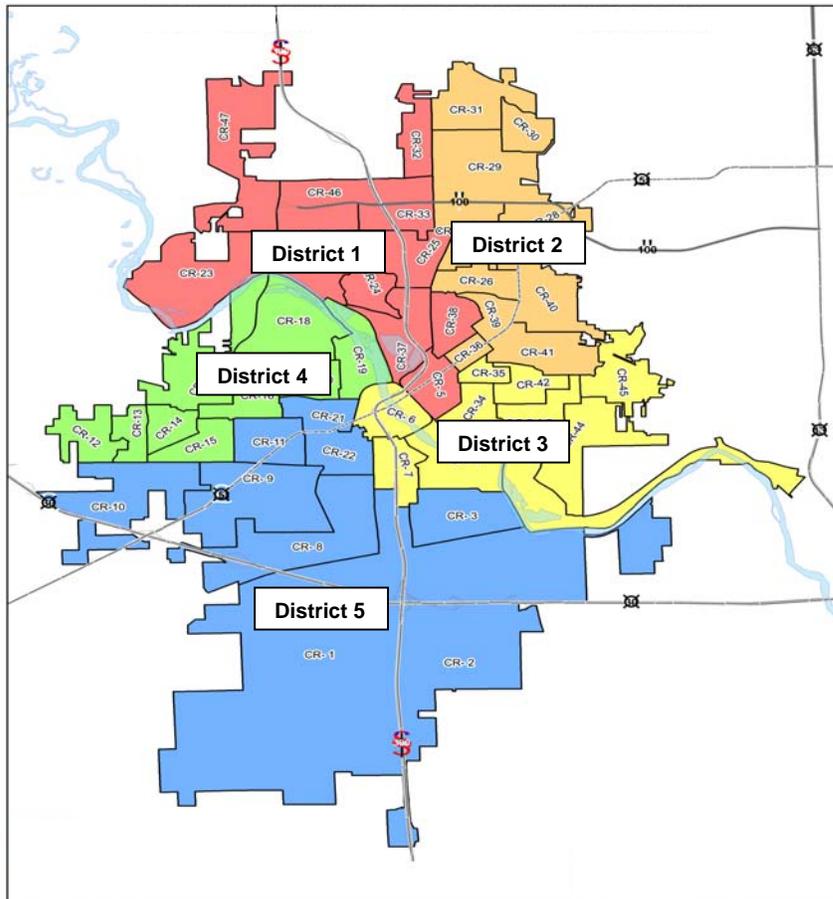


City of Cedar Rapids, Iowa



Cedar Rapids Council Districts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

About the Cover

On June 14, 2005, the citizens of Cedar Rapids voted to adopt a Home Rule Charter. The Home Rule Charter provides for a city council consisting of eight council members plus a mayor, and further provides that the city council shall, by ordinance, divide the City into five council districts using the standards required by law. On July 6, 2005, Ordinance 044-05 was passed to divide the City into geographical areas called Council Districts so that each area may be represented on the City Council by a council person chosen from its own Council District. The front cover of this year's Comprehensive Annual Financial Report shows the breakdown of these Council Districts.

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
OF THE
CITY OF CEDAR RAPIDS, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

**PUBLISHED BY
OFFICE OF
CITY CONTROLLER-AUDITOR**

**CITY OF
CEDAR RAPIDS, IOWA**

CITY OF CEDAR RAPIDS, IOWA

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CITY OF CEDAR RAPIDS, IOWA

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October 28, 2005

The Honorable Mayor, City Council Members,
And Citizens of the City of Cedar Rapids, Iowa:

The City of Cedar Rapids, Iowa, is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Rapids, Iowa (City) for the fiscal year ended June 30, 2005 as prepared by the Office of the City Controller-Auditor is hereby submitted in accordance with the provisions of Chapter 11.6 of the Code of Iowa.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended June 30, 2005. The independent auditor’s report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs is included in the section entitled Compliance Section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF CEDAR RAPIDS

The City of Cedar Rapids, incorporated in 1849, is located twenty-five miles north of Iowa City and one hundred-thirty miles east of Des Moines, the State Capital. Cedar Rapids is an important manufacturing, service and trade area serving an eight county area with a combined population estimated at 434,041. The population of Linn County based upon the 2004 census is 197,262 of which 122,206 reside within Cedar Rapids. The City of Cedar Rapids is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Cedar Rapids has operated under the commission form of government since 1908. Under this form of government, each of the commissioners is also a City Council member. All of the Council is elected at large every two years on a non-partisan basis. Each candidate runs for a specific area of responsibility.

