

# **CITY OF CEDAR FALLS, IOWA**

## **Comprehensive Annual Financial Report**

**June 30, 2005**

Prepared by:

Financial Services Division

Of

Department of Administrative Services

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Kelly Lambert

Financial Technician

**City of Cedar Falls, Iowa  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

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September 28, 2005

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, 2005. This is the third 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.

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 Communications Utility, as well as all funds of the City. The Utilities are each reported as discretely presented component units.

In 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 Greater Cedar Valley Alliance 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 FY05 by \$246.7 million, however taxable values only increased by \$85.5 million (See Attachment B) due to the rollback.

The City has responded to a portion of this challenge by maintaining a comparatively low tax rate. Cedar Falls has the sixth 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 FY05. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 1994, the average sales price reported was \$88,641. In 2004, the average sales price was \$168,589, which is a ninety (90) 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 2005 continued a pattern of strong growth and development in the Cedar Fall Industrial & Technology Park. As a matter of fact, in FY 05 the City established a new construction valuation record of nearly \$102,000,000. Major economic development projects completed during FY05 in the Cedar Falls Industrial & Technology Park totaled approximately 284,000 SF with added new valuation of \$13,525,000. Once again, these projects do not include any development east of Highway 58 in the Wal-Mart area. Specific Fiscal Year 2005 projects of note that are already completed in the Cedar Falls Industrial & Technology Park include:

- **Bossard-IIP:** Construction on their new 200,000 SF state of the art distribution center/office was completed in FY 2005. The project construction valuation was \$7,500,000.
- **Wingate Inn:** Construction is complete on this new 41,000 SF hotel built immediately south of The PIPAC Center. The valuation for this hotel is \$2,900,000.
- **Fastenal:** This project consisting of a 6,000 SF facility with a \$350,000 valuation was completed in late FY2005.
- **Schwan's Frozen Foods:** Construction on this new 7,000 SF frozen food distribution facility was completed in FY 2005 at a valuation of \$550,000.
- **D&G Metal Works, Inc.:** This new construction project was completed in FY 2005 and was a 15,000 SF metal fabrication operation. The construction valuation was \$575,000.
- **Martin Brothers Distribution:** Recently completed addition consisting of 15,000 SF and added valuation of \$1,500,000. Martin Brothers now owns/operates over 175,000 SF in the Cedar Falls Industrial and Technology Park.
- **American Pattern & CNC:** This was a 5,000 SF manufacturing/office addition with a valuation of \$150,000 completed in FY 2005.

**Under Construction:** The Cedar Falls Industrial & Technology Park continues to expand. Currently under construction is 87,000 SF valued at \$5,275,000. Under construction projects include:

- **The Mudd Group Video Production Center:** This project has grown to a 30,000 SF video production center/office that will be the third building of The Mudd Group Campus. The \$3,500,000 project began in late July 2005 and will be completed in summer 2006.
- **Weber Paper Company:** This 30,000 SF paper distribution facility will be completed in October 2005. The construction valuation is \$1,100,000.

- **Woolverton Printing Company:** Construction on this 7,000 SF addition began in late FY 2005 and will be completed in November 2005. The valuation for this addition is \$300,000.
- **Goetz Office/Storage:** Construction on this 20,000 SF multi-building office/storage building complex is under construction and will be completed in late calendar year 2005. The initial construction valuation is \$375,000.

**Other Items:** Work recently was completed to open the new West Viking Road Industrial Park located west of the Target Distribution Center. Another 120 acres of fully developed industrial use land is now available for marketing and development. This should provide adequate sites for the continuation of our economic growth in the Cedar Falls Industrial & Technology Park.

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 FY09. After FY09, 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 completed a new Visitor's and Tourism Center, an addition to the Recreation Center, and currently constructing a new \$6 million Aquatic Center. These will not only provide greater service to our citizens but will increase tourism to Cedar Falls as well.

## **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.

## **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, 2005, 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, 2004. 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.

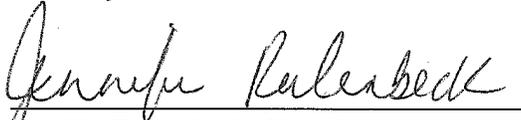
A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last fifteen consecutive years (fiscal years ended 1990-2004). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget beginning July 1, 2004. 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 twelve years.

**ACKNOWLEDGMENTS**

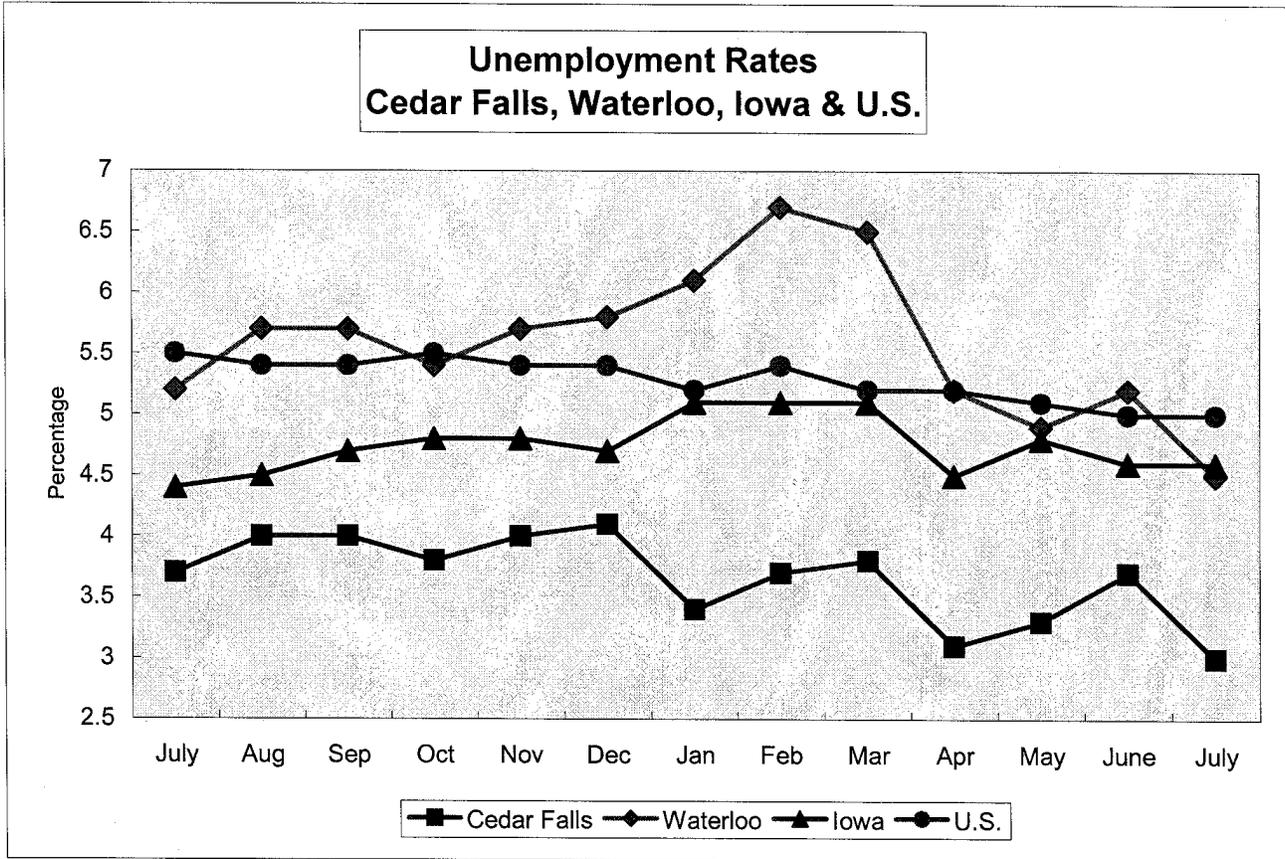
The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Financial Services Division, particularly Kelly Lambert, Financial Technician and Lisa Roeding, Finance Associate. Each member of the division has my sincere appreciation for 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

ATTACHMENT A

Unempl



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

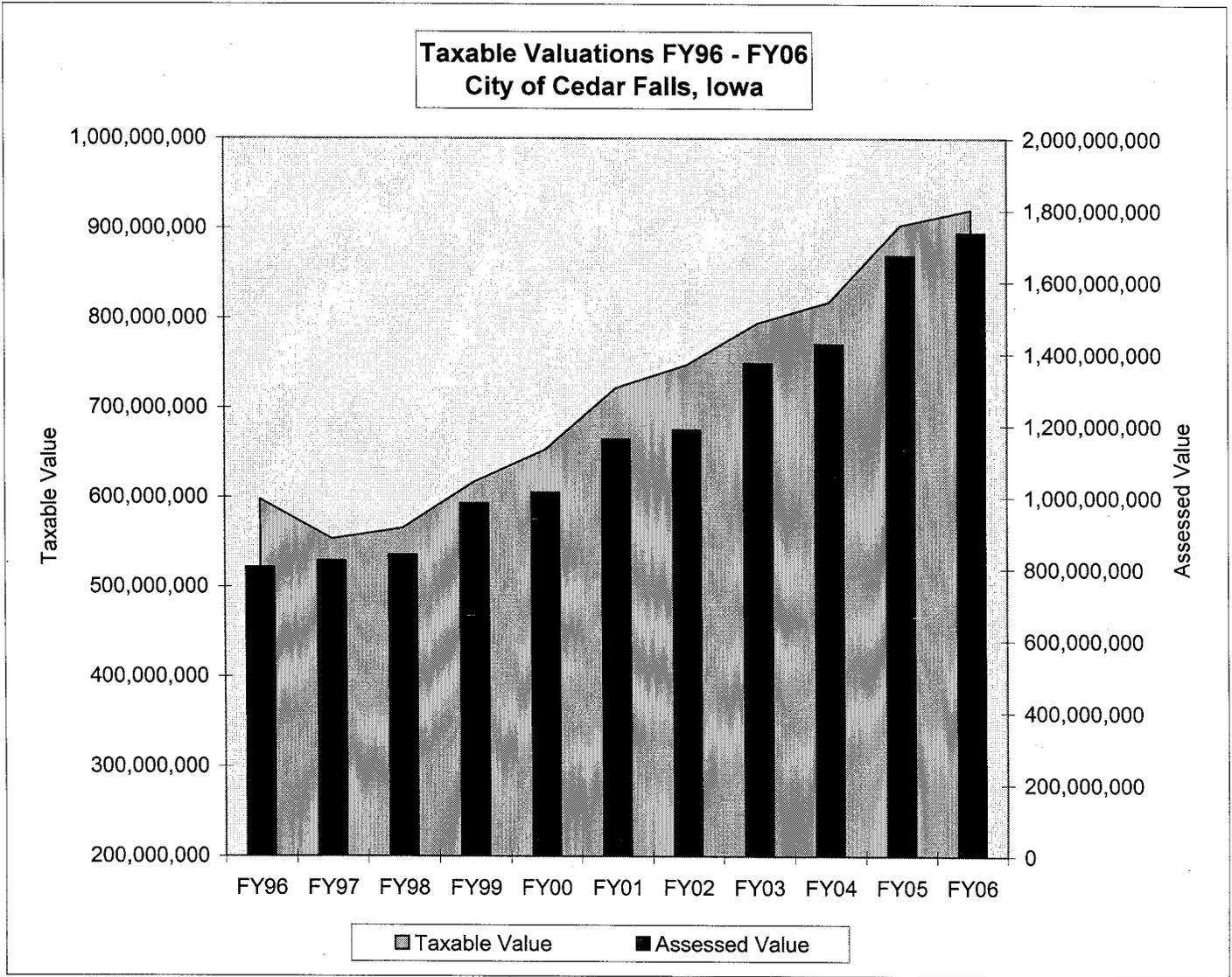
Month 04-05	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	3.7	5.2	4.4	5.5
Aug	4.0	5.7	4.5	5.4
Sep	4.0	5.7	4.7	5.4
Oct	3.8	5.4	4.8	5.5
Nov	4.0	5.7	4.8	5.4
Dec	4.1	5.8	4.7	5.4
Jan	3.4	6.1	5.1	5.2
Feb	3.7	6.7	5.1	5.4
Mar	3.8	6.5	5.1	5.2
Apr	3.1	5.2	4.5	5.2
May	3.3	4.9	4.8	5.1
June	3.7	5.2	4.6	5.0
July	3.0	4.5	4.6	5.0
Average	3.7	5.6	4.7	5.3

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

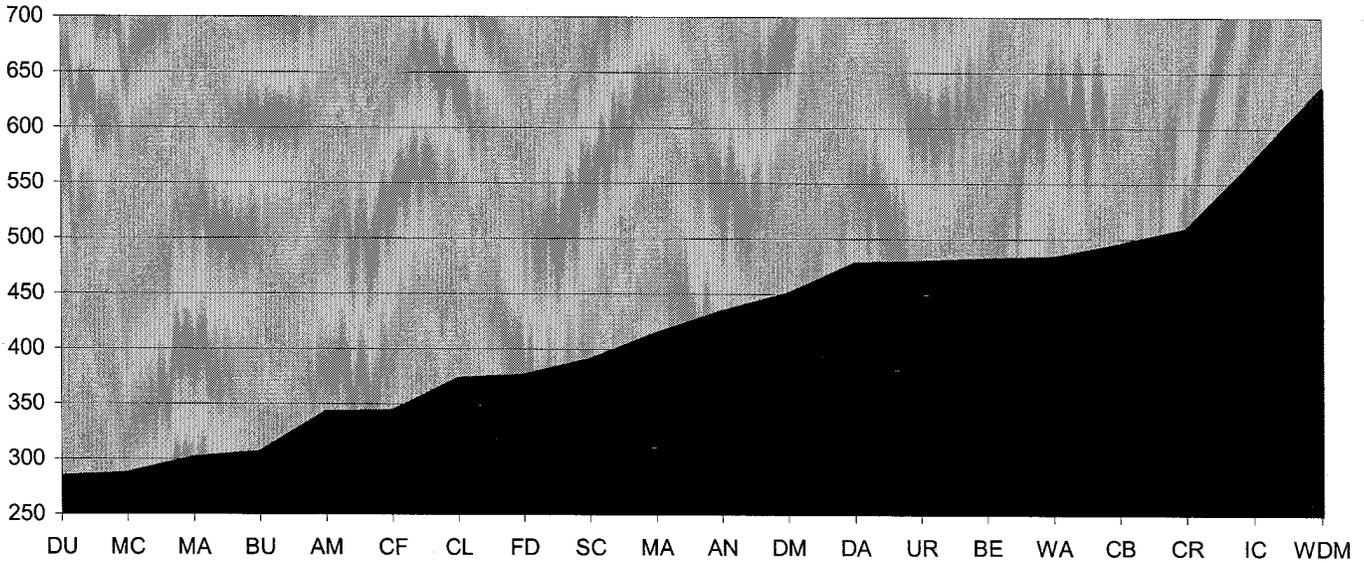


Year	Taxable Value	Assessed Value
FY96	597,471,141	804,033,617
FY97	553,548,261	822,854,401
FY98	565,333,594	838,595,077
FY99	617,205,551	983,280,851
FY00	653,019,972	1,012,876,271
FY01	722,070,299	1,161,812,891
FY02	747,955,311	1,188,336,276
FY03	794,505,253	1,374,429,803
FY04	817,896,980	1,427,127,146
FY05	903,439,479	1,673,902,007
FY06	920,739,030	1,737,456,552

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

For FY06, assessed values increased by \$63,554,545. However, taxable values only increased by \$17,299,551 due to the change in the residential rollback factor from 48.46% in FY05 to 47.96% in FY06.

**Property Tax Per Capita (FY05)  
20 Largest Iowa Cities**



**Property Tax Per Capita (FY05)  
20 Largest Iowa Cities**

City	FY05 Tax Per Person	2000 Population	Abbreviation
Dubuque	283.57	57,686	DU
Mason City	286.28	29,172	MC
Marshalltown	300.56	26,009	MA
Burlington	305.91	26,839	BU
Ames	342.12	50,731	AM
<b>Cedar Falls</b>	<b>342.93</b>	<b>36,145</b>	<b>CF</b>
Clinton	372.32	27,772	CL
Fort Dodge	375.46	25,136	FD
Sioux City	389.83	85,013	SC
Marion	413.52	26,294	MA
Ankeny	433.28	27,117	AN
Des Moines	449.74	198,682	DM
Davenport	477.02	98,359	DA
Urbandale	478.99	29,072	UR
Bettendorf	481.17	31,275	BE
Waterloo	482.83	68,747	WA
Council Bluffs	494.48	58,268	CB
Cedar Rapids	507.90	120,758	CR
Iowa City	570.31	62,220	IC
West Des Moines	635.56	46,403	WDM
Average	421.19		

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.

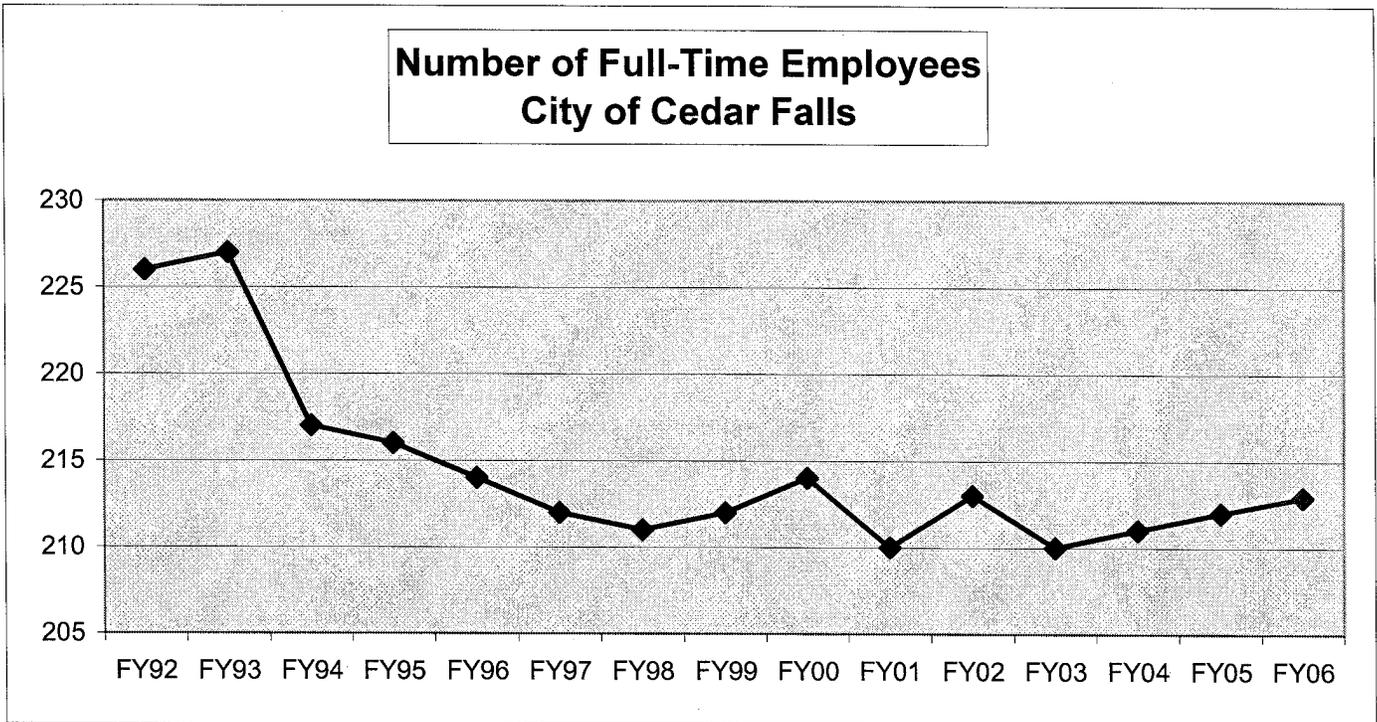
At a cost of \$342.93 per person, the City is substantially below the average rate of \$421.19. This rate can be attributed to the City's concerted efforts to streamline operations over the past 20 years.

