357</u>

62.42%	64.60%	51.10%	57.72%	43.54%	38.21%
--------	--------	--------	--------	--------	--------

**Legal Debt Margin Calculation for Fiscal Year 2004**

Estimated actual valuation	<u>\$ 1,427,127,146</u>
Debt limit - 5% of total actual valuation	\$ 71,356,357
Debt applicable to debt limit:	
General obligation bonds	24,175,000
General obligation bonds - component unit	3,090,000
Legal debt margin	<u>\$ 44,091,357</u>

**City of Cedar Falls, Iowa  
Revenue Bond Coverage  
Sewer Authority  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses<sup>1</sup></u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements<sup>2</sup></u>	
				<u>Principal</u>	<u>Interest</u>
1995	\$ 3,490,623	\$ 897,542	\$ 2,593,081	\$ 625,000	\$ 508,718
1996	3,114,844	1,248,679	1,866,165	980,000	402,667
1997	3,410,055	881,008	2,529,047	1,025,000	358,866
1998	3,633,517	1,363,849	2,269,668	1,070,000	310,268
1999	3,793,363	1,370,221	2,423,142	1,135,000	242,429
2000	4,178,205	1,227,350	2,950,855	1,190,000	185,418
2001	4,585,938	1,487,413	3,098,525	1,255,000	305,434
2002	4,372,064	1,553,672	2,818,392	1,315,000	257,545
2003	4,264,604	1,523,040	2,741,564	390,000	193,405
2004	4,047,494	1,533,885	2,513,609	395,000	172,735

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Net of depreciation, interest, and debt service transfers.

<sup>2</sup> Includes principal and interest of revenue bonds only.

Debt Service  
Requirements<sup>2</sup>

<u>Total</u>	<u>Coverage</u>
\$ 1,133,718	2.29
1,382,667	1.35
1,383,866	1.83
1,380,268	1.64
1,377,429	1.76
1,375,418	2.15
1,560,434	1.99
1,572,545	1.79
583,405	4.70
567,735	4.43

**City of Cedar Falls, Iowa**  
**Sales History and Total Sewer Charges**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Water Sales (CCF)</u>	<u>Sewer Charges</u>
1994 - 95	1,516,714	\$ 2,911,956
1995 - 96	1,560,959	2,934,461
1996 - 97	1,596,939	3,180,110
1997 - 98	1,587,392	3,224,396
1998 - 99	1,563,641	3,318,057
1999 - 00	1,669,268	3,407,731
2000 - 01	1,628,644	3,367,856
2001 - 02	1,589,986	3,549,232
2002 - 03	1,683,593	3,547,913
2003 - 04	1,868,675	3,686,981

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa  
Water Meter by Rate Class  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Other</u>	<u>Total</u>
1994	8,835	713	36	160	2	9,746
1995	8,920	716	38	163	2	9,839
1996	8,952	720	42	171	2	9,887
1997	9,007	747	41	169	2	9,966
1998	9,145	773	43	170	3	10,134
1999	9,233	787	43	151	3	10,217
2000	9,426	805	42	168	3	10,444
2001	9,607	820	40	173	3	10,643
2002	9,903	854	39	168	3	10,967
2003	10,057	866	39	168	3	11,133

**City of Cedar Falls, Iowa  
Largest Sewer Customers  
Fiscal Year 2004**

Customer	Water Sales (CCF)	Percent of Total Water Sales	Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	151,617.4	8.11 %	\$ 264,880.39	7.18 %
County Terrace Mobile Home Ct.	19,020.0	1.02	64,789.74	1.76
Western Home	16,690.7	0.89	37,418.61	1.01
Gold Falls Villa Apartments	10,266.0	0.55	34,773.42	0.94
Alliance Realty	6,348.7	0.34	28,744.56	0.78
College Square Apartments II	7,994.1	0.43	24,222.34	0.66
Holiday Inn	13,251.9	0.71	21,932.00	0.59
DMC Builders	12,599.0	0.67	21,812.25	0.59
Sartori Memorial Hospital	13,809.0	0.74	21,238.65	0.58
Cedar Falls Schools	17,612.8	0.94	20,776.24	0.56
Hometown America-FS Cedar Falls	7,807.0	0.42	19,715.80	0.53
Lutheran Home	10,749.6	0.58	18,072.80	0.49
 Total 2004 CCF	 1,868,675.0			
Total 2004 Billings	\$3,686,981			