During fiscal year 2005, a petition submitted on October 29, 2004, signed by 10,262 citizens, asked the City Council to create a Home Rule Charter Commission to prepare a Home Rule Charter to be voted upon with the current form of government. The Home Rule Charter Commission was formed on November 5, 2004. On April 5, 2005, the Home Rule Charter Commission filed the proposed charter with the City of Cedar Rapids, Iowa. The proposed charter called for a part-time mayor, part-time city council, and a full-time city manager.

A general election was held on June 14, 2005, with the citizens being asked to vote on retaining the existing commission form or adopting the Home Rule Charter form. The election resulted in the Home Rule Charter form being approved by the citizens of Cedar Rapids, Iowa. The new form of government will consist of nine council members. Five of the members will each represent a specific district. The remaining four council members will be elected at-large, with the Mayor being one of those seats. The election for the new form of government will take place on Tuesday, November 8, 2005, and, if necessary, a run-off election will occur on Tuesday, December 6, 2005. The new City Council will take office on January 2, 2006, and will be responsible for hiring the City Manager. A transition team, comprised of the City Clerk, City Controller-Auditor, and City Attorney, has been created to address operational concerns and other administrative matters during this transition process.

The City of Cedar Rapids provides a full range of services, including public safety, public works, solid waste collection, animal control, parking, ground transportation, community

development, and municipal water and sewer. The City also provides various cultural and recreational opportunities through various departments and commissions.

The City's financial statements include all funds, departments, boards and commissions and other government entities that do not have separate legal status as required by accounting principles generally accepted in the United States of America. Three component units are included in our financial report: The Eastern Iowa Airport, Cedar Rapids/Linn County Solid Waste Agency, and Cedar Rapids Public Library Foundation.

The annual budget serves as a foundation for the City's financial planning and control. The City Council is responsible for developing a budget proposal. Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than March 15 for the fiscal year beginning the following July 1. The budget is prepared by fund and function. Department heads may transfer resources within the department as they see fit.

FACTORS AFFECTING FINANCIAL CONDITION

Regionalism continues to be the focus of our economic development initiatives. The state's first regional laborshed study was completed and confirmed that the Cedar Rapids/Iowa City Technology Corridor™ has one work force. Priority One, the economic development arm of the Cedar Rapids Chamber of Commerce, reported the following FY05 accomplishments:

Business Development

- Assisted in the creation of 842 jobs.
- Located six new companies in the area.
- Assisted twenty-three area companies in expansion, training, and support.
- Increased the capital investment base by \$175,379,000 through industrial and office development.
- Over the course of the next five years Priority One looks to assist in the creation of 6,000 new jobs and generate \$175 million in capital investment.

In addition, the 2005 Laborshed Study, conducted by the Workforce Research Bureau of Iowa Workforce Development, reveals the Technology Corridor laborshed region has grown from 16 to 20 counties in two years. Based on figures in the 2005 study, the potential available laborforce in the Cedar Rapids area is estimated to be 88,500. Since the 2003 study, the workforce in Cedar Rapids' metropolitan area has increased 52.3 percent. The increase reflects growth in the laborshed area, new population growth, increased numbers of people willing to re-enter the workforce and travel to the region's central nodes for work.

Nearly two-thirds of the workers in the Technology Corridor are employed in the following five areas: Education, Healthcare/Social Services, Advanced Manufacturing, Wholesale and Retail Trade, and Professional Services.