If the City of Cedar Falls operated at the state average property tax per capita, an additional 2.8 million dollars would be devoted to operations. This would be an increase of 22% of taxes levied in FY05.

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  
FY92 - FY06**

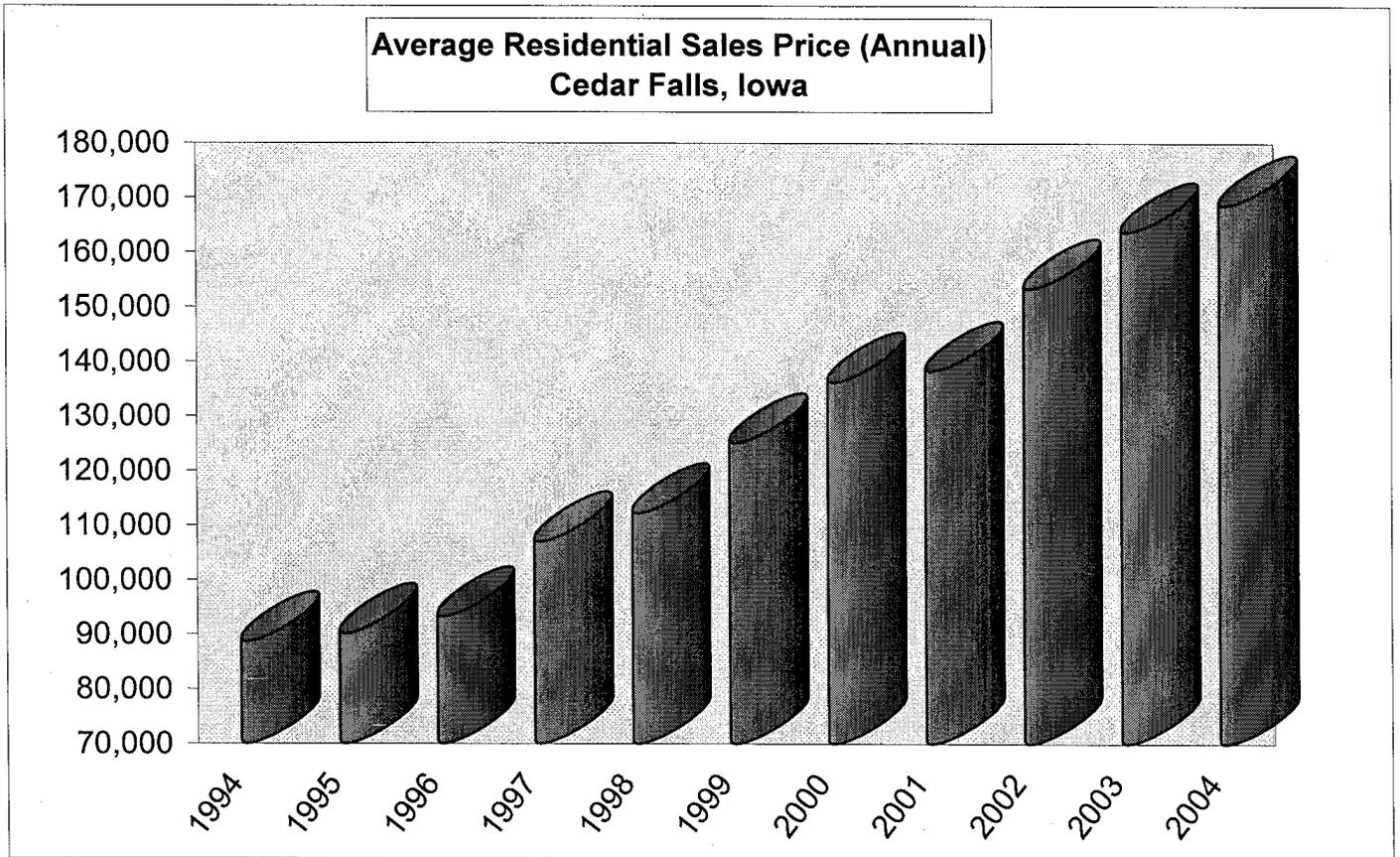
Year	Number of Employees	Population	Employees per 1,000
FY92	226	34,298	6.59
FY93	227	34,298	6.62
FY94	217	34,298	6.33
FY95	216	34,298	6.30
FY96	214	34,298	6.24
FY97	212	34,298	6.18
FY98	211	34,298	6.15
FY99	212	34,298	6.18
FY00	214	34,298	6.24
FY01	210	36,145	5.81
FY02	213	36,145	5.89
FY03	210	36,145	5.81
FY04	211	36,145	5.84
FY05	212	36,145	5.87
FY06	213	36,145	5.89
Average:			6.15

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



Year	Average Sales Price
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
2004	168,589
Average	125,115

The average sale price residential properties in Cedar Falls has grown by 90% between 1994 - 2004 from \$88,641 to 168,589.

# 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, 2004

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



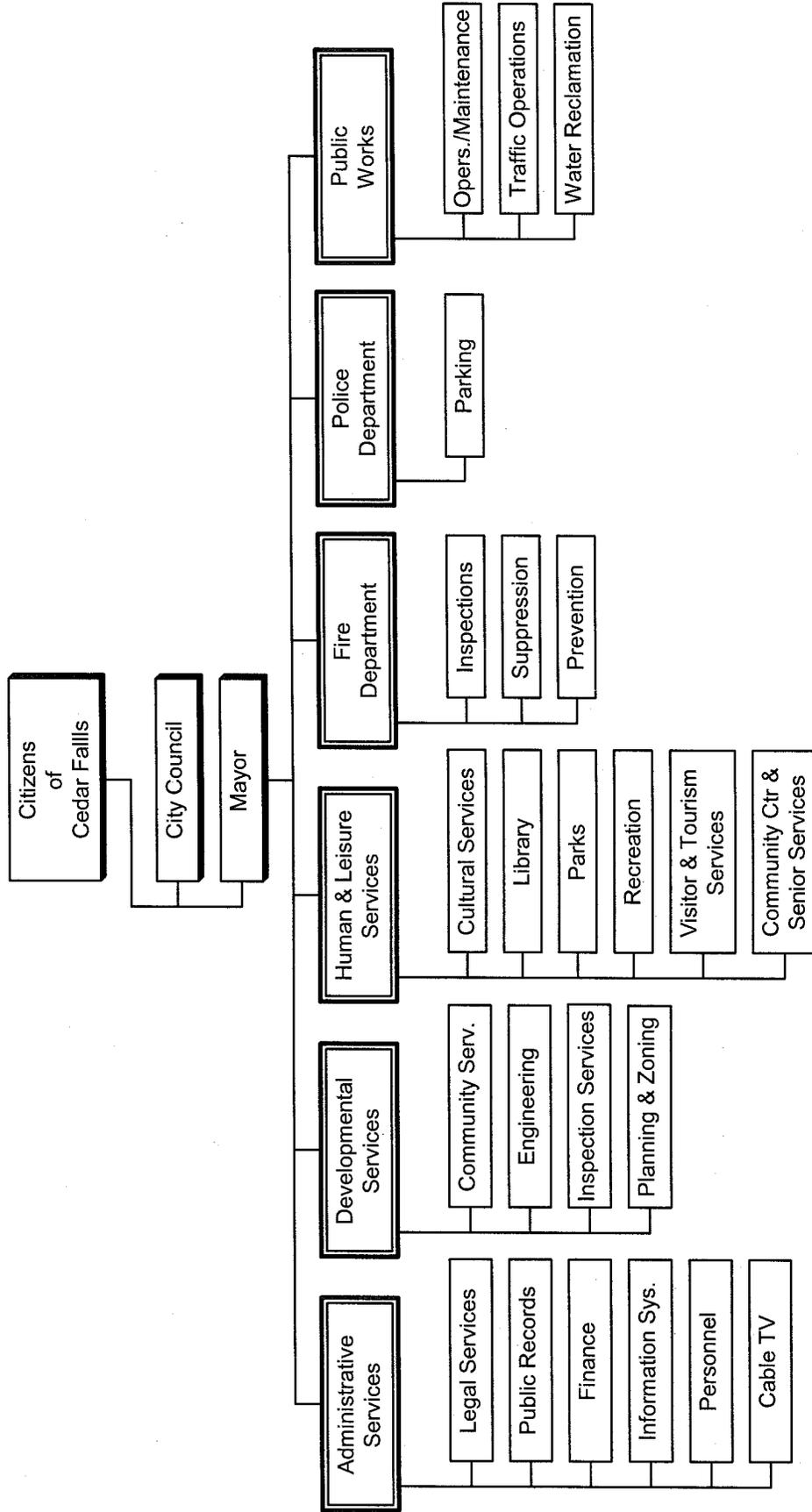
*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

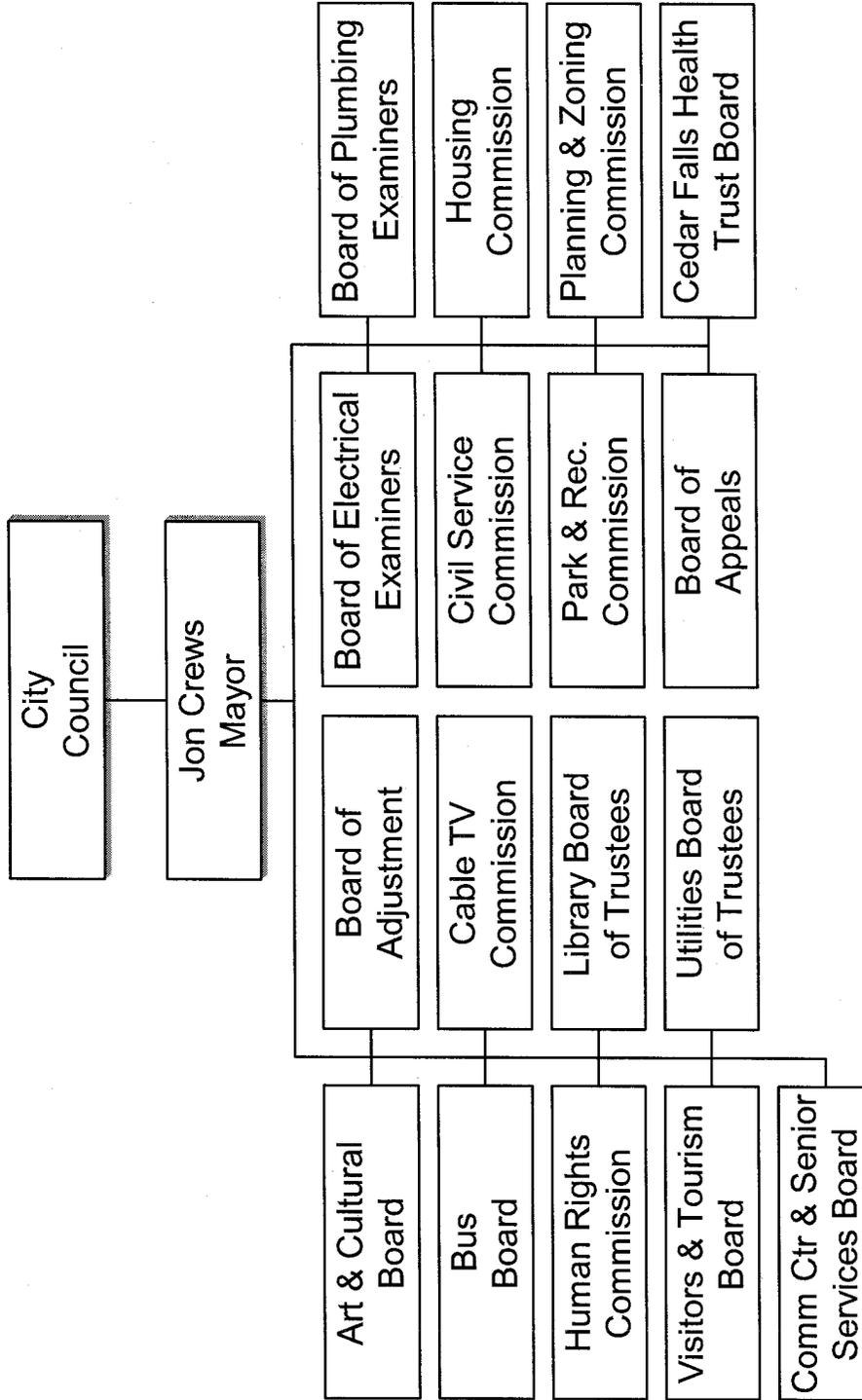
Executive Director

CITY OF CEDAR FALLS, IOWA  
ORGANIZATIONAL CHART



# CITY OF CEDAR FALLS, IOWA

## BOARDS AND COMMISSIONS



## CITY OF CEDAR FALLS, IOWA

### PRINCIPAL OFFICIALS

June 30, 2005

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	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



## 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, 2005, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated September 21, 2005, 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.

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The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Cedar Falls, Iowa. The introductory section, combining nonmajor fund financial statements, capital asset schedules, and statistical tables are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements and capital asset schedules 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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Dubuque, Iowa  
September 21, 2005

## 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, 2005. Please read it in conjunction with the transmittal letter found on pages 1 – 11 of this report.

### 2005 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased .95%, or \$350,150, from fiscal year 2004 to fiscal year 2005. Property taxes increased \$1,869,034 for all activities.
- Program expenses increased 7.65%, or \$2,031,918 in fiscal year 2005 from fiscal year 2004. Public Safety, Public Works, and Culture and Recreation expenses increased \$407,177, \$38,379, and \$561,594, respectively.
- The City's net assets increased 6.15%, or \$10,989,386, from June 30, 2004 to June 30, 2005. Of this amount, the net assets of the governmental activities increased by \$9,228,706 and the net assets of the business-type activities increased by \$1,760,680.

### 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.

The Government-wide financial statements can be found on pages 30 - 33 of this report.

## **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 there are more or fewer 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 a reconciliation at the bottom of the fund financial statements.

The City maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Hospital Fund, Street Repair Fund, Street Construction Fund, Debt Service Fund, Capital Improvements Fund, and Bond Fund, all of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Governmental Fund Financial Statements can be found on pages 34 - 38 of this report.

- Proprietary Funds – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and refuse activities.

Internal Service Funds are used to accumulate and allocate costs internally. The City uses internal service funds for its information systems, vehicle maintenance, and various risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund and Refuse Fund, both of which are considered major funds. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Proprietary Fund Financial Statements can be found on pages 39 - 44 of this report.

**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	
	2005	2004	2005	2004	2005	2004
Current and						
other assets	\$ 85,207,075	\$ 76,143,590	\$ 9,181,635	\$ 10,061,702	\$ 94,388,710	\$ 86,205,292
Capital assets	120,069,998	112,955,925	33,527,510	31,980,431	153,597,508	144,936,356
Total assets	205,277,073	189,099,515	42,709,145	42,042,133	247,986,218	231,141,648
Long-term debt	\$ 23,172,991	\$ 21,149,298	\$ 6,204,330	\$ 7,516,418	\$ 29,377,321	\$ 28,665,716
Other liabilities	27,996,688	23,071,529	950,662	732,242	28,947,350	23,803,771
Total liabilities	\$ 51,169,679	\$ 44,220,827	\$ 7,154,992	\$ 8,248,660	\$ 58,324,671	\$ 52,469,487
Net assets:						
Invested in capital						
assets, net of						
related debt	\$ 100,850,333	\$ 94,618,419	\$ 28,566,202	\$ 26,644,501	\$ 129,416,535	\$ 121,262,920
Restricted	16,688,108	15,944,416	808,500	808,500	17,496,608	16,752,916
Unrestricted	36,568,953	34,315,853	6,179,451	6,340,472	42,748,404	40,656,325
Total net assets	\$ 154,107,394	\$ 144,878,688	\$ 35,554,153	\$ 33,793,473	\$ 189,661,547	\$ 178,672,161

Net assets of governmental activities increased from FY04 by approximately \$9.2 million, or 6.37%. Net assets of business-type activities increased from FY04 by approximately \$1.7 million, or 5.21%. 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 \$42.7 million at the end of the year.

For the year ended June 30, 2005, net assets changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues						
Charges for services	\$ 3,604,935	\$ 3,378,534	\$ 6,237,761	\$ 6,219,071	\$ 9,842,696	\$ 9,597,605
Operating grants and contributions	3,143,285	2,207,574	--	--	3,143,285	2,207,574
Capital grants and contributions	2,759,995	4,210,176	820,264	11,687	3,580,259	4,221,863
General Revenues						
Property taxes	16,034,121	14,110,761	149	54,475	16,034,270	14,165,236
Other city	4,349,790	4,169,362	--	--	4,349,790	4,169,362
Use of money and property	1,874,497	2,618,556	212,962	116,420	2,087,459	2,734,976
Intergovernmental	3,809,479	3,785,710	--	--	3,809,479	3,785,710
Miscellaneous	207,661	946,121	--	--	207,661	946,121
Gain on sale of asset	65,215	72,034	--	--	65,215	72,034
Utility contribution	1,400,000	1,400,000	--	--	1,400,000	1,400,000
Total revenues	\$ 37,248,978	\$ 36,898,828	\$ 7,271,136	\$ 6,401,653	\$ 44,520,114	\$ 43,300,481
Expenses						
Public safety	\$ 6,786,083	\$ 6,378,906	\$ --	\$ --	\$ 6,786,083	\$ 6,378,906
Public works	8,121,486	8,083,107	--	--	8,121,486	8,083,107
Health and social services	261,476	177,236	--	--	261,476	177,236
Culture and recreation	5,350,058	4,788,464	--	--	5,350,058	4,788,464
Community and economic development	3,345,487	2,641,914	--	--	3,345,487	2,641,914
General government	3,751,183	3,309,062	--	--	3,751,183	3,309,062
Debt service	960,961	1,046,548	--	--	960,961	1,046,548
Capital projects	--	119,579	--	--	--	119,579
Sewer	--	--	2,777,820	2,656,015	2,777,820	2,656,015
Refuse	--	--	2,176,174	1,699,546	2,176,174	1,699,546
Total expenses	\$ 28,576,734	\$ 26,544,816	\$ 4,953,994	\$ 4,355,561	\$ 33,530,728	\$ 30,900,377
Increase in net assets before transfers	\$ 8,672,244	\$ 10,354,012	\$ 2,317,142	\$ 2,046,092	\$ 10,989,386	\$ 12,400,104
Transfers	556,462	(20,070)	(556,462)	20,070	--	--
Increase in net assets	\$ 9,228,706	\$ 10,333,942	\$ 1,760,680	\$ 2,066,162	\$ 10,989,386	\$ 12,400,104
Net assets, beginning	144,878,688	134,501,936	33,793,473	31,861,531	178,672,161	166,363,467
Restatement	--	42,810	--	(134,220)	--	(91,410)
Net assets, ending	\$ 154,107,394	\$ 144,878,688	\$ 35,554,153	\$ 33,793,473	\$ 189,661,547	\$ 178,672,161

Property tax revenue increased by approximately \$1.9 million from FY04 due to increased TIF revenue. Donations for the new library and new streets provided by developers in FY04 caused capital grants and donations to decrease by \$641,000.