**City of Cedar Falls, Iowa  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income<sup>1</sup></u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1995	35,148	\$ 636,916,908	\$ 18,121	26.8	4,960	3.7
1996	35,318	684,321,568	19,376	25.9	4,933	3.3
1997	35,488	720,796,768	20,311	33.8	4,906	3.2
1998	35,658	754,309,332	21,154	36.8	4,626	2.6
1999	35,828	811,217,576	22,642	34.7	4,531	3.3
2000	36,145	846,588,190	23,422	32.7	4,456	2.5
2001	36,164	842,114,904	23,286	36.2	4,322	3.0
2002	36,245	898,694,775	24,795	34.4	4,339	3.3
2003	36,066	928,627,368	25,748	26.0	4,385	3.8
2004	36,429	977,972,934	26,846	34.4	4,437	4.0

Sources: Population provided by the Planning division. School enrollment is supplied by the Cedar Falls Board of Education. Unemployment data provided by the Iowa Workforce

**Note:** Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

<sup>1</sup> Per Capita Income for FY95-FY04 is based on Metropolitan Waterloo/Cedar Falls from [www.silo.lib.ia.us](http://www.silo.lib.ia.us)

**City of Cedar Falls, Iowa  
Principal Employers  
Current Year and Nine Years Ago**

Employees	1995		
	Number of Employees <sup>1</sup>	Rank	Percentage of Total City Employment
John Deere Product Engineer Center <sup>2</sup>	620	3	3.18%
University of Northern Iowa	4,914	1	25.22%
Cedar Falls Community School District	525	5	2.69%
Target Distribution	--		--
Viking Pump Inc, Unit of Index Corp.	629	2	3.23%
City of Cedar Falls/Municipal Utilities	553	4	2.84%
Martin Brothers Distributing Co., Inc	250	8	1.28%
The Western Home	330	7	1.69%
Principal Financial Group	--		--
Cedar Falls Lutheran Home	--		--
Sartori Hospital	350	6	1.80%
Oster Communications	174	9	0.89%
Younkers, Inc	145	10	0.74%
<b>Total</b>	<b>8,490</b>		<b>43.58%</b>

Source: Official Bond Statements from Public Financial Management, Inc. 2004 information Cedar Valley Economic Development Corp.

<sup>1</sup> Number of employees includes all full-time, part-time and seasonal employees.

<sup>2</sup> John Deere Product Engineering Center includes both Cedar Falls and Waterloo employees in 1998-2004.



**City of Cedar Falls, Iowa**  
**Full-Time Equivalent City Government Employees by Function/Department**  
**Last Ten Fiscal Years**