## 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 \$50,389,294. \$6,185,533 is reserved for employee retirement systems, inventory, long-term notes receivable, and debt service. This leaves an unreserved balance of \$44,203,761.

This governmental fund balance increased by \$2,896,017, which is 6.10%. This increase was attributable to the increase in property tax revenues and issuance of long-term debt.

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 \$4,759,091, while the total fund balance totaled \$4,845,325. 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 31.5% of the total General Fund expenditures, while the total fund balance represents 32.0% of that same amount.

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

	FY05 Amount	FY04 Amount	Increase (Decrease)
Hospital Fund	\$ 12,085,386	\$ 11,539,917	\$ 545,469
Street Repair Fund	6,616,414	5,879,377	737,037
Street Construction Fund	4,429,821	4,431,992	(2,171)
Debt Service Fund	221,532	147,737	73,795
Capital Improvements Fund	6,092,996	6,219,870	(126,874)
Bond Fund	4,832,356	4,025,741	806,615
Other Governmental Funds	11,265,464	10,968,188	297,276

The largest increase in fund balance for the major funds occurred in the Bond Fund. This was due to two bond issuances sold in FY2005.

The Capital Improvements Fund had the largest decrease in fund balance for the major funds. This decrease was caused by several capital projects that occurred in FY2005, including the Recreation Center Expansion, Visitor and Tourism Building, and the Aquatic Center.

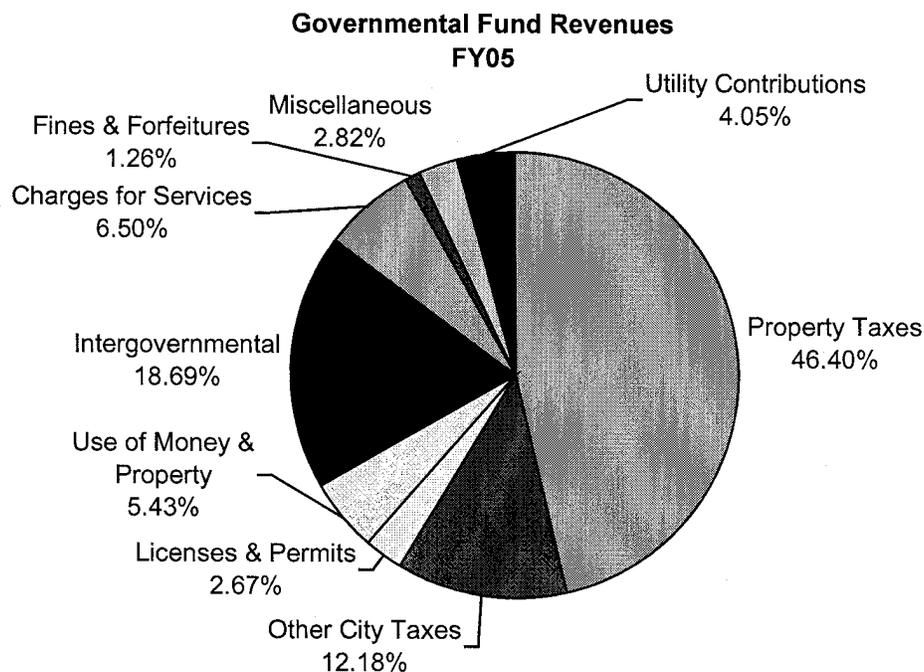
The \$297,276 increase in the Other Nonmajor Governmental Funds was primarily caused by the transfer to the Economic Development Capital Fund for the repayment of TIF expenditures.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2005 and June 30, 2004.

Revenues	FY05 Amount	Percent of Total	FY04 Amount	Increase (Decrease) from FY04	Percent of Increase (Decrease)
Property taxes and assessments	\$ 16,033,558	46.40 %	\$ 14,085,403	\$ 1,948,155	1,624.83 %
Other city taxes	4,210,658	12.18	4,169,362	41,296	34.44
Licenses and permits	923,727	2.67	847,158	76,569	63.86
Use of money and property	1,874,497	5.43	2,618,556	(744,059)	(620.57)
Intergovernmental	6,457,295	18.69	6,324,283	133,012	110.94
Charges for services	2,244,467	6.50	1,984,119	260,348	217.14
Fines and forfeitures	436,741	1.26	547,257	(110,516)	(92.17)
Miscellaneous	975,478	2.82	2,460,384	(1,484,906)	(1,238.47)
Utility contribution in lieu of taxes	1,400,000	4.05	1,400,000	0	0.00
	<u>\$ 34,556,421</u>	<u>100.00 %</u>	<u>\$ 34,436,522</u>	<u>\$ 119,899</u>	<u>100.00 %</u>

The most significant increase in revenues was in property taxes and assessments. The increase was due to increased TIF revenues from the City's four TIF districts.

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

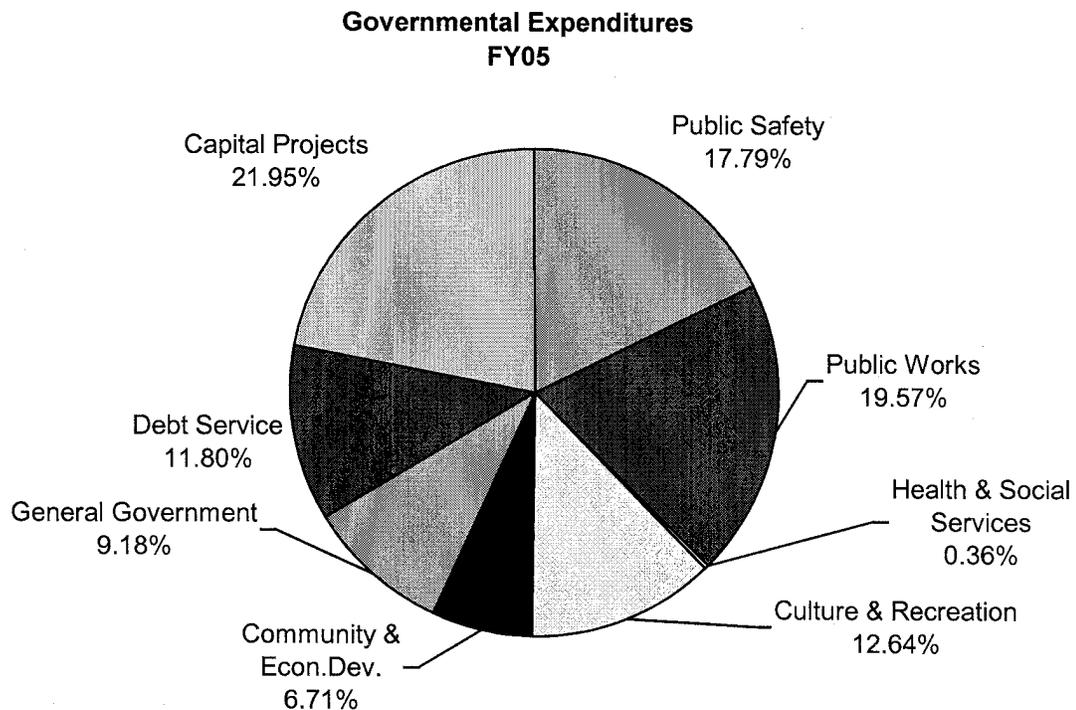


The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2005 and June 30, 2004.

Expenditures	FY05 Amount	Percent of Total	FY04 Amount	Increase (Decrease) from FY04	Percent of Increase (Decrease)
Public Safety	\$ 6,692,528	17.79 %	\$ 6,288,812	\$ 403,716	15.39 %
Public Works	7,364,214	19.57	6,987,749	376,465	14.36
Health & Social Services	135,160	0.36	50,921	84,239	3.21
Culture & Recreation	4,756,551	12.64	4,246,829	509,722	19.44
Cummunity and Economic Development	2,523,565	6.71	2,600,174	(76,609)	(2.92)
General Government	3,455,372	9.18	3,075,636	379,736	14.48
Debt Service	4,438,127	11.80	5,093,474	(655,347)	(24.99)
Capital Projects	8,257,673	21.95	6,656,971	1,600,702	61.03
	<u>\$ 37,623,190</u>	<u>100.00 %</u>	<u>\$ 35,000,566</u>	<u>\$ 2,622,624</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 debt service function. This was due to the timing of bond sales and the related debt service payments.



## 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.

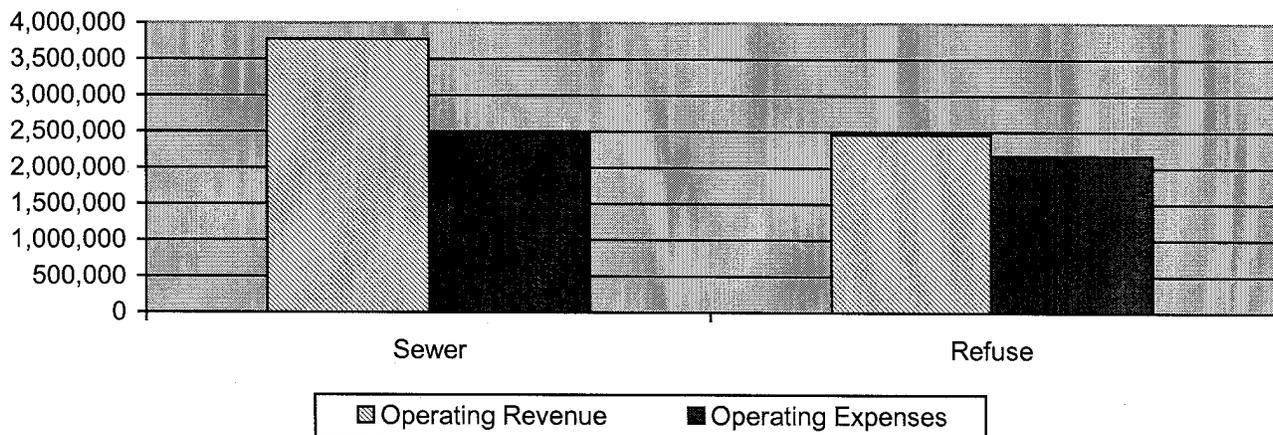
Unrestricted net assets of the Sewer and Refuse funds at the end of the year amounted to \$6,179,451. There are unrestricted assets in the Governmental Activities Internal Service fund of \$7,456,324.

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, 2005 is as follows:

	Sewer		Refuse	
	2005	2004	2005	2004
Operating Revenues	\$ 3,777,236	\$ 3,747,185	\$ 2,460,525	\$ 2,471,886
Operating Expenses	2,483,408	2,346,845	2,173,837	1,696,726
Non-Operating Revenue (Expenses)	(128,252)	(166,168)	44,614	25,073
Capital Contributions	820,264	11,687	--	--
Operating Transfers, net	(24,912)	16,410	(531,550)	3,660
Net Income	1,960,928	1,262,269	(200,248)	803,893

**Proprietary Fund Operating Revenues & Expenses  
FY05**



## BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget two times. The first amendment was done in March 2005 and the second amendment was made in May 2005. These amendments were needed due to the timing of various capital projects and the calling in of debt payments on the new library. The City did not exceed the amended budgeted amounts in any of its functions.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2005, the City had \$153 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 \$8.6 million or 6.0% over last year.

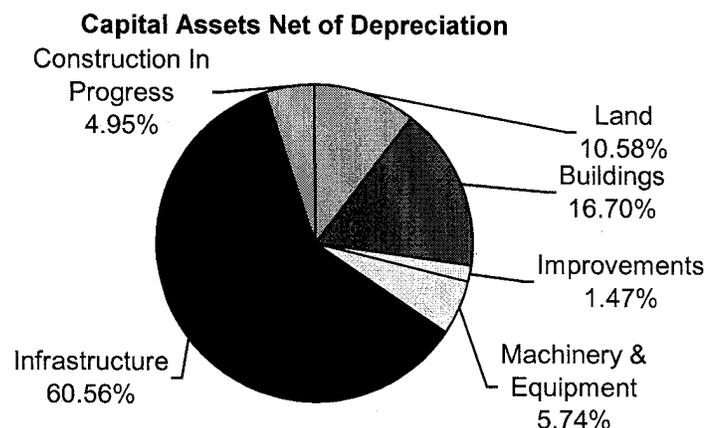
#### City of Cedar Falls Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2005	Restated 2004	2005	Restated 2004	2005	Restated 2004
	Land	\$ 12,702,243	\$ 12,630,400	\$ 1,319,265	\$ 1,301,739	\$ 14,021,508
Buildings	20,056,189	18,061,955	7,764,023	7,857,902	27,820,212	25,919,857
Improvements other than buildings	1,770,758	1,803,728	--	--	1,770,758	1,803,728
Machinery and equipment	6,887,472	6,265,681	3,182,037	3,075,410	10,069,509	9,341,091
Infrastructure	72,710,118	71,861,859	20,426,291	17,762,254	93,136,409	89,624,113
Construction in progress	5,943,218	2,332,302	835,894	1,983,126	6,779,112	4,315,428
<b>Total</b>	<b>\$ 120,069,998</b>	<b>\$ 112,955,925</b>	<b>\$ 33,527,510</b>	<b>\$ 31,980,431</b>	<b>\$ 153,597,508</b>	<b>\$ 144,936,356</b>

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

- Purchase of land in the Industrial and Technology Park for \$88,961.
- Completion of the new Visitor & Tourism Center totaling \$991,179 and Recreation Center building expansion for \$1,524,583.

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 \$29,575,000 in outstanding bonds compared to \$28,880,000 last year. That is a increase of only \$695,000 (2.4%).

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

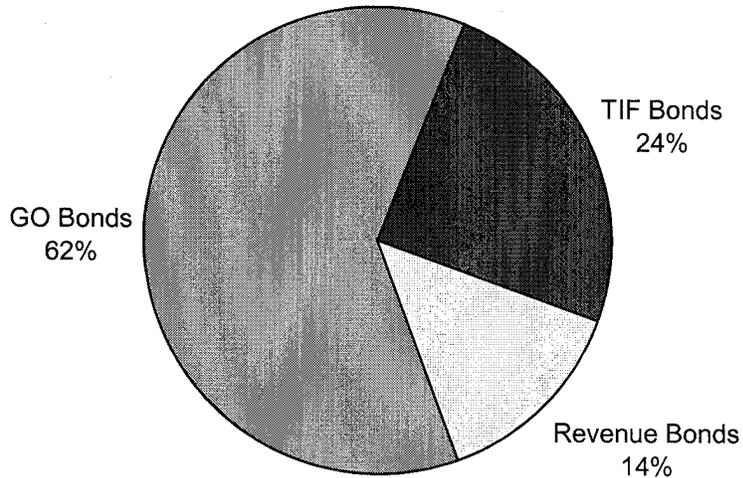
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 16,115,000	\$ 18,210,000	\$ 2,160,000	\$ 2,850,000	\$ 18,275,000	\$ 21,060,000
Tax increment financing	7,225,000	3,115,000	--	--	7,225,000	3,115,000
Revenue bonds	--	--	4,075,000	4,705,000	4,075,000	4,705,000
<b>Total</b>	<b>\$ 23,340,000</b>	<b>\$ 21,325,000</b>	<b>\$ 6,235,000</b>	<b>\$ 7,555,000</b>	<b>\$ 29,575,000</b>	<b>\$ 28,880,000</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, 2005, the City's legal debt margin was \$55,435,100.

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

**City of Cedar Falls Outstanding Debt  
FY05**



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

During the state legislative session in 2003, the legislature permanently eliminated certain state funding to local governments starting with FY2004 and will continue in all future years. This along with the continuation of the state rollback on residential properties greatly affects the City's general operating fund.

Even with the State reductions, the City Council did establish a balanced budget in the General Fund for FY06. The tax levy rate per \$1,000 of taxable valuation for FY06 is provided below:

General levy	\$ 8.10
Trust and Agency levy	3.71
Debt Service levy	1.66
Transit levy	.33
Liability Insurance levy	.22
Municipal Band levy	<u>.03</u>
Total levy	\$ 14.05

**REQUESTS FOR INFORMATION**

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.

**City of Cedar Falls, Iowa**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 62,622,966	\$ 7,570,357	\$ 70,193,323
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	17,341,843	--	17,341,843
Other city taxes	721,565	--	721,565
Accrued interest	474,789	51,030	525,819
Special assessments	25,921	27,166	53,087
Notes	122,945	--	122,945
Customers	--	--	--
Library contributions	1,107,960	--	1,107,960
Other	486,201	686,760	1,172,961
Due from component unit	700,000	--	700,000
Due from other governments	1,347,509	--	1,347,509
Inventories	255,376	47,322	302,698
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	799,000	799,000
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Capital assets:			
Land	12,702,243	1,319,265	14,021,508
Land improvements	3,139,752	--	3,139,752
Buildings	24,471,960	11,437,649	35,909,609
Machinery and equipment	12,372,281	4,067,048	16,439,329
Infrastructure	111,253,499	29,001,672	140,255,171
Construction in progress	5,943,218	835,894	6,779,112
Accumulated depreciation	(49,812,955)	(13,134,018)	(62,946,973)
Total assets	<u>\$ 205,277,073</u>	<u>\$ 42,709,145</u>	<u>\$ 247,986,218</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,947,236	\$ 552,909	\$ 6,500,145
Accrued liabilities	1,938,699	68,754	2,007,453
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Unearned revenue	17,190,228	--	17,190,228
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	2,920,000	1,350,000	4,270,000
Compensated absences	519,445	70,367	589,812
Portion due or payable after one year:			
Bonds payable	20,252,991	4,854,330	25,107,321
Contracts payable	600,000	--	600,000
Compensated absences	1,801,080	258,632	2,059,712
Total liabilities	<u>\$ 51,169,679</u>	<u>\$ 7,154,992</u>	<u>\$ 58,324,671</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 100,850,333	\$ 28,566,202	\$ 129,416,535
Restricted:			
Streets	10,834,978	--	10,834,978
Debt service	221,532	799,000	1,020,532
Employee retirement system	5,631,598	--	5,631,598
Post closure costs	--	9,500	9,500
Unrestricted	36,568,953	6,179,451	42,748,404
Total net assets	<u>\$ 154,107,394</u>	<u>\$ 35,554,153</u>	<u>\$ 189,661,547</u>

See notes to financial statements

Component Units			
Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ 2,110,505	\$ 3,885,854	\$ 612,855	\$ 44,293
7,579,469	766,069	1,850,000	--
9,751,592	248,575	975,300	--
--	--	--	--
--	--	--	--
328,764	22,257	38,301	14,407
--	--	--	--
3,093,090	--	--	--
2,472,660	3,025,508	175,040	866,438
--	--	--	--
561,290	65,234	23,077	83,475
--	--	--	--
--	--	--	--
2,565,909	131,395	87,741	242,291
909,482	48,266	21,228	78,726
1,778,876	322,716	--	70,170
4,154,531	949,431	--	903,000
1,468,463	--	--	--
991,703	41,350	63,581	--
4,683	--	--	--
10,883,742	677,743	235,364	--
14,420,302	543,308	369,460	241,850
74,248,082	15,211,173	16,607,886	13,224,421
11,118,528	429,567	135,811	66,088
(58,601,755)	(6,102,294)	(5,766,778)	(6,197,308)
<u>\$ 89,839,916</u>	<u>\$ 20,266,152</u>	<u>\$ 15,428,866</u>	<u>\$ 9,637,851</u>
\$ 3,293,274	\$ 2,201,795	\$ 148,216	\$ 382,964
4,363,489	375,781	380,358	360,197
1,200,000	200,000	--	--
--	--	--	3,093,090
--	--	--	--
785,000	500,000	--	580,000
--	--	--	--
14,353,376	1,819,225	--	5,252,207
--	--	--	--
572,944	205,284	103,540	--
<u>\$ 24,568,083</u>	<u>\$ 5,302,085</u>	<u>\$ 632,114</u>	<u>\$ 9,668,458</u>
\$ 42,826,327	\$ 8,481,622	\$ 11,645,324	\$ (1,590,247)
--	--	--	--
2,440,910	1,199,431	--	951,333
--	--	--	--
--	--	--	--
20,004,596	5,283,014	3,151,428	608,307
<u>\$ 65,271,833</u>	<u>\$ 14,964,067</u>	<u>\$ 14,796,752</u>	<u>\$ (30,607)</u>

**City of Cedar Falls, Iowa  
Statement of Activities  
For the Year Ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 6,786,083	\$ 602,800	\$ 103,774	\$ --
Public works	8,121,486	209,424	--	1,527,648
Health and social services	261,476	--	--	--
Culture and recreation	5,350,058	1,550,008	3,039,511	--
Community and economic development	3,345,487	--	--	1,232,347
General government	3,751,183	1,242,703	--	--
Interest on long-term debt and related fees	960,961	--	--	--
Total governmental activities	<u>\$ 28,576,734</u>	<u>\$ 3,604,935</u>	<u>\$ 3,143,285</u>	<u>\$ 2,759,995</u>
Business-type activities:				
Sewer	\$ 2,777,820	\$ 3,777,236	\$ --	\$ 820,264
Refuse	2,176,174	2,460,525	--	--
Total business-type activities	<u>\$ 4,953,994</u>	<u>\$ 6,237,761</u>	<u>\$ --</u>	<u>\$ 820,264</u>
Total primary government	<u>\$ 33,530,728</u>	<u>\$ 9,842,696</u>	<u>\$ 3,143,285</u>	<u>\$ 3,580,259</u>
Component units				
Electric Utility	\$ 23,262,908	\$ 26,137,470	\$ --	\$ --
Gas Utility	14,931,235	14,944,469	--	--
Water Utility	2,107,805	1,865,220	--	548,073
Communications Utility	6,235,447	7,247,600	--	--
Total component units	<u>\$ 46,537,395</u>	<u>\$ 50,194,759</u>	<u>\$ --</u>	<u>\$ 548,073</u>

General revenues:

- Property taxes and assessments
- Other city taxes
- Use of money and property
- Intergovernmental
- Miscellaneous
- Gain on sale of assets - governmental 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
\$ (6,079,509)	\$ --	\$ (6,079,509)	\$ --	\$ --	\$ --	\$ --
(6,384,414)	--	(6,384,414)	--	--	--	--
(261,476)	--	(261,476)	--	--	--	--
(760,539)	--	(760,539)	--	--	--	--
(2,113,140)	--	(2,113,140)	--	--	--	--
(2,508,480)	--	(2,508,480)	--	--	--	--
(960,961)	--	(960,961)	--	--	--	--
<u>\$ (19,068,519)</u>	<u>\$ --</u>	<u>\$ (19,068,519)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,819,680	\$ 1,819,680	\$ --	\$ --	\$ --	\$ --
--	284,351	284,351	--	--	--	--
<u>\$ --</u>	<u>\$ 2,104,031</u>	<u>\$ 2,104,031</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (19,068,519)</u>	<u>\$ 2,104,031</u>	<u>\$ (16,964,488)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 2,874,562	\$ --	\$ --	\$ --
--	--	--	--	13,234	--	--
--	--	--	--	--	305,488	--
--	--	--	--	--	--	1,012,153
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,874,562</u>	<u>\$ 13,234</u>	<u>\$ 305,488</u>	<u>\$ 1,012,153</u>
\$ 16,034,121	\$ 149	\$ 16,034,270	\$ --	\$ --	\$ --	\$ --
4,349,790	--	4,349,790	--	--	--	--
1,874,497	212,962	2,087,459	591,997	67,158	29,385	20,791
3,809,479	--	3,809,479	--	--	--	--
207,661	--	207,661	--	--	--	--
65,215	--	65,215	--	--	--	--
1,400,000	--	1,400,000	--	--	--	--
556,462	(556,462)	--	--	--	--	--
<u>\$ 28,297,225</u>	<u>\$ (343,351)</u>	<u>\$ 27,953,874</u>	<u>\$ 591,997</u>	<u>\$ 67,158</u>	<u>\$ 29,385</u>	<u>\$ 20,791</u>
\$ 9,228,706	\$ 1,760,680	\$ 10,989,386	\$ 3,466,559	\$ 80,392	\$ 334,873	\$ 1,032,944
144,878,688	33,793,473	178,672,161	61,805,274	14,883,675	14,461,879	(1,063,551)
<u>\$ 154,107,394</u>	<u>\$ 35,554,153</u>	<u>\$ 189,661,547</u>	<u>\$ 65,271,833</u>	<u>\$ 14,964,067</u>	<u>\$ 14,796,752</u>	<u>\$ (30,607)</u>

**City of Cedar Falls, Iowa**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	General Fund	Hospital Fund	Special Revenue Street Repair Fund
<b>ASSETS</b>			
Cash	\$ 4,505,184	\$ 11,904,591	\$ 6,142,972
Receivables, net of allowance for uncollectible amounts:			
Property taxes	11,042,442	--	--
Other city taxes	69,566	--	582,433
Accrued interest	72,354	180,795	35,423
Special assessments	--	--	--
Notes	--	--	--
Library contributions	1,107,960	--	--
Other	26,714	318,751	--
Due from component unit	700,000	--	--
Due from other funds	--	--	--
Due from other governments	19,495	--	--
Inventories	86,234	--	--
Total assets	\$ 17,629,949	\$ 12,404,137	\$ 6,760,828
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 232,493	\$ --	\$ 144,414
Accrued liabilities	393,679	--	--
Deferred revenue	12,158,452	318,751	--
Due to other funds	--	--	--
Total liabilities	\$ 12,784,624	\$ 318,751	\$ 144,414
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	86,234	--	--
Long-term notes receivable	--	--	--
Debt service	--	--	--
Unreserved:			
Undesignated, reported in:			
General fund	4,759,091	--	--
Special revenue funds	--	12,085,386	6,616,414
Capital projects funds	--	--	--
Total fund balances	\$ 4,845,325	\$ 12,085,386	\$ 6,616,414
Total liabilities and fund balances	\$ 17,629,949	\$ 12,404,137	\$ 6,760,828

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		
\$ 4,193,191	\$ 148,934	\$ 10,891,317	\$ 4,882,911	\$ 10,976,622	\$ 53,645,722
--	5,109,478	529,390	--	660,533	17,341,843
--	--	--	--	69,566	721,565
--	--	35,990	51,228	43,753	419,543
--	--	23,282	--	2,639	25,921
--	--	--	--	122,945	122,945
--	--	--	--	--	1,107,960
--	--	56,410	316	83,683	485,874
--	--	--	--	--	700,000
--	--	--	--	526,088	526,088
242,404	--	9,266	227,486	848,858	1,347,509
119,924	--	--	--	20,566	226,724
<u>\$ 4,555,519</u>	<u>\$ 5,258,412</u>	<u>\$ 11,545,655</u>	<u>\$ 5,161,941</u>	<u>\$ 13,355,253</u>	<u>\$ 76,671,694</u>
\$ 92,358	\$ --	\$ 4,822,194	\$ 329,585	\$ 205,958	\$ 5,827,002
33,340	--	--	--	13,657	440,676
--	5,036,880	630,465	--	1,344,086	19,488,634
--	--	--	--	526,088	526,088
<u>\$ 125,698</u>	<u>\$ 5,036,880</u>	<u>\$ 5,452,659</u>	<u>\$ 329,585</u>	<u>\$ 2,089,789</u>	<u>\$ 26,282,400</u>
\$ --	\$ --	\$ --	\$ --	\$ 5,631,598	\$ 5,631,598
119,924	--	--	--	20,566	226,724
--	--	--	--	105,679	105,679
--	221,532	--	--	--	221,532
--	--	--	--	--	4,759,091
4,309,897	--	--	--	2,895,488	25,907,185
--	--	6,092,996	4,832,356	2,612,133	13,537,485
<u>\$ 4,429,821</u>	<u>\$ 221,532</u>	<u>\$ 6,092,996</u>	<u>\$ 4,832,356</u>	<u>\$ 11,265,464</u>	<u>\$ 50,389,294</u>
<u>\$ 4,555,519</u>	<u>\$ 5,258,412</u>	<u>\$ 11,545,655</u>	<u>\$ 5,161,941</u>	<u>\$ 13,355,253</u>	
					116,227,802
					2,298,406
					11,298,520
					(79,819)
					(2,253,818)
					(23,772,991)
					<u>\$ 154,107,394</u>

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

	General Fund	Special Revenue	
		Hospital Fund	Street Repair Fund
<b>Revenues:</b>			
Property taxes and assessments	\$ 10,256,537	\$ --	\$ --
Other city taxes	254,222	--	3,793,340
Licenses and permits	923,727	--	--
Use of money and property	271,284	663,745	139,351
Intergovernmental	577,101	--	--
Charges for services	1,732,794	--	--
Fines and forfeitures	293,966	--	--
Miscellaneous	66,775	3,184	131,986
Utility contribution in lieu of taxes	1,400,000	--	--
<b>Total revenues</b>	<b>\$ 15,776,406</b>	<b>\$ 666,929</b>	<b>\$ 4,064,677</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	\$ 5,849,781	\$ --	\$ --
Public works	1,143,000	--	3,327,640
Health and social services	24,700	110,460	--
Culture and recreation	4,244,671	--	--
Community and economic development	627,294	--	--
General government	3,239,071	--	--
Debt service	--	--	--
Capital projects	--	--	--
<b>Total expenditures</b>	<b>\$ 15,128,517</b>	<b>\$ 110,460</b>	<b>\$ 3,327,640</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 647,889</b>	<b>\$ 556,469</b>	<b>\$ 737,037</b>
<b>Other financing sources (uses):</b>			
Issuance of long-term debt	\$ --	\$ --	\$ --
Discount on long-term debt	--	--	--
Transfers in	727,662	--	--
Transfers out	(818,616)	(11,000)	--
<b>Total other financing sources (uses)</b>	<b>\$ (90,954)</b>	<b>\$ (11,000)</b>	<b>\$ --</b>
<b>Net change in fund balances</b>	<b>\$ 556,935</b>	<b>\$ 545,469</b>	<b>\$ 737,037</b>
Fund balances, beginning	4,280,455	11,539,917	5,879,377
Increase (decrease) in reserve for inventories	7,935	--	--
<b>Fund balances, ending</b>	<b>\$ 4,845,325</b>	<b>\$ 12,085,386</b>	<b>\$ 6,616,414</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		
\$ --	\$ 4,726,020	\$ 525,805	\$ --	\$ 525,196	\$ 16,033,558
--	--	--	--	163,096	4,210,658
--	--	--	--	--	923,727
--	--	193,125	113,594	493,398	1,874,497
3,376,134	--	16,176	330,862	2,157,022	6,457,295
--	--	--	--	511,673	2,244,467
--	--	--	--	142,775	436,741
47,026	--	132,819	428,266	165,422	975,478
--	--	--	--	--	1,400,000
<u>\$ 3,423,160</u>	<u>\$ 4,726,020</u>	<u>\$ 867,925</u>	<u>\$ 872,722</u>	<u>\$ 4,158,582</u>	<u>\$ 34,556,421</u>
\$ --	\$ --	\$ --	\$ --	\$ 842,747	\$ 6,692,528
2,646,065	--	--	--	247,509	7,364,214
--	--	--	--	--	135,160
--	--	--	--	511,880	4,756,551
--	--	--	--	1,896,271	2,523,565
--	--	--	--	216,301	3,455,372
--	4,394,531	--	43,596	--	4,438,127
--	--	2,832,024	4,136,578	1,289,071	8,257,673
<u>\$ 2,646,065</u>	<u>\$ 4,394,531</u>	<u>\$ 2,832,024</u>	<u>\$ 4,180,174</u>	<u>\$ 5,003,779</u>	<u>\$ 37,623,190</u>
<u>\$ 777,095</u>	<u>\$ 331,489</u>	<u>\$ (1,964,099)</u>	<u>\$ (3,307,452)</u>	<u>\$ (845,197)</u>	<u>\$ (3,066,769)</u>
\$ --	\$ --	\$ --	\$ 5,450,000	\$ --	\$ 5,450,000
--	--	--	(17,594)	--	(17,594)
40,000	1,884,660	2,655,573	728,408	1,313,558	7,349,861
(812,481)	(2,142,354)	(818,348)	(2,046,747)	(175,346)	(6,824,892)
<u>\$ (772,481)</u>	<u>\$ (257,694)</u>	<u>\$ 1,837,225</u>	<u>\$ 4,114,067</u>	<u>\$ 1,138,212</u>	<u>\$ 5,957,375</u>
\$ 4,614	\$ 73,795	\$ (126,874)	\$ 806,615	\$ 293,015	\$ 2,890,606
4,431,992	147,737	6,219,870	4,025,741	10,968,188	47,493,277
(6,785)	--	--	--	4,261	5,411
<u>\$ 4,429,821</u>	<u>\$ 221,532</u>	<u>\$ 6,092,996</u>	<u>\$ 4,832,356</u>	<u>\$ 11,265,464</u>	<u>\$ 50,389,294</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, 2005**

Net change in fund balances - total governmental funds		\$ 2,890,606
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Net acquisition of capital assets	11,303,301	
Depreciation expense	<u>(4,602,368)</u>	6,700,933
<p>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:</p>		
Property tax	563	
Other	<u>1,184,436</u>	1,184,999
<p>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:</p>		
Issued	(5,450,000)	
Discount on general obligation bonds	17,594	
Repaid	4,035,000	
Accrued interest	<u>42,167</u>	(1,355,239)
<p>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:</p>		
Compensated absences	(439,077)	
Change in inventory	<u>5,411</u>	(433,666)
<p>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.</p>		
		<u>241,073</u>
Change in net assets of governmental activities		<u>\$ 9,228,706</u>

See notes to financial statements

**City of Cedar Falls, Iowa**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2005**

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Refuse Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 6,115,981	\$ 1,454,376	\$ 7,570,357
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	39,447	11,583	51,030
Special assessments	27,166	--	27,166
Other	461,052	225,708	686,760
Inventories	3,599	43,723	47,322
Total current assets	<u>\$ 6,647,245</u>	<u>\$ 1,735,390</u>	<u>\$ 8,382,635</u>
Noncurrent assets:			
Restricted assets:			
Cash	\$ 799,000	\$ --	\$ 799,000
Capital assets:			
Land	1,249,796	69,469	1,319,265
Buildings	10,415,437	1,022,212	11,437,649
Machinery and equipment	3,160,745	906,303	4,067,048
Infrastructure	29,001,672	--	29,001,672
Construction in progress	835,894	--	835,894
Accumulated depreciation	(12,362,976)	(771,042)	(13,134,018)
Total noncurrent assets	<u>\$ 33,099,568</u>	<u>\$ 1,226,942</u>	<u>\$ 34,326,510</u>
Total assets	<u>\$ 39,746,813</u>	<u>\$ 2,962,332</u>	<u>\$ 42,709,145</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 502,021	\$ 50,888	\$ 552,909
Accrued liabilities	48,363	20,391	68,754
Bonds payable - due within one year	1,350,000	--	1,350,000
Compensated absences - due within one year	42,233	28,134	70,367
Total current liabilities	<u>\$ 1,942,617</u>	<u>\$ 99,413</u>	<u>\$ 2,042,030</u>
Noncurrent liabilities:			
Bonds payable- after one year	\$ 4,854,330	\$ --	\$ 4,854,330
Compensated absences - after one year	144,216	114,416	258,632
Total noncurrent liabilities	<u>\$ 4,998,546</u>	<u>\$ 114,416</u>	<u>\$ 5,112,962</u>
Total liabilities	<u>\$ 6,941,163</u>	<u>\$ 213,829</u>	<u>\$ 7,154,992</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 27,339,260	\$ 1,226,942	\$ 28,566,202
Restricted for debt service	799,000	--	799,000
Restricted for post closure costs	--	9,500	9,500
Unrestricted	4,667,390	1,512,061	6,179,451
Total net assets	<u>\$ 32,805,650</u>	<u>\$ 2,748,503</u>	<u>\$ 35,554,153</u>

See notes to financial statements

Governmental  
Activities -  
Internal  
Service Funds

\$ 8,977,244

55,246

--

327

28,652

\$ 9,061,469

\$ --

--

90,302

6,814,687

--

--

(3,062,793)

\$ 3,842,196

\$ 12,903,665

\$ 120,234

1,418,204

--

28,169

\$ 1,566,607

\$ --

38,538

\$ 38,538

\$ 1,605,145

\$ 3,842,196

--

--

7,456,324

\$ 11,298,520

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**

	Business-type Activities - Enterprise Funds	
	<u>Sewer Fund</u>	<u>Refuse Fund</u>
Operating revenues:		
Charges for services, pledged for revenue bonds	\$ 3,698,371	\$ --
Charges for services	--	1,668,131
Other	78,865	792,394
Total operating revenues	<u>\$ 3,777,236</u>	<u>\$ 2,460,525</u>
Operating expenses:		
Personal services	\$ 932,578	\$ 751,557
Contractual services	527,069	1,288,450
Supplies and equipment	163,239	73,994
Depreciation	860,522	59,836
Total operating expenses	<u>\$ 2,483,408</u>	<u>\$ 2,173,837</u>
Operating income	<u>\$ 1,293,828</u>	<u>\$ 286,688</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 166,011	\$ 46,951
Interest expense	(291,590)	--
Loss on disposal of equipment	(2,822)	(2,337)
Property taxes and assessments	149	--
Nonoperating revenues (expenses),net	<u>\$ (128,252)</u>	<u>\$ 44,614</u>
Income before contributions and transfers	<u>\$ 1,165,576</u>	<u>\$ 331,302</u>
Capital contributions	\$ 820,264	\$ --
Transfers in	109,518	117,760
Transfers out	(134,430)	(649,310)
Contributions and transfers, net	<u>\$ 795,352</u>	<u>\$ (531,550)</u>
Change in net assets	\$ 1,960,928	\$ (200,248)
Net assets, beginning (restated)	30,844,722	2,948,751
Net assets, ending	<u>\$ 32,805,650</u>	<u>\$ 2,748,503</u>

See notes to financial statements

Business-type Activities- Enterprise Funds <u>Total</u>	Governmental Activities- Internal Service Funds <u>Service Funds</u>
\$ 3,698,371	\$ --
1,668,131	4,508,487
871,259	324,623
<u>\$ 6,237,761</u>	<u>\$ 4,833,110</u>
\$ 1,684,135	\$ 562,359
1,815,519	3,399,249
237,233	512,599
920,358	349,213
<u>\$ 4,657,245</u>	<u>\$ 4,823,420</u>
\$ 1,580,516	\$ 9,690
\$ 212,962	\$ 223,527
(291,590)	--
(5,159)	(23,637)
149	--
<u>\$ (83,638)</u>	<u>\$ 199,890</u>
\$ 1,496,878	\$ 209,580
\$ 820,264	\$ --
227,278	31,493
(783,740)	--
<u>\$ 263,802</u>	<u>\$ 31,493</u>
\$ 1,760,680	\$ 241,073
33,793,473	11,057,447
<u>\$ 35,554,153</u>	<u>\$ 11,298,520</u>

**City of Cedar Falls, Iowa  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2005**

	<u>Business-type Activities - Enterprise Funds Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 3,593,008
Receipts from interfund services	--
Payments to suppliers	(328,615)
Payments to employees	(882,175)
Net cash provided by operating activities	<u>\$ 2,382,218</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 109,518
Transfers to other funds	(134,430)
Property taxes and assessments	6,738
Net cash provided by (used for) noncapital financing activities	<u>\$ (18,174)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Net acquisition of property and equipment	\$ (2,236,994)
Capital contributions	820,264
Principal paid on debt maturities	(1,320,000)
Interest paid	(288,918)
Net cash (used for) capital and related financing activities	<u>\$ (3,025,648)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>\$ 138,416</u>
Net increase (decrease) in cash	\$ (523,188)
<b>CASH BALANCES, Beginning</b>	<u>7,438,169</u>
<b>CASH BALANCES, Ending</b>	<u>\$ 6,914,981</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 1,293,828
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	860,522
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	(44,335)
Inventories	(329)
Increase (decrease) in accounts payable, accrued and other liabilities	272,532
Net cash provided by operating activities	<u>\$ 2,382,218</u>

See notes to financial statements

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Refuse Fund	Total	
\$ 2,444,995	\$ 6,038,003	\$ --
--	--	4,508,487
(1,465,658)	(1,794,273)	(3,541,201)
(718,846)	(1,601,021)	(555,898)
<u>\$ 260,491</u>	<u>\$ 2,642,709</u>	<u>\$ 411,388</u>
\$ 117,760	\$ 227,278	\$ 31,493
(649,310)	(783,740)	--
--	6,738	--
<u>\$ (531,550)</u>	<u>\$ (549,724)</u>	<u>\$ 31,493</u>
\$ (235,603)	\$ (2,472,597)	\$ (785,988)
--	820,264	--
--	(1,320,000)	--
--	(288,918)	--
<u>\$ (235,603)</u>	<u>\$ (3,261,251)</u>	<u>\$ (785,988)</u>
\$ 40,522	\$ 178,938	\$ 191,733
\$ (466,140)	\$ (989,328)	\$ (151,374)
1,920,516	9,358,685	9,128,618
<u>\$ 1,454,376</u>	<u>\$ 8,369,357</u>	<u>\$ 8,977,244</u>
\$ 286,688	\$ 1,580,516	\$ 9,690
59,836	920,358	349,213
(16,365)	(60,700)	4,279
(20,797)	(21,126)	2,226
(48,871)	223,661	45,980
<u>\$ 260,491</u>	<u>\$ 2,642,709</u>	<u>\$ 411,388</u>

**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.

### **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.

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.