	Full-Time Equivalent Employees as of June 30					
	1995	1996	1997	1998	1999	2000
<b>Public Safety</b>						
Police	55.10	54.10	51.10	49.35	52.35	51.65
Fire	34.00	34.00	34.00	35.60	34.80	34.80
Inspection Services	5.00	5.00	5.00	6.00	6.00	6.00
Public Safety Administration	1.40	1.40	1.40	1.40	1.40	--
<b>Public Works</b>						
Streets	23.34	23.34	22.42	22.42	21.32	21.32
Parking Meter	5.00	5.00	5.00	5.50	4.40	4.15
Engineering	18.50	18.50	18.50	12.10	12.10	13.60
<b>Culture and Recreation</b>						
Human & Leisure Administration	3.50	3.50	3.50	3.60	2.80	2.80
Cultural Services	6.70	6.70	7.70	7.50	9.10	9.20
Library	18.00	18.20	18.20	17.20	15.10	14.80
Cemetery	4.60	4.60	4.60	4.60	4.60	4.60
Golf	6.30	6.30	6.30	6.30	6.30	6.30
Parks	21.10	21.30	21.30	21.30	22.20	22.20
Recreation	30.85	30.85	30.85	30.85	30.85	30.85
Visitor & Tourism	--	--	--	--	--	--
<b>Community &amp; Economic Development</b>						
Developmental Services Admin.	1.40	1.40	1.40	2.30	1.50	1.50
Economic Development	1.85	1.85	1.85	1.85	1.85	1.85
Planning Services	3.25	3.25	3.25	3.00	3.10	3.10
Block Grant	3.15	3.15	3.15	2.95	1.95	2.15
Housing Vouchers	0.60	0.80	0.80	0.90	0.90	0.85
Section 8 Housing	2.00	2.00	2.00	1.60	1.50	1.65
Interstate Substitution	1.40	--	--	--	--	--
<b>General Government</b>						
Mayor's Office	1.50	1.50	1.50	1.50	1.50	1.50
Administrative Services Admin.	1.50	1.50	1.50	1.50	1.50	1.50
Financial Services	3.50	3.75	4.90	4.90	4.80	4.65
Legal Services	2.00	3.00	3.00	3.00	3.00	3.00
Personnel	3.50	3.50	3.50	3.80	3.50	2.50
Public Records	3.50	3.75	3.40	2.90	2.90	3.50
Cable TV	1.50	1.50	3.10	3.40	3.85	3.85
Print Shop	1.00	1.20	1.20	1.20	1.10	1.00
Public Buildings	8.66	8.66	8.38	11.38	13.18	13.18
<b>Internal Service</b>						
Information Systems	2.50	2.50	2.50	2.80	2.00	3.00
Vehicle Maintenance	6.90	6.90	6.90	6.90	6.40	6.40
Sewer	15.80	15.80	15.80	17.60	16.00	17.00
Refuse	18.70	18.70	18.90	16.60	15.65	12.85
<b>Total</b>	<b>317.60</b>	<b>317.50</b>	<b>316.90</b>	<b>313.80</b>	<b>309.50</b>	<b>307.30</b>

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

2001	2002	2003	2004
53.15	52.85	49.89	49.39
34.80	35.10	35.40	34.60
6.00	6.00	6.00	6.00
--	--	--	--
21.32	21.57	24.00	24.82
3.15	3.05	3.05	3.10
13.60	13.60	13.60	13.60
2.80	2.50	2.00	2.00
9.20	10.40	10.50	9.05
14.80	14.80	14.80	14.80
4.60	4.40	4.40	4.40
6.00	5.60	5.60	6.40
22.60	18.00	18.00	16.20
30.85	31.05	31.05	31.05
--	1.80	2.40	2.40
1.50	1.50	1.50	1.50
1.85	1.85	1.85	1.85
3.10	3.10	3.43	3.43
2.15	2.15	2.20	2.20
2.50	2.50	2.50	2.50
--	--	--	--
--	--	--	--
1.50	1.50	1.50	1.50
1.50	1.50	1.50	1.50
5.65	5.58	5.58	4.95
3.00	3.00	3.00	3.00
2.50	2.50	2.00	2.00
3.50	3.80	3.50	3.50
3.80	3.80	4.00	4.00
1.00	1.00	1.00	1.00
13.18	12.78	10.78	11.31
3.00	3.00	3.00	3.00
6.40	6.40	6.40	6.40
17.00	17.30	17.30	17.30
15.65	17.80	16.43	16.50
<u>311.65</u>	<u>311.78</u>	<u>308.16</u>	<u>305.25</u>