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, 2005, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2004 and March 31, 2005. On July 1, 2004 the taxes were levied by the County and became an enforceable lien against property. Any County collections on the 2004-2005 tax levy remitted to the City within sixty days subsequent to June 30, 2005, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2005, 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, 2005.

## **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.

## **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, 2005.

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 Vision Iowa and the Sidewalk Assessment, nonmajor capital projects fund, have a deficit fund balance of \$507,388 and \$2,302. The deficit is expected to be recovered through future state grant payments and property tax assessments respectively.

**Note 3. Detailed Notes On All Funds**

**A. Deposits and Investments**

The City's deposits in banks and credit unions at June 30, 2005 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 and the Treasurer of the State of Iowa; 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, 2005, consist of the following:

Cash – unrestricted	\$ 70,193,323
Cash – restricted	799,000
	<u>\$ 70,992,323</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, 2005.

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

Carrying amount of deposits	<u>\$ 70,992,323</u>
Cash – Governmental Activities	\$ 62,622,966
Cash – Business-type Activities	7,570,357
Cash – Business-type Activities, restricted	799,000
Total	<u>\$ 70,992,323</u>

*Interest Rate Risk:* The City's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

*Credit Risk:* The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

*Concentration of credit risk:* The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

*Custodial credit risk – investments:* For an investment, this is the risk that, in the event of the failure the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any investments during the year.

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, 2004, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 2,110,505	\$ 3,885,854	\$ 612,855	\$ 44,293
Cash – restricted	1,778,876	322,716	--	70,170
	<u>\$ 3,889,381</u>	<u>\$ 4,208,570</u>	<u>\$ 612,855</u>	<u>\$ 114,463</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	\$ 11,734,000	\$ 1,715,500	\$ 1,850,000	\$ 903,000
2	U.S. government and agency securities	11,220,055	248,575	975,300	--
		<u>\$ 22,954,055</u>	<u>\$ 1,964,075</u>	<u>\$ 2,825,300</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	\$ 3,889,381	\$ 4,208,570	\$ 612,855	\$ 114,463
Carrying amount of investments	22,954,055	1,964,075	2,825,300	903,000
Total	<u>\$ 26,843,436</u>	<u>\$ 6,172,645</u>	<u>\$ 3,438,155</u>	<u>\$ 1,017,463</u>
Cash	\$ 2,110,505	\$ 3,885,854	\$ 612,855	\$ 44,293
Cash - restricted	1,778,876	322,716	--	70,170
Investments:				
Certificates of deposit	7,579,469	766,069	1,850,000	--
U.S. government and agency securities	9,751,592	248,575	975,300	--
Certificates of deposit - restricted	4,154,531	949,431	--	903,000
U.S. government and agency securities - restricted	1,468,463	--	--	--
Total	<u>\$ 26,843,436</u>	<u>\$ 6,172,645</u>	<u>\$ 3,438,155</u>	<u>\$ 1,017,463</u>

## B. Receivables

The City has one note receivable with a business located in Cedar Falls for the purpose of economic development totaling \$122,945 as of June 30, 2005. This note is reflected on the Balance Sheet of the nonmajor capital projects funds and matures in varying amounts through June 30, 2012.

On June 30, 2005, the City has recorded a \$1,107,960 receivable for library contributions held by the Cedar Falls Civic Foundation. The funds will be used to support library services, therefore is reported as an asset to the General Fund.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,630,400	\$ 88,961	\$ 17,118	\$ 12,702,243
Construction in progress	2,332,302	5,943,218	2,332,302	5,943,218
Total capital assets, not being depreciated	<u>\$ 14,962,702</u>	<u>\$ 6,032,179</u>	<u>\$ 2,349,420</u>	<u>\$ 18,645,461</u>
Capital assets, being depreciated:				
Buildings	\$ 21,908,958	\$ 2,581,626	\$ 18,624	\$ 24,471,960
Land improvements	3,050,086	99,716	10,050	3,139,752
Machinery and equipment	11,393,411	1,498,503	519,633	12,372,281
Infrastructure	106,872,816	4,380,683	--	111,253,499
Total capital assets, being depreciated	<u>\$ 143,225,271</u>	<u>\$ 8,560,528</u>	<u>\$ 548,307</u>	<u>\$ 151,237,492</u>
Less accumulated depreciation for:				
Buildings	\$ 3,847,003	\$ 579,631	\$ 10,863	\$ 4,415,771
Land improvements	1,246,358	127,797	5,161	1,368,994
Machinery and equipment	5,127,730	711,728	354,649	5,484,809
Infrastructure	35,010,957	3,532,424	--	38,543,381
Total accumulated depreciation	<u>\$ 45,232,048</u>	<u>\$ 4,951,580</u>	<u>\$ 370,673</u>	<u>\$ 49,812,955</u>
Total capital assets, being depreciated, net	<u>\$ 97,993,223</u>	<u>\$ 3,608,948</u>	<u>\$ 177,634</u>	<u>\$ 101,424,537</u>
Governmental activities capital asset, net	<u>\$ 112,955,925</u>	<u>\$ 9,641,127</u>	<u>\$ 2,527,054</u>	<u>\$ 120,069,998</u>

	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,301,739	\$ 17,526	\$ --	\$ 1,319,265
Construction in progress	1,983,126	835,894	1,983,126	835,894
Total capital assets, not being depreciated	<u>\$ 3,284,865</u>	<u>\$ 853,420</u>	<u>\$ 1,983,126</u>	<u>\$ 2,155,159</u>
Capital assets, being depreciated:				
Buildings	\$ 11,301,204	\$ 146,345	\$ 9,900	\$ 11,437,649
Machinery and equipment	3,942,180	222,714	97,846	4,067,048
Infrastructure	25,768,428	3,233,244	--	29,001,672
Total capital assets, being depreciated	<u>\$ 41,011,812</u>	<u>\$ 3,602,303</u>	<u>\$ 107,746</u>	<u>\$ 44,506,369</u>
Less accumulated depreciation for:				
Buildings	\$ 3,443,302	\$ 239,333	\$ 9,009	\$ 3,673,626
Machinery and equipment	866,770	111,818	93,577	885,011
Infrastructure	8,006,174	569,207	--	8,575,381
Total accumulated depreciation	<u>\$ 12,316,246</u>	<u>\$ 920,358</u>	<u>\$ 102,586</u>	<u>\$ 13,134,018</u>
Total capital assets, being depreciated, net	<u>\$ 28,695,566</u>	<u>\$ 2,681,945</u>	<u>\$ 5,160</u>	<u>\$ 31,372,351</u>
Business-type activities capital assets, net	<u>\$ 31,980,431</u>	<u>\$ 3,535,365</u>	<u>\$ 1,988,286</u>	<u>\$ 33,527,510</u>

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

Governmental activities:

Public safety	\$ 56,269
Public works	3,554,137
Health and social services	126,315
Culture and recreation	747,995
Community and economic development	72,608
General government	45,043
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	349,213
Total depreciation expense - governmental activities	<u>\$ 4,951,580</u>

Business-type activities

Sewer	\$ 860,522
Refuse	59,836
Total depreciation expense - business-type activities	<u>\$ 920,358</u>

Construction Commitments

The City has active construction projects as of June 30, 2005. At year-end the City's commitments with contractors are as follows:

	Project Authorization	Expended to Date	Remaining Commitment
Aquatic Center	\$ 5,863,947	\$ 1,155,583	\$ 4,708,364
Big Woods Recreation Trail	10,700	4,226	6,474
Bridge Inspection	5,184	2,184	3,000
Cedar River Dam	64,171	37,429	26,742
College Hill Parking Lot	134,940	87,885	47,055
East Viking Road	321,000	73,238	247,762
Lincoln Street Bridge	597,991	264,384	333,607
Pheasant Ridge Irrigation	710,000	673,000	37,000
2 <sup>nd</sup> Stage Filter Renovation	1,636,800	752,352	884,448
Seal Coat	131,958	42,787	89,171
Sidewalk Repair	74,992	0	74,992
Southwest Branch Dry Run Channel Improv.	39,500	12,322	27,178
Street restoration	1,448,926	666,009	782,917
Street reconstruction	1,231,979	214,928	1,017,051
West 1 <sup>st</sup> Street	75,600	4,395	71,205
West Viking Street	3,545,097	2,020,966	1,524,131
	<u>\$ 15,892,785</u>	<u>\$ 6,011,688</u>	<u>\$ 9,881,097</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2004, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 830,431	\$ 201,251	\$ 39,979	\$ 991,703
Construction in progress	2,192,830	13,617,734	4,692,036	11,118,528
Total capital assets, not being depreciated	<u>\$ 3,023,261</u>	<u>\$ 13,818,985</u>	<u>\$ 4,732,015</u>	<u>\$ 12,110,231</u>
Capital assets, being depreciated:				
Buildings	\$ 10,799,268	\$ 93,100	\$ 8,626	\$ 10,883,742
Land improvements	4,683	--	--	4,683
Machinery and equipment	13,227,578	1,541,466	348,742	14,420,302
Infrastructure	71,702,410	2,856,219	310,547	74,248,082
Total capital assets, being depreciated	<u>\$ 95,733,939</u>	<u>\$ 4,490,785</u>	<u>\$ 667,915</u>	<u>\$ 99,556,809</u>
Less accumulated depreciation	<u>56,422,028</u>	<u>2,775,705</u>	<u>595,978</u>	<u>58,601,755</u>
Total capital assets, being depreciated, net	<u>\$ 39,311,911</u>	<u>\$ 1,715,080</u>	<u>\$ 71,937</u>	<u>\$ 40,955,054</u>
Electric Utility capital assets, net	<u>\$ 42,335,172</u>	<u>\$ 15,534,065</u>	<u>\$ 4,803,952</u>	<u>\$ 53,065,285</u>

Activity for the Gas Utility for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 41,350	\$ --	\$ --	\$ 41,350
Construction in progress	60,615	928,779	559,827	429,567
Total capital assets, not being depreciated	<u>\$ 101,965</u>	<u>\$ 928,779</u>	<u>\$ 559,827</u>	<u>\$ 470,917</u>
Capital assets, being depreciated:				
Buildings	\$ 662,952	\$ 16,675	\$ 1,884	\$ 677,743
Machinery and equipment	508,194	37,903	2,789	543,308
Infrastructure	14,744,195	505,249	38,271	15,211,173
Total capital assets, being depreciated	<u>\$ 15,915,341</u>	<u>\$ 559,827</u>	<u>\$ 42,944</u>	<u>\$ 16,432,224</u>
Less accumulated depreciation	<u>5,549,813</u>	<u>600,068</u>	<u>47,587</u>	<u>6,102,294</u>
Total capital assets, being depreciated, net	<u>\$ 10,365,528</u>	<u>\$ (40,241)</u>	<u>\$ (4,643)</u>	<u>\$ 10,329,930</u>
Gas Utility capital assets, net	<u>\$ 10,467,493</u>	<u>\$ 888,538</u>	<u>\$ 555,184</u>	<u>\$ 10,800,847</u>

Activity for the Water Utility for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,581	\$ --	\$ --	\$ 63,581
Construction in progress	382,114	1,011,862	1,258,165	135,811
Total capital assets, not being depreciated	<u>\$ 445,695</u>	<u>\$ 1,011,862</u>	<u>\$ 1,258,165</u>	<u>\$ 199,392</u>
Capital assets, being depreciated:				
Buildings	\$ 229,211	\$ 6,871	\$ 718	\$ 235,364
Machinery and equipment	324,908	44,552	--	369,460
Infrastructure	15,430,976	1,206,743	29,833	16,607,886
Total capital assets, being depreciated	<u>\$ 15,985,095</u>	<u>\$ 1,258,166</u>	<u>\$ 30,551</u>	<u>\$ 17,212,710</u>
Less accumulated depreciation	<u>5,493,839</u>	<u>374,759</u>	<u>101,820</u>	<u>5,766,778</u>
Total capital assets, being depreciated, net	<u>\$ 10,491,256</u>	<u>\$ 883,407</u>	<u>\$ (71,269)</u>	<u>\$ 11,445,932</u>
Water Utility capital assets, net	<u>\$ 10,936,951</u>	<u>\$ 1,895,269</u>	<u>\$ 1,186,896</u>	<u>\$ 11,645,324</u>

Activity for the Communications Utility for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 84,553	\$ 989,313	\$ 1,007,778	\$ 66,088
Total capital assets, not being depreciated	<u>\$ 84,553</u>	<u>\$ 989,313</u>	<u>\$ 1,007,778</u>	<u>\$ 66,088</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 223,336	\$ 18,514	\$ --	\$ 241,850
Infrastructure	12,410,597	989,264	175,440	13,224,421
Total capital assets, being depreciated	\$ 12,633,933	\$ 1,007,778	\$ 175,440	\$ 13,466,271
Less accumulated depreciation	<u>5,258,759</u>	<u>1,110,438</u>	<u>171,889</u>	<u>6,197,308</u>
Total capital assets, being depreciated, net	<u>\$ 7,375,174</u>	<u>\$ (102,660)</u>	<u>\$ 3,551</u>	<u>\$ 7,268,963</u>
Communications Utility capital assets, net	<u>\$ 7,459,727</u>	<u>\$ 886,653</u>	<u>\$ 1,011,329</u>	<u>\$ 7,335,051</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, 2005, is recorded as a receivable and deferred revenue in the Hospital Fund in the amount of \$318,751.

##### 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
2006	\$ 31,796	\$ 172,500
2007	31,796	180,000
2008	31,796	180,000
2009	31,796	180,000
2010	31,796	180,000
2011 - 2015	158,978	705,000
2016 - 2020	158,978	--
2021	31,793	--
Total	<u>\$ 508,729</u>	<u>\$ 1,597,500</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	(1,073,683)	(462,196)
Total	<u>\$ 4,130,435</u>	<u>\$ 1,691,729</u>

## E. Long-term Debt

### General Obligation Bonds

Unmatured general obligation bonds totaling \$18,134,885, net of unamortized discount and unamortized deferred amount on refunding of \$140,115, are outstanding as of June 30, 2005. These bonds bear interest with rates ranging from 1.15% to 5.25%; mature in varying annual amounts through June 30, 2015; and were originally issued for \$26,855,000. 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
2006	2,090,000	657,805	695,000	61,325
2007	2,095,000	588,755	710,000	43,950
2008	1,835,000	514,433	755,000	22,650
2009	1,730,000	422,973	--	--
2010	1,805,000	369,055	--	--
2011 - 2015	6,560,000	671,738	--	--
Total	<u>\$ 16,115,000</u>	<u>\$ 3,224,759</u>	<u>\$ 2,160,000</u>	<u>\$ 127,925</u>

### Tax Increment Financing Bonds

Unmatured tax increment financing bonds totaling \$7,190,888, net of unamortized discount and unamortized deferred amount on refunding of \$34,112, are outstanding as of June 30, 2005. These bonds bear interest with rates ranging from 2.25% to 4.70%; mature in varying annual amounts through June 30, 2014; and were originally issued for \$8,565,000. Annual debt service requirements to maturity for tax increment financing bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2006	830,000	255,143
2007	850,000	229,274
2008	880,000	199,478
2009	905,000	168,203
2010	835,000	134,838
2011 - 2014	2,925,000	237,056
Total	<u>\$ 7,225,000</u>	<u>\$ 1,223,992</u>

### Revenue Bonds

Unmatured revenue bonds totaling \$4,051,548, net of unamortized discounts of \$23,452, are outstanding as of June 30, 2005. 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
2006	655,000	175,228
2007	680,000	146,788
2008	690,000	116,368
2009	750,000	85,548
2010	780,000	51,528
2011 - 2012	520,000	23,836
Total	<u>\$ 4,075,000</u>	<u>\$ 599,296</u>

As of June 30, 2005, 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>\$ 1,673,902,007</u>
Debt limit - 5% of total actual valuation	\$ 83,695,100
Debt applicable to debt limit:	
General obligation bonds	25,500,000
General obligation bonds - component unit	<u>2,760,000</u>
Legal debt margin	<u>\$ 55,435,100</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. As of June 30, 2005, the City had no arbitrage liability.

During FY05, the City issued \$825,000 of general obligation bonds for various projects including \$235,000 for fire station remodel and \$200,000 for storm water relief. The City also issued \$4,625,000 in tax increment financing bonds for land acquisition and infrastructure improvements.

## Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2005, 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	1997	\$ 2,850,000	\$ --	\$ 175,000	\$ 2,675,000	\$ 275,000
Essential corporate purpose	1998	3,745,000	--	370,000	3,375,000	125,000
Essential corporate purpose	1999	60,000	--	10,000	50,000	10,000
Essential corporate purpose	1999	2,485,000	--	195,000	2,290,000	205,000
Essential corporate purpose	2002	4,155,000	--	1,350,000	2,805,000	430,000
Essential corporate purpose	2002	1,185,000	--	405,000	780,000	395,000
Essential corporate purpose	2002	1,375,000	--	315,000	1,060,000	360,000
Essential corporate purpose	2004	2,355,000	--	100,000	2,255,000	220,000
Essential corporate purpose	2004	--	825,000	--	825,000	70,000
		<u>\$ 18,210,000</u>	<u>\$ 825,000</u>	<u>\$ 2,920,000</u>	<u>\$ 16,115,000</u>	<u>\$ 2,090,000</u>
Less unamortized discount		136,881	3,094	17,068	122,907	--
Less unamortized deferred amount on refunding		14,985	--	4,995	9,990	--
		<u>\$ 18,058,134</u>	<u>\$ 821,906</u>	<u>\$ 2,897,937</u>	<u>\$ 15,982,103</u>	<u>\$ 2,090,000</u>
Tax increment financing bonds:						
Tax increment financing	1999	\$ 450,000	--	\$ 80,000	\$ 370,000	\$ 85,000
Tax increment financing	2001	2,505,000	--	275,000	2,230,000	285,000
Tax increment financing	2002	160,000	--	160,000	--	--
Tax increment financing	2004	--	4,625,000	--	4,625,000	460,000
		<u>\$ 3,115,000</u>	<u>\$ 4,625,000</u>	<u>\$ 515,000</u>	<u>\$ 7,225,000</u>	<u>\$ 830,000</u>
Less unamortized discount		22,360	14,500	3,732	33,128	--
Less unamortized deferred amount on refunding		1,476	--	492	984	--
		<u>\$ 3,091,164</u>	<u>\$ 4,610,500</u>	<u>\$ 510,776</u>	<u>\$ 7,190,888</u>	<u>\$ 830,000</u>
Governmental activity total long-term debt		<u>\$ 21,149,298</u>	<u>\$ 5,432,406</u>	<u>\$ 3,408,713</u>	<u>\$ 23,172,991</u>	<u>\$ 2,920,000</u>
<b>Business-type activities</b>						
General obligation bonds:						
Sewer	2002	\$ 2,850,000	\$ --	\$ 690,000	\$ 2,160,000	\$ 695,000
Less unamortized deferred amount on refunding		10,827	--	3,609	7,218	--
		<u>\$ 2,839,173</u>	<u>\$ --</u>	<u>\$ 686,391</u>	<u>\$ 2,152,782</u>	<u>\$ 695,000</u>
Revenue bonds:						
Refunding	2002	\$ 2,805,000	\$ --	\$ 410,000	\$ 2,395,000	435,000
Sewer	2004	1,900,000	--	220,000	1,680,000	220,000
		<u>\$ 4,705,000</u>	<u>\$ --</u>	<u>\$ 630,000</u>	<u>\$ 4,075,000</u>	<u>\$ 655,000</u>
Less unamortized discount		27,755	--	4,303	23,452	--
		<u>\$ 4,677,245</u>	<u>\$ --</u>	<u>\$ 625,697</u>	<u>\$ 4,051,548</u>	<u>\$ 655,000</u>
Business-type activity total long-term debt		<u>\$ 7,516,418</u>	<u>\$ --</u>	<u>\$ 1,312,088</u>	<u>\$ 6,204,330</u>	<u>\$ 1,350,000</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. Long-term debt matures and bears interest as follows:

Year Ending	Component Unit - Revenue Bonds	
	Principal	Interest
2005	785,000	738,487
2006	825,000	696,574
2007	865,000	652,250
2008	910,000	605,402
2009	965,000	555,674
2010 - 2014	4,375,000	1,953,720
2015 - 2019	3,290,000	1,133,385
2020 - 2023	3,240,000	369,175
	<u>\$ 15,255,000</u>	<u>\$ 6,704,667</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

Long-term debt activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 1999A	\$ 3,925,000	\$ --	\$ 325,000	\$ 3,600,000	\$ 350,000
Series 1999B	2,075,000	--	185,000	1,890,000	195,000
Series 2003	10,000,000	--	235,000	9,765,000	240,000
Total revenue bonds	<u>\$ 16,000,000</u>	<u>\$ --</u>	<u>\$ 745,000</u>	<u>\$ 15,255,000</u>	<u>\$ 785,000</u>
Less: Unamortized discount	133,621	--	16,997	116,624	--
Total long-term debt	<u>\$ 15,866,379</u>	<u>\$ --</u>	<u>\$ 728,003</u>	<u>\$ 15,138,376</u>	<u>\$ 785,000</u>

### Revenue Bonds – Gas Utility

The Series 1992 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
2005	500,000	145,431
2006	550,000	114,931
2007	600,000	80,831
2008	675,000	43,032
	<u>\$ 2,325,000</u>	<u>\$ 384,225</u>

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, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 1992	2,350,000	--	25,000	2,325,000	500,000
Less:					
Unamortized discount	10,107	--	4,332	5,775	--
Total long-term debt	<u>\$ 2,339,893</u>	<u>\$ --</u>	<u>\$ 20,668</u>	<u>\$ 2,319,225</u>	<u>\$ 500,000</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
2005	335,000	102,989
2006	355,000	93,128
2007	365,000	81,917
2008	385,000	69,579
2009	395,000	56,120
2010 - 2014	925,000	99,820
	<u>\$ 2,760,000</u>	<u>\$ 503,553</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
2005	245,000	159,048
2006	255,000	147,532
2007	270,000	135,293
2008	285,000	122,062
2009	295,000	107,813
2010 - 2014	1,725,000	290,530
	<u>\$ 3,075,000</u>	<u>\$ 962,278</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, 2004 outstanding balance on this loan was \$2,218,090, bearing interest at 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, 2004 outstanding balance on this loan was \$875,000, bearing interest at 3.10%.

## Debt Summary – Communications Utility

Long-term debt activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bond:					
Series 1998	\$ 550,000	\$ --	\$ 35,000	\$ 515,000	\$ 35,000
Series 1999	555,000	--	40,000	515,000	40,000
Series 2002	1,985,000	--	255,000	1,730,000	260,000
Series 1999 capital loan notes	3,310,000	--	235,000	3,075,000	245,000
	<u>\$ 6,400,000</u>	<u>\$ --</u>	<u>\$ 565,000</u>	<u>\$ 5,835,000</u>	<u>\$ 580,000</u>
Less: unamortized discount on debt	6,261	--	1,287	4,974	--
Add: unamortized premium on debt	6,690	--	4,509	2,181	--
	<u>\$ 6,400,429</u>	<u>\$ --</u>	<u>\$ 568,222</u>	<u>\$ 5,832,207</u>	<u>\$ 580,000</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, 2005, 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>\$ 1,876,631</u>	<u>\$ 937,870</u>	<u>\$ 493,976</u>	<u>\$ 2,320,525</u>	<u>\$ 519,445</u>
Business-type activities	<u>\$ 252,018</u>	<u>\$ 146,559</u>	<u>\$ 69,578</u>	<u>\$ 328,999</u>	<u>\$ 70,367</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, 2005, and the total liability of the City as of that date as reported on the government-wide statement of net assets:

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

**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	427,262
	Capital Improvements Fund	39,940
	Non-major Governmental Funds	74,600
	Sewer Fund	75,550
	Refuse Fund	99,310
		<u>727,662</u>
Street Construction Fund	Refuse Fund	40,000
Debt Service Fund	General Fund	658,500
	Street Construction Fund	286,160
	Bond Fund	940,000
		<u>1,884,660</u>
Capital Improvements Fund	General Fund	70,542
	Debt Service	1,398,840
	Bond Fund	598,600
	Non-major Governmental Funds	77,591
	Refuse Fund	510,000
		<u>2,655,573</u>
Bond Fund	Street Construction Fund	40,000
	Capital Improvements Fund	688,408
		<u>728,408</u>
Non-major Governmental Funds	General Fund	89,574
	Debt Service Fund	743,514
	Bond Fund	480,470
		<u>1,313,558</u>
Internal Service Fund	Street Construction Fund	179
	Bond Fund	8,159
	Non-major Governmental Funds	23,155
		<u>31,493</u>
Sewer Fund	Bond Fund	19,518
	Capital Improvements Fund	90,000
		<u>109,518</u>
Refuse Fund	Street Construction Fund	58,880
	Sewer Fund	58,880
		<u>117,760</u>
	Total	<u>\$ 7,608,632</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, 2005, were stated in the fund financial statements as follows:

Fund	Total	
	Interfund Receivables	Interfund Payables
Nonmajor Governmental Funds	\$ 526,088	\$ 526,088

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, 2005, 2004 and 2003 were \$407,865, \$395,600, and \$379,157 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 28.21% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2005, 2003, and 2002 were \$824,382, \$641,611, and \$506,053 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, 2005, were as follows:

	<u>Due from</u>
Component Unit:	
Electric utility	\$ 600,000
Gas Utility	100,000
Total	<u>\$ 700,000</u>

This amount differs from the amount reported as due to primary government since the Electric Utility and Gas Utility component units have a calendar year end of December 31, 2004.

**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, 2004 and 2005 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 \$2,282,620 for 2005. 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, 2005, 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, 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	\$ 338,491	\$ 1,004,721	\$ --	\$ --	\$ 1,343,212
Claims and changes in estimates during fiscal year 2005	1,811,181	367,629	--	--	2,178,810
Claim payments	(1,896,866)	(221,436)	--	--	(2,118,302)
Claim liabilities					
June 30, 2005	<u>\$ 252,806</u>	<u>\$ 1,150,914</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,403,720</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, 2005, there is one series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the issue is \$44,200.

#### F. Restatement of Beginning Balance

The beginning balance of the Governmental Activities on the Government-wide Statements was restated to account for excess depreciation that was recorded in FY04 on the new library building. The effect of this restatement is to increase the governmental activities beginning balance by \$42,810.

The beginning balance of the Business-type Activities on the Government-wide Statements was also restated to account for depreciation that should have been recorded in the Refuse Fund in FY04. The effect of this restatement is to decrease the business-type activities beginning balance by \$134,220.

## **G. Commitments and Contingencies**

Legal counsel has reported that as of June 30, 2005, 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 September 12, 2005, the City adopted a memo of understanding to proceed with lease negotiations with Sartori Hospital and Covenant Health Systems for a joint project. The project will be to construct a building that will house ambulance, fire, and police services.

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

The Governmental Accounting Standards Board (GASB) has issued five 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. 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.

Statement No. 46, *Net Assets Restricted by Enabling Legislation* issued December 2004, will be effective for the City for the fiscal year ended June 30, 2006. This statement clarifies the definition of a legally enforceable enabling legislation restriction. It also specifies the accounting and financial reporting requirements for the restrictions and for any changes in them.

Statement No. 47, *Accounting for Termination Benefits* issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45. For all other termination benefits, this Statement is effective for the fiscal year ended June 30, 2006.

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

**City of Cedar Falls, Iowa**  
**Budgetary Comparison Schedule - Function Budget**  
**For the Year Ended June 30, 2005**

	Budgeted Amounts	
	Original	Final
<b>Revenues:</b>		
Property taxes and assessments	\$ 16,095,324	\$ 16,095,324
Other City taxes	3,989,325	3,994,825
Licenses and permits	645,000	728,000
Use of money and property	1,462,840	1,462,840
Intergovernmental	8,243,720	8,607,320
Charges for services	7,530,170	7,665,810
Miscellaneous	1,701,391	1,742,391
	<b>\$ 39,667,770</b>	<b>\$ 40,296,510</b>
<b>Expenditures:</b>		
Current:		
Public safety	\$ 6,683,610	\$ 6,787,010
Public works	9,253,690	9,435,690
Health and social services	36,250	544,250
Culture and recreation	4,882,440	5,261,480
Community and economic development	2,363,910	2,623,910
General government	3,468,510	3,547,510
Debt service	3,849,940	4,857,940
Capital projects	3,447,560	11,142,760
Business-type	7,115,300	7,823,820
	<b>\$ 41,101,210</b>	<b>\$ 52,024,370</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ (1,433,440)</b>	<b>\$ (11,727,860)</b>
<b>Other financing sources (uses):</b>		
Proceeds from long-term debt	\$ 2,790,420	\$ 7,490,420
Transfers in	8,610,160	8,610,160
Transfers out	(8,610,160)	(8,610,160)
	<b>\$ 2,790,420</b>	<b>\$ 7,490,420</b>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<b>\$ 1,356,980</b>	<b>\$ (4,237,440)</b>
Fund balances, beginning	49,851,603	49,851,603
Fund balances, ending	<b>\$ 51,208,583</b>	<b>\$ 45,614,163</b>

See notes to the required supplementary information.

<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ 15,965,188	\$ (130,136)
4,313,998	319,173
923,727	195,727
1,861,279	398,439
8,334,109	(273,211)
7,605,274	(60,536)
7,009,433	5,267,042
<u>\$ 46,013,008</u>	<u>\$ 5,716,498</u>
\$ 6,666,505	\$ 120,505
7,310,060	2,125,630
535,160	9,090
4,831,718	429,762
2,520,112	103,798
3,437,328	110,182
4,832,359	25,581
8,462,878	2,679,882
7,422,252	401,568
<u>\$ 46,018,372</u>	<u>\$ 6,005,998</u>
<u>\$ (5,364)</u>	<u>\$ 11,722,496</u>
\$ 5,432,406	\$ (2,058,014)
12,123,552	3,513,392
(12,123,552)	(3,513,392)
<u>\$ 5,432,406</u>	<u>\$ (2,058,014)</u>
\$ 5,427,042	\$ 9,664,482
54,975,526	5,123,923
<u>\$ 60,402,568</u>	<u>\$ 14,788,405</u>

## City of Cedar Falls, Iowa

### Notes to Required Supplementary Information – Budgetary Reporting For the Year ended June 30, 2005

#### Note A - Budgetary Reporting

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: 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. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$10,923,160. These budget amendments are reflected in the final budget amounts.

**Note B - 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>Function Budget</u>
<b>Sources</b>	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 46,013,008
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	(5,218,826)
Total revenues for the function budget on a GAAP basis of accounting	<u>\$ 40,794,182</u>
Reclassifications:	
The City reports sources of funds in the function budget as revenues in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(4,726,020)
Capital Improvements capital projects Fund	(867,925)
Bond capital projects Fund	(872,722)
Nonmajor governmental GAAP funds	(4,158,582)
Business-type enterprise funds	(6,237,761)
Total revenues for general fund and major special revenue funds	<u>\$ 23,931,172</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 15,776,406
Hospital Fund	666,929
Street Repair Fund	4,064,677
Street Construction Fund	3,423,160
Total revenues for general fund and major special revenue funds	<u>\$ 23,931,172</u>

	<b>Function Budget</b>
<b>Uses</b>	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 46,018,372
<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	(3,737,937)
Total uses for the function budget on a GAAP basis of accounting	<u>\$ 42,280,435</u>
<b>Reclassifications:</b>	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(4,394,531)
Capital Improvements capital projects Fund	(2,832,024)
Bond capital projects Fund	(4,180,174)
Nonmajor governmental GAAP funds	(5,003,779)
Business-type enterprise funds	(4,657,245)
Total expenditures for general fund and major special revenue funds	<u>\$ 21,212,682</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 15,128,517
Hospital Fund	110,460
Street Repair Fund	3,327,640
Street Construction Fund	2,646,065
Total expenditures for general fund and major special revenue funds	<u>\$ 21,212,682</u>

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2005**  
**(Page 1 of 3)**

	Special Revenue		
	Block Grant Police	Community Development Fund	Housing Assistance Fund
<b>ASSETS</b>			
Cash	\$ 6,404	\$ --	\$ 474,759
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	--	161,825	--
Inventories	--	--	--
Total assets	\$ 6,404	\$ 161,825	\$ 474,759
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ 18,925	\$ 111,071
Accrued liabilities	--	2,986	2,347
Deferred revenue	--	114,825	--
Due to other funds	--	23,711	--
Total liabilities	\$ --	\$ 160,447	\$ 113,418
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	--	--	--
Long-term notes receivable	--	--	--
Unreserved, undesignated, reported in:			
Special revenue funds	6,404	1,378	361,341
Capital projects funds	--	--	--
Total fund balances (deficit)	\$ 6,404	\$ 1,378	\$ 361,341
Total liabilities and fund balances	\$ 6,404	\$ 161,825	\$ 474,759

Special Revenue

Recreation & Public Safety Fund	Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement
\$ 727,012	\$ 585,839	\$ 90,842	\$ 635,211	\$ 2,966,781	\$ 2,644,023
--	--	--	--	382,458	278,075
5,113	3,603	562	4,459	8,783	8,534
--	--	--	--	--	--
--	83,683	--	--	--	--
23,711	--	--	--	--	--
--	--	--	--	--	--
--	--	--	2,280	--	--
<u>\$ 755,836</u>	<u>\$ 673,125</u>	<u>\$ 91,404</u>	<u>\$ 641,950</u>	<u>\$ 3,358,022</u>	<u>\$ 2,930,632</u>
\$ 5,464	\$ 11,090	\$ --	\$ 34,096	\$ --	\$ --
--	3,101	--	1,743	--	--
--	--	--	--	380,413	276,643
--	--	--	--	--	--
<u>\$ 5,464</u>	<u>\$ 14,191</u>	<u>\$ --</u>	<u>\$ 35,839</u>	<u>\$ 380,413</u>	<u>\$ 276,643</u>
\$ --	\$ --	\$ --	\$ --	\$ 2,977,609	\$ 2,653,989
--	--	--	2,280	--	--
--	--	--	--	--	--
750,372	658,934	91,404	603,831	--	--
--	--	--	--	--	--
<u>\$ 750,372</u>	<u>\$ 658,934</u>	<u>\$ 91,404</u>	<u>\$ 606,111</u>	<u>\$ 2,977,609</u>	<u>\$ 2,653,989</u>
<u>\$ 755,836</u>	<u>\$ 673,125</u>	<u>\$ 91,404</u>	<u>\$ 641,950</u>	<u>\$ 3,358,022</u>	<u>\$ 2,930,632</u>

(continued)

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2005**  
**(Page 2 of 3)**

	Special Revenue		
	Visitor & Tourism	Community Center & Sr Services	Greenwood Perpetual Care
<b>ASSETS</b>			
Cash	\$ 138,256	\$ 31,201	\$ 158,954
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	69,566	--	--
Accrued interest	1,061	206	--
Special assessments	--	--	--
Notes	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Inventories	18,286	--	--
Total assets	\$ 227,169	\$ 31,407	\$ 158,954
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 10,307	\$ 2,102	\$ --
Accrued liabilities	3,274	206	--
Deferred revenue	69,566	--	--
Due to other funds	--	--	--
Total liabilities	\$ 83,147	\$ 2,308	\$ --
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	18,286	--	--
Long-term notes receivable	--	--	--
Unreserved, undesignated, reported in:			
Special revenue funds	125,736	29,099	158,954
Capital projects funds	--	--	--
Total fund balances (deficit)	\$ 144,022	\$ 29,099	\$ 158,954
Total liabilities and fund balances	\$ 227,169	\$ 31,407	\$ 158,954

(continued)

Special Revenue		Capital Projects			
Fairview Perpetual Care	Hillside Perpetual Care	Washington Park Renovation	FEMA	Flood Reserve	Vision Iowa
\$ 82,704	\$ 25,331	\$ 24,800	\$ 336,309	\$ 239,530	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	156	2,109	1,438	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	500,000
--	--	--	--	--	--
<u>\$ 82,704</u>	<u>\$ 25,331</u>	<u>\$ 24,956</u>	<u>\$ 338,418</u>	<u>\$ 240,968</u>	<u>\$ 500,000</u>
\$ --	\$ --	\$ --	\$ --	\$ 3,340	\$ 7,313
--	--	--	--	--	--
--	--	--	--	--	500,000
--	--	--	--	--	500,075
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,340</u>	<u>\$ 1,007,388</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
82,704	25,331	--	--	--	--
--	--	24,956	338,418	237,628	(507,388)
<u>\$ 82,704</u>	<u>\$ 25,331</u>	<u>\$ 24,956</u>	<u>\$ 338,418</u>	<u>\$ 237,628</u>	<u>\$ (507,388)</u>
<u>\$ 82,704</u>	<u>\$ 25,331</u>	<u>\$ 24,956</u>	<u>\$ 338,418</u>	<u>\$ 240,968</u>	<u>\$ 500,000</u>