**City of Cedar Falls, Iowa  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

	Fiscal Year		
	1995	1996	1997
<b>Public Safety</b>			
Police			
Physical arrests	1,421	1,405	1,091
Traffic violations	6,945	3,958	4,940
Parking violations	39,025	40,885	42,384
Fire			
Number of calls answered	623	612	1,087
Inspections conducted	1,349	2,403	1,723
<b>Sewer</b>			
Sewage System			
Daily average treatment in gallons	5,000,000	5,000,000	5,000,000
Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
Water System			
Daily average consumption in gallons	3,890,867	3,890,867	3,890,867
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
<b>Refuse<sup>1</sup></b>			
Solid Waste			
32 Gallon Containers	--	--	--
68 Gallon Containers	--	--	--
95 Gallon Containers	--	--	--
Yard Waste			
95 Gallon Containers	--	--	--

**Sources:** Various city departments

<sup>1</sup> Statistics are for FY04 only

Fiscal Year						
1998	1999	2000	2001	2002	2003	2004
1,512	1,430	1,502	1,299	1,386	1,485	1,672
4,546	3,583	3,120	3,960	3,959	4,033	5,453
42,720	43,124	38,876	48,613	48,613	42,162	37,260
1,141	1,129	1,370	1,393	1,435	1,554	1,511
4,189	3,023	3,213	2,314	4,554	3,367	2,166
5,000,000	5,800,000	5,800,000	5,800,000	4,750,000	4,120,000	4,120,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,741,522	3,709,000	3,653,594	3,773,582	3,783,126	3,800,209	3,800,209
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
--	--	--	--	--	--	3,155
--	--	--	--	--	--	5,679
--	--	--	--	--	--	1,093
--	--	--	--	--	--	4,499

**City of Cedar Falls, Iowa  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

	Fiscal Year				
	1995	1996	1997	1998	1999
Public safety					
Police					
Stations	1	1	1	1	1
Patrol Units	9	9	9	9	9
Fire					
Stations	2	2	2	2	2
Fire tankers and aerial trucks <sup>1</sup>	--	--	--	--	--
Public works					
Streets					
Miles	187	190	190	190	200
Street lights	2,452	2,452	2,452	2,494	2,529
Health and social services					
Hospital	1	1	1	1	1
Number of patient beds	101	101	101	101	101
Cultural and Recreation					
Hearst Center for the Arts	1	1	1	1	1
Library	1	1	1	1	1
Cemeteries	3	3	3	3	3
Acreage	56.9	56.9	56.9	56.9	56.9
Golf	2	2	2	3	3
Miniature golf course	1	1	1	1	1
Parks	24	28	29	33	33
Acreage	688	828	1,072	1,116	1,116
Recreation					
Recreation Center	1	1	1	1	1
Swimming pools	3	3	3	3	3
Softball fields	6	6	6	6	6
Baseball fields	3	3	3	3	3
Tennis courts	6	6	6	6	6
Sewer					
Sewage System					
Miles of sanitary sewer	150	150	150	150	150
Miles of storm sewers	160	160	160	160	160
Number of treatment plants	1	1	1	1	1
Number of service connectors	12,357	12,357	12,400	12,400	12,762
Water Systems					
Miles of water mains	154.00	154.00	154.00	156.00	158.00
Number of service connectors	9,891	9,891	9,891	9,929	10,139
Number of city owned fire hydrants	1,258	1,258	1,258	1,279	1,346

**Sources:** Various city departments

<sup>1</sup> Number of fire trucks statistic was not kept in prior years

Fiscal Year

2000	2001	2002	2003	2004
1	1	1	1	1
9	9	12	12	12
2	2	2	2	2
--	--	5	5	5
200	200	200	200	200
2,539	2,588	2,609	2,642	2,670
1	1	1	1	1
101	101	101	101	101
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
56.9	56.9	56.9	56.9	56.9
3	3	3	3	3
1	1	1	1	1
34	34	34	34	34
1,116	1,116	1,116	1,116	1,116
1	1	1	1	1
3	3	3	3	3
6	6	8	8	8
3	3	2	2	2
6	6	6	6	6
150	150	150	160	160
160	160	160	160	160
1	1	1	1	1
12,762	12,762	10,790	11,039	11,039
160.00	164.02	167.00	169.00	169.00
10,220	10,444	10,643	10,967	10,967
1,383	1,427	1,468	1,503	1,503

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FALLS

*Town*