(continued)

(continued)

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2005**  
**(Page 3 of 3)**

	Capital Projects		Total
	Sidewalk Assessment	Economic Development Capital	
<b>ASSETS</b>			
Cash	\$ --	\$ 1,808,666	\$ 10,976,622
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	660,533
Other city taxes	--	--	69,566
Accrued interest	--	7,729	43,753
Special assessments	2,639	--	2,639
Notes	--	122,945	122,945
Other	--	--	83,683
Due from other funds	--	502,377	526,088
Due from other governments	--	187,033	848,858
Inventories	--	--	20,566
Total assets	<u>\$ 2,639</u>	<u>\$ 2,628,750</u>	<u>\$ 13,355,253</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ 2,250	\$ 205,958
Accrued liabilities	--	--	13,657
Deferred revenue	2,639	--	1,344,086
Due to other funds	2,302	--	526,088
Total liabilities	<u>\$ 4,941</u>	<u>\$ 2,250</u>	<u>\$ 2,089,789</u>
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ 5,631,598
Inventories	--	--	20,566
Long-term notes receivable	--	105,679	105,679
Unreserved, undesignated, reported in:			
Special revenue funds	--	--	2,895,488
Capital projects funds	(2,302)	2,520,821	2,612,133
Total fund balances (deficit)	<u>\$ (2,302)</u>	<u>\$ 2,626,500</u>	<u>\$ 11,265,464</u>
Total liabilities and fund balances	<u>\$ 2,639</u>	<u>\$ 2,628,750</u>	<u>\$ 13,355,253</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2005**  
**(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	40	--	7,012
Intergovernmental	4,808	345,990	1,417,112
Charges for services	--	--	--
Fines and forfeitures	--	--	--
Miscellaneous	--	--	7,494
<b>Total revenues</b>	<b>\$ 4,848</b>	<b>\$ 345,990</b>	<b>\$ 1,431,618</b>
Expenditures:			
Current:			
Public safety	\$ 10,790	\$ --	\$ --
Public works	--	--	--
Culture and recreation	--	--	--
Community and economic development	--	493,053	1,403,218
General government	--	--	--
Capital projects	--	--	--
<b>Total expenditures</b>	<b>\$ 10,790</b>	<b>\$ 493,053</b>	<b>\$ 1,403,218</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ (5,942)</b>	<b>\$ (147,063)</b>	<b>\$ 28,400</b>
Other financing sources (uses):			
Transfers in	\$ --	\$ --	\$ --
Transfers out	--	--	--
<b>Total other financing sources (uses)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
Net change in fund balances	\$ (5,942)	\$ (147,063)	\$ 28,400
Fund balances, beginning	12,346	148,441	332,941
Increase (decrease) in reserve for inventories	--	--	--
<b>Fund balances, ending</b>	<b>\$ 6,404</b>	<b>\$ 1,378</b>	<b>\$ 361,341</b>

Special Revenue

Recreation & Public Safety Fund	Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement
\$ --	\$ --	\$ --	\$ --	\$ 303,307	\$ 221,682
--	--	--	--	--	--
20,824	14,348	1,232	17,790	132,990	111,770
--	--	--	--	--	--
119,395	318,975	--	66,649	--	--
4,125	--	--	138,650	--	--
1,838	670	60,200	--	--	--
<u>\$ 146,182</u>	<u>\$ 333,993</u>	<u>\$ 61,432</u>	<u>\$ 223,089</u>	<u>\$ 436,297</u>	<u>\$ 333,452</u>
\$ 12,353	\$ --	\$ --	\$ --	\$ 458,097	\$ 361,507
--	--	--	247,509	--	--
258,672	--	6,279	--	--	--
--	--	--	--	--	--
--	216,301	--	--	--	--
--	--	--	--	--	--
<u>\$ 271,025</u>	<u>\$ 216,301</u>	<u>\$ 6,279</u>	<u>\$ 247,509</u>	<u>\$ 458,097</u>	<u>\$ 361,507</u>
<u>\$ (124,843)</u>	<u>\$ 117,692</u>	<u>\$ 55,153</u>	<u>\$ (24,420)</u>	<u>\$ (21,800)</u>	<u>\$ (28,055)</u>
\$ 19,574	\$ --	\$ --	\$ --	\$ --	\$ --
(4,255)	(60,630)	--	(11,670)	--	--
<u>\$ 15,319</u>	<u>\$ (60,630)</u>	<u>\$ --</u>	<u>\$ (11,670)</u>	<u>\$ --</u>	<u>\$ --</u>
\$ (109,524)	\$ 57,062	\$ 55,153	\$ (36,090)	\$ (21,800)	\$ (28,055)
859,896	601,872	36,251	643,204	2,999,409	2,682,044
--	--	--	(1,003)	--	--
<u>\$ 750,372</u>	<u>\$ 658,934</u>	<u>\$ 91,404</u>	<u>\$ 606,111</u>	<u>\$ 2,977,609</u>	<u>\$ 2,653,989</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, 2005**  
**(Page 2 of 3)**

	Special Revenue		
	Visitor & Tourism	Community Center & Sr Services	Greenwood Perpetual Care
<b>Revenues:</b>			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	163,096	--	--
Use of money and property	4,661	16,870	--
Intergovernmental	--	--	--
Charges for services	--	--	3,622
Fines and forfeitures	--	--	--
Miscellaneous	9,913	--	--
Total revenues	<u>\$ 177,670</u>	<u>\$ 16,870</u>	<u>\$ 3,622</u>
<b>Expenditures:</b>			
Current:			
Public safety	\$ --	\$ --	\$ --
Public works	--	--	--
Culture and recreation	230,410	16,519	--
Community and economic development	--	--	--
General government	--	--	--
Capital projects	--	--	--
Total expenditures	<u>\$ 230,410</u>	<u>\$ 16,519</u>	<u>\$ --</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (52,740)</u>	<u>\$ 351</u>	<u>\$ 3,622</u>
<b>Other financing sources (uses):</b>			
Transfers in	\$ --	\$ --	\$ --
Transfers out	(77,591)	(1,200)	--
Total other financing sources (uses)	<u>\$ (77,591)</u>	<u>\$ (1,200)</u>	<u>\$ --</u>
Net change in fund balances	\$ (130,331)	\$ (849)	\$ 3,622
Fund balances, beginning	269,089	29,948	155,332
Increase (decrease) in reserve for inventories	5,264	--	--
Fund balances, ending	<u>\$ 144,022</u>	<u>\$ 29,099</u>	<u>\$ 158,954</u>

(continued)

Special Revenue		Capital Projects			
Fairview Perpetual Care	Hillside Perpetual Care	Washington Park Renovation	FEMA	Flood Reserve	Vision Iowa
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	625	8,359	5,793	--
--	--	--	--	3,340	--
2,078	954	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 2,078</u>	<u>\$ 954</u>	<u>\$ 625</u>	<u>\$ 8,359</u>	<u>\$ 9,133</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	4,090	507,388
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,090</u>	<u>\$ 507,388</u>
<u>\$ 2,078</u>	<u>\$ 954</u>	<u>\$ 625</u>	<u>\$ 8,359</u>	<u>\$ 5,043</u>	<u>\$ (507,388)</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,078	\$ 954	\$ 625	\$ 8,359	\$ 5,043	\$ (507,388)
80,626	24,377	24,331	330,059	232,585	--
--	--	--	--	--	--
<u>\$ 82,704</u>	<u>\$ 25,331</u>	<u>\$ 24,956</u>	<u>\$ 338,418</u>	<u>\$ 237,628</u>	<u>\$ (507,388)</u>

(continued)

(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, 2005**  
**(Page 3 of 3)**

	Capital Projects		Total
	Sidewalk Assessment	Economic Development Capital	
Revenues:			
Property taxes and assessments	\$ 207	\$ --	\$ 525,196
Other city taxes	--	--	163,096
Use of money and property	--	151,084	493,398
Intergovernmental	--	385,772	2,157,022
Charges for services	--	--	511,673
Fines and forfeitures	--	--	142,775
Miscellaneous	--	85,307	165,422
Total revenues	<u>\$ 207</u>	<u>\$ 622,163</u>	<u>\$ 4,158,582</u>
Expenditures:			
Current:			
Public safety	\$ --	\$ --	\$ 842,747
Public works	--	--	247,509
Culture and recreation	--	--	511,880
Community and economic development	--	--	1,896,271
General government	--	--	216,301
Capital projects	51	777,542	1,289,071
Total expenditures	<u>\$ 51</u>	<u>\$ 777,542</u>	<u>\$ 5,003,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 156</u>	<u>\$ (155,379)</u>	<u>\$ (845,197)</u>
Other financing sources (uses):			
Transfers in	\$ --	\$ 1,293,984	\$ 1,313,558
Transfers out	--	(20,000)	(175,346)
Total other financing sources (uses)	<u>\$ --</u>	<u>\$ 1,273,984</u>	<u>\$ 1,138,212</u>
Net change in fund balances	\$ 156	\$ 1,118,605	\$ 293,015
Fund balances, beginning	(2,458)	1,507,895	10,968,188
Increase (decrease) in reserve for inventories	--	--	4,261
Fund balances, ending	<u>\$ (2,302)</u>	<u>\$ 2,626,500</u>	<u>\$ 11,265,464</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2005**

	<u>Health Insurance</u>	<u>Payroll</u>	<u>Risk Management</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,006,959	\$ 1,817,162	\$ 3,909,019
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	10,869	11,072	23,476
Other	327	--	--
Inventories	--	--	--
Total current assets	<u>\$ 2,018,155</u>	<u>\$ 1,828,234</u>	<u>\$ 3,932,495</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ --	\$ --	\$ --
Machinery and equipment	--	--	--
Accumulated depreciation	--	--	--
Total noncurrent assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Total assets	<u>\$ 2,018,155</u>	<u>\$ 1,828,234</u>	<u>\$ 3,932,495</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 19,708	\$ 55,590	\$ 17,410
Accrued liabilities	252,806	--	1,150,914
Compensated absences due within one year	--	--	--
Noncurrent liabilities:			
Compensated absences after one year	--	--	--
Total liabilities	<u>\$ 272,514</u>	<u>\$ 55,590</u>	<u>\$ 1,168,324</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ --	\$ --	\$ --
Unrestricted	1,745,641	1,772,644	2,764,171
Total net assets	<u>\$ 1,745,641</u>	<u>\$ 1,772,644</u>	<u>\$ 2,764,171</u>

<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 519,571	\$ 724,533	\$ 8,977,244
2,971	6,858	55,246
--	--	327
3,319	25,333	28,652
<u>\$ 525,861</u>	<u>\$ 756,724</u>	<u>\$ 9,061,469</u>
\$ --	\$ 90,302	\$ 90,302
746,534	6,068,153	6,814,687
(462,741)	(2,600,052)	(3,062,793)
<u>\$ 283,793</u>	<u>\$ 3,558,403</u>	<u>\$ 3,842,196</u>
<u>\$ 809,654</u>	<u>\$ 4,315,127</u>	<u>\$ 12,903,665</u>
\$ 4,733	\$ 22,793	\$ 120,234
6,244	8,240	1,418,204
17,018	11,151	28,169
11,337	27,201	38,538
<u>\$ 39,332</u>	<u>\$ 69,385</u>	<u>\$ 1,605,145</u>
\$ 283,793	\$ 3,558,403	\$ 3,842,196
486,529	687,339	7,456,324
<u>\$ 770,322</u>	<u>\$ 4,245,742</u>	<u>\$ 11,298,520</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, 2005**

	<u>Health Insurance</u>	<u>Payroll</u>	<u>Risk Management</u>
Operating revenues:			
Charges for services	\$ 2,228,433	\$ 209,690	\$ 620,522
Other	277,036	49	18,298
Total operating revenues	<u>\$ 2,505,469</u>	<u>\$ 209,739</u>	<u>\$ 638,820</u>
Operating expenses:			
Personal services	\$ --	\$ 73,662	\$ --
Contractual services	2,122,215	--	989,105
Supplies and equipment	--	--	--
Depreciation	--	--	--
Total operating expenses	<u>\$ 2,122,215</u>	<u>\$ 73,662</u>	<u>\$ 989,105</u>
Operating income (loss)	<u>\$ 383,254</u>	<u>\$ 136,077</u>	<u>\$ (350,285)</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 44,226	\$ 45,597	\$ 93,518
Loss on disposal of equipment	--	--	--
Nonoperating revenues (expenses)	<u>\$ 44,226</u>	<u>\$ 45,597</u>	<u>\$ 93,518</u>
Income (loss) before transfers	<u>\$ 427,480</u>	<u>\$ 181,674</u>	<u>\$ (256,767)</u>
Transfers in	<u>--</u>	<u>--</u>	<u>--</u>
Change in net assets	<u>\$ 427,480</u>	<u>\$ 181,674</u>	<u>\$ (256,767)</u>
Net assets, beginning	<u>1,318,161</u>	<u>1,590,970</u>	<u>3,020,938</u>
Net assets, ending	<u><u>\$ 1,745,641</u></u>	<u><u>\$ 1,772,644</u></u>	<u><u>\$ 2,764,171</u></u>

<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 487,132	\$ 962,710	\$ 4,508,487
3,634	25,606	324,623
<u>\$ 490,766</u>	<u>\$ 988,316</u>	<u>\$ 4,833,110</u>
\$ 203,827	\$ 284,870	\$ 562,359
117,682	170,247	3,399,249
102,119	410,480	512,599
42,685	306,528	349,213
<u>\$ 466,313</u>	<u>\$ 1,172,125</u>	<u>\$ 4,823,420</u>
<u>\$ 24,453</u>	<u>\$ (183,809)</u>	<u>\$ 9,690</u>
\$ 11,967	\$ 28,219	\$ 223,527
(3,347)	(20,290)	(23,637)
<u>\$ 8,620</u>	<u>\$ 7,929</u>	<u>\$ 199,890</u>
\$ 33,073	\$ (175,880)	\$ 209,580
8,159	23,334	31,493
<u>\$ 41,232</u>	<u>\$ (152,546)</u>	<u>\$ 241,073</u>
729,090	4,398,288	11,057,447
<u>\$ 770,322</u>	<u>\$ 4,245,742</u>	<u>\$ 11,298,520</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2005**

	Health Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services	\$ 2,228,433
Payments to suppliers	(1,911,377)
Payments to employees	--
Net cash provided by (used for) operating activities	\$ 317,056
<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	\$ 37,577
Net increase (decrease) in cash	\$ 354,633
<b>CASH BALANCES, Beginning</b>	1,652,326
<b>CASH BALANCES, Ending</b>	\$ 2,006,959
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 383,254
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	4,279
Inventories	--
Increase (decrease) in accounts payable, accrued and other liabilities	(70,477)
Net cash provided by (used for) operating activities	\$ 317,056

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 209,690	\$ 620,522	\$ 487,132	\$ 962,710	\$ 4,508,487
--	(835,407)	(232,154)	(562,263)	(3,541,201)
(73,763)	--	(201,339)	(280,796)	(555,898)
<u>\$ 135,927</u>	<u>\$ (214,885)</u>	<u>\$ 53,639</u>	<u>\$ 119,651</u>	<u>\$ 411,388</u>
\$ --	\$ --	\$ 8,159	\$ 23,334	\$ 31,493
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,159</u>	<u>\$ 23,334</u>	<u>\$ 31,493</u>
\$ --	\$ --	\$ (14,292)	\$ (771,696)	\$ (785,988)
\$ 39,055	\$ 80,275	\$ 10,074	\$ 24,752	\$ 191,733
\$ 174,982	\$ (134,610)	\$ 57,580	\$ (603,959)	\$ (151,374)
1,642,180	4,043,629	461,991	1,328,492	9,128,618
<u>\$ 1,817,162</u>	<u>\$ 3,909,019</u>	<u>\$ 519,571</u>	<u>\$ 724,533</u>	<u>\$ 8,977,244</u>
\$ 136,077	\$ (350,285)	\$ 24,453	\$ (183,809)	\$ 9,690
--	--	42,685	306,528	349,213
--	--	--	--	4,279
--	--	(313)	2,539	2,226
(150)	135,400	(13,186)	(5,607)	45,980
<u>\$ 135,927</u>	<u>\$ (214,885)</u>	<u>\$ 53,639</u>	<u>\$ 119,651</u>	<u>\$ 411,388</u>

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source\***  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Governmental fund capital assets:		
Land	\$ 12,702,243	\$ 12,630,400
Land improvements	3,139,752	3,050,086
Buildings	24,381,658	21,818,656
Machinery and equipment	5,557,594	5,115,170
Infrastructure	111,253,499	106,872,816
Construction in progress	5,943,218	2,332,302
Total governmental funds capital assets	<u>\$ 162,977,964</u>	<u>\$ 151,819,430</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 21,431,165	\$ 21,341,600
Special revenue funds	25,289,417	22,353,025
Capital projects funds	94,322,669	87,717,740
Internal service	10,875	10,875
Donations	21,923,838	20,396,190
Total governmental funds capital assets	<u>\$ 162,977,964</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**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity \***  
**June 30, 2005**

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>
Public Safety	\$ 12,500	\$ --	\$ 673,267
Public Works	231,285	756,588	4,346,723
Health & Social Services	151,494	--	5,052,625
Culture and Recreation	2,464,744	2,055,618	12,155,118
Community and Economic Development	9,842,220	327,546	2,153,925
General Government	--	--	--
	<u>\$ 12,702,243</u>	<u>\$ 3,139,752</u>	<u>\$ 24,381,658</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>
\$ 436,837	\$ --	\$ --	\$ 1,122,604
1,986,613	105,973,038	4,003,807	117,298,054
--	--	--	5,204,119
2,460,651	5,280,461	1,901,982	26,318,574
31,272	--	37,429	12,392,392
642,221	--	--	642,221
<u>\$ 5,557,594</u>	<u>\$ 111,253,499</u>	<u>\$ 5,943,218</u>	<u>\$ 162,977,964</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, 2005**

	Governmental Funds Capital Assets July 1, 2004	Additions	Deletions	Governmental Funds Capital Assets June 30, 2005
Public Safety	\$ 1,069,305	\$ 57,201	\$ 3,902	\$ 1,122,604
Public Works	110,264,334	8,506,030	1,472,310	117,298,054
Health & Social Services	5,204,119	--	--	5,204,119
Culture and Recreation	22,372,912	4,976,595	1,030,933	26,318,574
Community and Economic Development	12,283,120	819,112	709,840	12,392,392
General Government	625,640	34,646	18,065	642,221
	<u>\$ 151,819,430</u>	<u>\$ 14,393,584</u>	<u>\$ 3,235,050</u>	<u>\$ 162,977,964</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.	101
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	108
<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.	116
<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.	128
<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.	133

**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.

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

	Fiscal Year		
	2003	2004	2005
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 82,419,682	\$ 94,618,419	\$ 100,850,333
Restricted	14,924,796	15,944,416	16,688,108
Unrestricted	37,157,458	34,315,853	36,568,953
<b>Total governmental activities net assets</b>	<u>\$ 134,501,936</u>	<u>\$ 144,878,688</u>	<u>\$ 154,107,394</u>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 24,686,106	\$ 26,644,501	\$ 28,566,202
Restricted	609,000	808,500	808,500
Unrestricted	6,566,425	6,340,472	6,179,451
<b>Total business-type activities net assets</b>	<u>\$ 31,861,531</u>	<u>\$ 33,793,473</u>	<u>\$ 35,554,153</u>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 107,105,788	\$ 121,262,920	\$ 129,416,535
Restricted	15,533,796	16,752,916	17,496,608
Unrestricted	43,723,883	40,656,325	42,748,404
<b>Total primary government net assets</b>	<u>\$ 166,363,467</u>	<u>\$ 178,672,161</u>	<u>\$ 189,661,547</u>

**City of Cedar Falls, Iowa**  
**Changes in Net Assets**  
**Last Three Fiscal Years**  
**(Accrual basis of accounting)**  
**(Page 1 of 2)**

	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	1,668,192	1,699,546
Total business-type activities expenses	<u>4,390,859</u>	<u>4,355,561</u>
Total primary government expenses	<u>\$ 29,255,235</u>	<u>\$ 30,900,377</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	8,720	11,687
Total business-type activities program revenues	<u>5,745,354</u>	<u>6,230,758</u>
Total primary government program revenues	<u>\$ 11,470,593</u>	<u>\$ 16,027,042</u>
<b>Net (Expense)/Revenues</b>		
Governmental activities	\$ (19,139,137)	(16,748,532)
Business-type activities	1,354,495	1,875,197
Total primary government net expense	<u>\$ (17,784,642)</u>	<u>\$ (14,873,335)</u>

Fiscal Year

2005

\$ 6,786,083  
8,121,486  
261,476  
5,350,058  
3,345,487  
3,751,183  
960,961  
--  
28,576,734

2,777,820  
2,176,174  
4,953,994  
\$ 33,530,728

\$ 3,604,935  
3,143,285  
2,759,995  
9,508,215

3,777,236  
2,460,525  
820,264  
7,058,025  
\$ 16,566,240

(19,068,519)  
2,104,031  
\$ (16,964,488)

(continued)

**City of Cedar Falls, Iowa**  
**Changes in Net Assets**  
**Last Three Fiscal Years**  
**(Accrual basis of accounting)**  
**(Page 2 of 2)**

	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 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	26,542,152	27,082,474
Business-type activities:		
General revenues:		
Property taxes and assessments	10,396	54,475
Use of money and property	170,254	116,420
Transfers	371,589	20,070
Total business-type activities	552,239	190,965
Total primary government	\$ 27,094,391	\$ 27,273,439
<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	\$ 9,309,749	\$ 12,400,104

(continued)

Fiscal Year  
2005

\$ 16,034,121  
4,349,790  
1,874,497  
3,809,479  
--  
207,661  
65,215  
1,400,000  
556,462  
28,297,225

149  
212,962  
(556,462)  
(343,351)  
\$ 27,953,874

\$ 9,228,706  
1,760,680  
\$ 10,989,386

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

	Fiscal Year		
	2003	2004	2005
General Fund			
Reserved	\$ 95,374	\$ 78,299	\$ 86,234
Unreserved	3,874,706	4,202,156	4,759,091
Total general fund	<u>\$ 3,970,080</u>	<u>\$ 4,280,455</u>	<u>\$ 4,845,325</u>
All Other Governmental Funds			
Reserved	\$ 6,049,806	\$ 6,095,148	\$ 6,099,299
Designated for long-term debt	1,050,000	--	--
Unreserved, reported in:			
Special revenue funds	21,941,288	24,902,596	25,907,185
Capital projects funds	11,544,108	12,215,078	13,537,485
Total all other governmental funds	<u>\$ 40,585,202</u>	<u>\$ 43,212,822</u>	<u>\$ 45,543,969</u>

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

	Fiscal Year		
	2003	2004	2005
<b>Revenues:</b>			
Property taxes and assessments	\$ 12,807,404	\$ 14,085,403	\$ 16,033,558
Other city taxes	3,893,996	4,169,362	4,210,658
Licenses and permits	724,041	847,158	923,727
Use of money and property	3,031,124	2,618,556	1,874,497
Intergovernmental	7,125,038	6,324,283	6,457,295
Charges for services	1,929,559	1,984,119	2,244,467
Fines and forfeitures	527,965	547,257	436,741
Miscellaneous	473,127	2,460,384	975,478
Utility contribution in lieu of taxes	1,500,000	1,400,000	1,400,000
Total revenues	<u>\$ 32,012,254</u>	<u>\$ 34,436,522</u>	<u>\$ 34,556,421</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	\$ 6,057,219	\$ 6,288,812	\$ 6,692,528
Public works	6,683,343	6,987,749	7,364,214
Health and social services	252,322	50,921	135,160
Culture and recreation	4,336,496	4,246,829	4,756,551
Community and economic development	2,469,573	2,600,174	2,523,565
General government	3,151,579	3,075,636	3,455,372
<b>Debt service</b>			
Principal	3,605,000	4,025,954	3,408,713
Interest	1,239,970	1,067,520	1,029,414
Capital projects	4,355,970	6,656,971	8,257,673
Total expenditures	<u>\$ 32,151,472</u>	<u>\$ 35,000,566</u>	<u>\$ 37,623,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (139,218)</u>	<u>\$ (564,044)</u>	<u>\$ (3,066,769)</u>
<b>Other financing sources (uses):</b>			
Issuance of long-term debt	\$ 3,554,596	\$ 2,355,000	\$ 5,450,000
Discount on long-term debt	(13,450)	(14,130)	(17,594)
Land contract	--	1,200,000	--
Payments on refunding bonds	(3,485,000)	--	--
Transfers in	4,438,310	3,777,372	7,349,861
Transfers out	(4,754,718)	(3,822,938)	(6,824,892)
Total other financing sources (uses)	<u>\$ (260,262)</u>	<u>\$ 3,495,304</u>	<u>\$ 5,957,375</u>
Net change in fund balances	<u>\$ (399,480)</u>	<u>\$ 2,931,260</u>	<u>\$ 2,890,606</u>
<b>Debt service as a percentage of noncapital expenditures</b>			
	17.4%	18.0%	15.1%

**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
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
2004	2005	903,439,479	1,668,483,277	5,418,730	5,418,730

Source: Black Hawk County Auditor's Office.

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

Total		Total Taxable Value as a Percentage of Assessed Value	Total Direct Tax Rate
Taxable Value	Assessed Value		
\$ 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
908,858,209	1,673,902,007	54.30	13.65325

**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
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
2005	11.85492	1.79833	13.65325	6.90953	0.58284	7.49237

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>
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
13.00577	--	13.00577	1.36743	35.51882

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

Taxpayer	1996		
	Assessed Valuation for Levy Year 1995 - 1996	Rank	Percentage of Total Assessed Valuation
Target Corporation	\$ --	--	-- %
College Square Mall Assoc. LLC	--	--	--
Panther Development, LLC	--	--	--
R and N Investments	--	--	--
Walmart Re Business Trust	--	--	--
Cedar Falls Investments, LLC	--	--	--
Twenty Seventh Street Assoc, LLC	--	--	--
WB CF Assoc LTD Partners	5,494,780	5	0.68
Davenport Farm and Fleet Inc	--	--	--
Cedar Properties	--	--	--
Tri State Joint Ventures	21,994,100	1	2.72
Viking Pump	12,891,250	2	1.59
Deere & Company	11,432,130	3	1.41
Quest Corporation (US West, Inc)	5,979,666	4	0.74
Cedar Falls Utilities	5,460,124	6	0.67
Land Use, Inc	3,358,300	7	0.41
Kinsath Hospitalities	3,064,710	8	0.38
TR Apartments LTD Partnership	3,062,570	9	0.38
H&H Machine Tool	2,414,070	10	0.30
	<u>\$ 75,151,700</u>		<u>9.28 %</u>

Source: Black Hawk County Auditor's Office



**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>
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
2004	2005	12,646,619	12,643,423	99.97	--

Source: Black Hawk County Auditor's Office.

<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percentage of Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes as a Percentage of Total Tax Levy</u>
\$ 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
12,643,423	99.97	84,230	0.67

**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
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
2005	16,115,000	7,225,000	--	2,160,000	4,075,000

**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 128.

<u>Total Primary Government</u>	<u>Percentage of Personal Income<sup>1</sup></u>	<u>Per Capita<sup>1</sup></u>
\$ 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	3.64	848
34,250,000	3.83	950
29,735,000	3.20	824
28,880,000	2.96	795
29,575,000	2.95	813

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

<u>Fiscal Year</u>	<u>General Obligation Bonds <sup>1</sup></u>	<u>Taxable Value of Property</u>	<u>Percentage Taxable Value of Property</u>	<u>Assessed Value of Property</u>
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
2005	16,115,000	908,858,209	1.77	1,673,902,007

**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>
1.67 %	\$ 383.23
2.34	546.80
2.57	609.12
2.03	558.36
2.09	586.66
1.63	522.89
1.82	599.48
1.36	519.82
1.28	501.06
0.96	442.96

**City of Cedar Falls, Iowa  
Direct and Overlapping Debt  
As of June 30, 2005**

<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>25,500,000</u>	100.00 %	\$ <u>25,500,000</u>
Overlapping:			
Black Hawk County	\$ 12,660,000	29.30	\$ 3,709,380
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Institute of Technology	<u>4,375,000</u>	16.98	<u>742,875</u>
Total Overlapping	\$ <u>17,035,000</u>		\$ <u>4,452,255</u>
Total	\$ <u><u>42,535,000</u></u>		\$ <u><u>29,952,255</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.

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

	Fiscal Year				
	1996	1997	1998	1999	2000
Debt Limit	\$ 40,201,681	\$ 41,142,720	\$ 41,929,754	\$ 49,164,043	\$ 50,643,814
Total net debt applicable to limit	<u>22,590,000</u>	<u>27,165,000</u>	<u>32,895,000</u>	<u>30,690,000</u>	<u>32,715,000</u>
Legal debt margin	<u>\$ 17,611,681</u>	<u>\$ 13,977,720</u>	<u>\$ 9,034,754</u>	<u>\$ 18,474,043</u>	<u>\$ 17,928,814</u>
Total net debt applicable to the limit as a percentage of debt limit	56.19%	66.03%	78.45%	62.42%	64.60%

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

Fiscal Year				
2001	2002	2003	2004	2005
\$ 58,090,645	\$ 59,416,814	\$ 68,721,490	\$ 71,356,357	\$ 83,695,100
29,685,000	34,295,000	29,920,000	27,265,000	28,260,000
<u>\$ 28,405,645</u>	<u>\$ 25,121,814</u>	<u>\$ 38,801,490</u>	<u>\$ 44,091,357</u>	<u>\$ 55,435,100</u>

51.10%                      57.72%                      43.54%                      38.21%                      33.77%

**Legal Debt Margin Calculation for Fiscal Year 2005**

Estimated actual valuation	<u>\$ 1,673,902,007</u>
Debt limit - 5% of total actual valuation	\$ 83,695,100
Debt applicable to debt limit:	
General obligation bonds	25,500,000
General obligation bonds - component unit	2,760,000
Legal debt margin	<u>\$ 55,435,100</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>
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
2005	4,873,178	1,622,886	3,250,292	630,000	212,068

**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>
\$ 1,382,667	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
842,068	3.86

**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>
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
2004 - 05	1,700,179	3,603,778

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>
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
2004	10,313	889	38	164	3	11,407

**City of Cedar Falls, Iowa  
Largest Sewer Customers  
Fiscal Year 2005**

Customer	Water Sales (CCF)	Percent of Total Water Sales	Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	134,626	7.92 %	\$ 254,508	7.06 %
County Terrace Mobile Home Ct.	21,370	1.26	67,678	1.88
Gold Falls Villa Apartments	12,881	0.76	42,326	1.17
Western Home Communities	15,826	0.93	36,672	1.02
Alliance Realty	6,179	0.36	28,877	0.80
Lutheran Home	13,026	0.77	27,075	0.75
College Park Mills	9,703	0.57	25,615	0.71
College Square Apartments	6,728	0.40	23,539	0.65
Five Seasons Mobile Home Park	7,560	0.44	23,019	0.64
Sartori Memorial Hospital	14,681	0.86	22,573	0.63
Metokote Corporation	12,432	0.73	21,202	0.59
Holiday Inn	12,798	0.75	21,189	0.59
 Total 2005 CCF	 1,700,179			
Total 2005 Billings	\$3,603,778			

**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>
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	36,231	843,675,066	23,286	36.2	4,322	3.0
2002	36,056	894,008,520	24,795	34.4	4,339	3.3
2003	36,070	928,730,360	25,748	34.4	4,385	3.8
2004	36,343	975,664,178	26,846	34.4	4,437	4.0
2005	36,380	1,001,577,780	27,531	35.9	4,393	3.7

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 FY96-FY04 is based on Metropolitan Waterloo/Cedar Falls and FY05 is based on figures on Black Hawk County 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	1996		
	Number of Employees <sup>1</sup>	Rank	Percentage of Total City Employment
John Deere Product Engineer Center <sup>2</sup>	620	3	3.15%
University of Northern Iowa	4,914	1	25.00%
Cedar Falls Community School District	525	5	2.67%
Target Distribution	--	--	--
Wal-Mart Super Center	--	--	--
City of Cedar Falls/Municipal Utilities	553	4	2.81%
Viking Pump Inc, Unit of Index Corp.	629	2	3.20%
Martin Brothers Distributing Co., Inc	250	8	1.27%
Sartori Hospital	350	6	1.78%
The Western Home	330	7	1.68%
Oster Communications	174	9	0.89%
Younkers, Inc	145	10	0.74%
<b>Total</b>	<b>8,490</b>		<b>43.19%</b>

Source: Official Bond Statements from Public Financial Management, Inc.

<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 1998-2005.

2005

<u>Number of Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
5,500	1	26.64%
2,400	2	11.63%
616	3	2.98%
825	3	4.00%
500	5	2.42%
495	6	2.40%
458	7	2.22%
344	8	1.67%
264	9	1.28%
262	10	1.27%
--	--	--
--	--	--
11,664		56.51%

**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					
	1996	1997	1998	1999	2000	2001
Public Safety						
Police	54.10	51.10	49.35	52.35	51.65	53.15
Fire	34.00	34.00	35.60	34.80	34.80	34.80
Inspection Services	5.00	5.00	6.00	6.00	6.00	6.00
Public Safety Administration	1.40	1.40	1.40	1.40	--	--
Public Works						
Streets	23.34	22.42	22.42	21.32	21.32	21.32
Parking Meter	5.00	5.00	5.50	4.40	4.15	3.15
Engineering	18.50	18.50	12.10	12.10	13.60	13.60
Culture and Recreation						
Human & Leisure Administration	3.50	3.50	3.60	2.80	2.80	2.80
Cultural Services	6.70	7.70	7.50	9.10	9.20	9.20
Library	18.20	18.20	17.20	15.10	14.80	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	6.00
Parks	21.30	21.30	21.30	22.20	22.20	22.60
Recreation	30.85	30.85	30.85	30.85	30.85	30.85
Visitor & Tourism	--	--	--	--	--	--
Community & Economic Development						
Developmental Services Admin.	1.40	1.40	2.30	1.50	1.50	1.50
Economic Development	1.85	1.85	1.85	1.85	1.85	1.85
Planning Services	3.25	3.25	3.00	3.10	3.10	3.10
Block Grant	3.15	3.15	2.95	1.95	2.15	2.15
Housing Vouchers	0.80	0.80	0.90	0.90	0.85	2.50
Section 8 Housing	2.00	2.00	1.60	1.50	1.65	--
General Government						
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	3.75	4.90	4.90	4.80	4.65	5.65
Legal Services	3.00	3.00	3.00	3.00	3.00	3.00
Personnel	3.50	3.50	3.80	3.50	2.50	2.50
Public Records	3.75	3.40	2.90	2.90	3.50	3.50
Cable TV	1.50	3.10	3.40	3.85	3.85	3.80
Print Shop	1.20	1.20	1.20	1.10	1.00	1.00
Public Buildings	8.66	8.38	11.38	13.18	13.18	13.18
Internal Service						
Information Systems	2.50	2.50	2.80	2.00	3.00	3.00
Vehicle Maintenance	6.90	6.90	6.90	6.40	6.40	6.40
Sewer	15.80	15.80	17.60	16.00	17.00	17.00
Refuse	18.70	18.90	16.60	15.65	12.85	15.65
<b>Total</b>	<b>317.50</b>	<b>316.90</b>	<b>313.80</b>	<b>309.50</b>	<b>307.30</b>	<b>311.65</b>

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

2002	2003	2004	2005
52.85	49.89	49.89	49.89
35.10	35.40	34.60	34.60
6.00	6.00	6.00	6.00
--	--	--	--
21.57	24.00	24.82	24.35
3.05	3.05	3.10	3.10
13.60	13.60	13.60	11.60
2.50	2.00	2.00	2.00
10.40	10.50	9.05	8.81
14.80	14.80	14.80	16.20
4.40	4.40	4.40	4.60
5.60	5.60	6.40	7.15
18.00	18.00	16.20	18.68
31.05	31.05	31.05	31.05
1.80	2.40	2.40	2.60
1.50	1.50	1.50	1.50
1.85	1.85	1.85	1.85
3.10	3.43	3.43	3.43
2.15	2.20	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
5.58	5.58	4.95	4.95
3.00	3.00	3.00	3.00
2.50	2.00	2.00	2.00
3.80	3.50	3.50	3.50
3.80	4.00	4.00	3.00
1.00	1.00	1.00	1.00
12.78	10.78	11.31	12.11
3.00	3.00	3.00	3.00
6.40	6.40	6.40	6.40
17.30	17.30	17.30	16.75
17.80	16.43	16.50	16.80
311.78	308.16	305.75	307.62

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

	Fiscal Year		
	1996	1997	1998
Public Safety			
Police			
Physical arrests	1,405	1,091	1,512
Traffic violations	3,958	4,940	4,546
Parking violations	40,885	42,384	42,720
Fire			
Number of calls answered	612	1,087	1,141
Inspections conducted	2,403	1,723	4,189
Sewer			
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	3,741,522
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
Refuse <sup>1</sup>			
Solid Waste			
32 Gallon Containers	--	--	--
68 Gallon Containers	--	--	--
95 Gallon Containers	--	--	--
Yard Waste			
95 Gallon Containers	--	--	--

**Sources:** Various city departments

<sup>1</sup> Statistics begin in FY04

Fiscal Year						
1999	2000	2001	2002	2003	2004	2005
1,430	1,502	1,299	1,386	1,485	1,672	1,616
3,583	3,120	3,960	3,959	4,033	5,453	6,007
43,124	38,876	48,613	48,613	42,162	37,260	34,056
1,129	1,370	1,393	1,435	1,554	1,511	1,452
3,023	3,213	2,314	4,554	3,367	2,166	1,807
5,800,000	5,800,000	5,800,000	4,750,000	4,120,000	4,120,000	4,600,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,709,000	3,653,594	3,773,582	3,783,126	3,800,209	3,800,209	3,439,943
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
--	--	--	--	--	3,155	3,299
--	--	--	--	--	5,679	5,903
--	--	--	--	--	1,093	1,284
--	--	--	--	--	4,499	4,924

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

	Fiscal Year				
	1996	1997	1998	1999	2000
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	190	190	190	200	200
Street lights	2,452	2,452	2,494	2,529	2,539
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	3	3	3
Miniature golf course	1	1	1	1	1
Parks	28	29	33	33	34
Acreage	828	1,072	1,116	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	12,400	12,400	12,762	12,762
Water Systems					
Miles of water mains	154.00	154.00	156.00	158.00	160.00
Number of service connectors	9,891	9,891	9,929	10,139	10,220
Number of city owned fire hydrants	1,258	1,258	1,279	1,346	1,383

**Sources:** Various city departments

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