The Cedar Rapids Area Chamber of Commerce partnered with The Greater Cedar Rapids Community Foundation to convene the entire county to focus on 15 initiatives that could be accomplished over the next five years in Linn County. The 15 initiatives chosen are as follows: Designate an arts and entertainment district along 3rd Street SE, make health care accessible to the underserved, grow and sustain locally-owned businesses, make parks more attractive to youth and families, develop the riverfront, expand downtown housing, create a year-round district along Rockford Road SW, rejuvenate abandoned and deteriorating commercial property, build a state-of-the-art activity center, empower neighborhoods, upgrade and expand the U.S. Cellular Center, develop and implement a comprehensive solid waste management plan, connect and expand Linn County trails, launch a best-in-the-nation early childhood education program, and develop light rail service. Many of the initiatives outlined by the Fifteen in 5 Committee involve projects in the City. Over the course of the next few years the City will be working with citizens and business leaders to make these initiatives a reality.

The City has also partnered with local organizations and businesses to launch an effort to bring the talents of a diverse work force from around the world to this region. This effort is essential for Technology Corridor businesses to compete in a global economy and the City has pledged financial support for this project through calendar year 2010.

Cedar Rapids' unemployment rate of 4.3% increased slightly for fiscal year ending 2005, but remained lower than fiscal year ending 2005 state unemployment rate of 4.6% and the national unemployment rate for June 2005 of 5.0%.

The Cedar Rapids MSA mean household income in 2005 was \$68,495 as compared to \$68,200 in 2004. These amounts are presented in 1996 constant dollar.

The average hourly rate in manufacturing was \$19.40 in 2004 as compared to \$17.70 in 2003. The average hourly workweek also increased to 43.3 hours in 2002 from 42.9 in 2001.

Retail sales in the metro area reached an all time high of \$2.83 billion for calendar year 2004 compared to \$2.75 billion in calendar year 2003. Of this total, \$2.39 billion was generated in Cedar Rapids.

The total value of building permits in FY 2005 was approximately \$173.2 million. This compares with an amount of \$148.0 for FY 2004. This amount represents an increase of 17 percent from the previous fiscal year.

Long-term financial planning

Unreserved fund balance in the general fund was \$24.5 million or 32 percent of total general fund budgeted expenditures for fiscal year 2006. This percentage falls within the City's policy guidelines for reserves, which at a minimum must be 25 percent of next fiscal year's budgeted general fund expenditures as established by Council resolution. By maintaining an appropriate reserve balance the City is able to react to both known and

unknown events that will have an impact on the City finances without disrupting services provided to its citizens in the short term.

The City, as part of its budgeting and resource allocation process, has started a program known as Cedar Rapids Managing for Results or CRMFR. Managing for Results is a management approach that focuses on defining and then achieving the results that are important to a local government. The organization develops a shared, widely understood framework using performance measurement for setting goals and objectives, managing, allocating resources and evaluating its accomplishments. Managing for Results can benefit a local government by improving the focus on key results and sharpening the organization's management skills to achieve those results. It is a tool for more responsive and accountable government. Research has shown that citizens are very knowledgeable about performance measures and believe they should be reported. Furthermore, they are very interested in whether and to what degree their government is using performance measures for the management of operations and what effect the use of performance measures is having on their government.

The City Council budget initiatives for FY2006 are as follows:

- A safe community where people feel secure.
- An available and thriving cultural and recreational community that achieves a high quality of life.
- A progressive, sustainable, economically vital community with a healthy economy that successfully manages growth and change.
- An effective, accessible, and accountable city government that works openly and respectfully with and for the community.

Relevant financial policies

Internal Controls

The management of the City is responsible for the establishment and continued maintenance of an internal control structure to ensure that all City assets are protected from loss, theft, or misuse. The management must also ensure that adequate accounting data is available to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

A recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Budgetary Controls

The City's management team takes a very active role in the financial planning and management of the City for both short-term daily operations and long-range planning. The City adopts its annual program budget to include all funds except fiduciary funds. While budgetary control is exercised at the program level, management control is exercised on a major objective of expenditure basis. The daily operations are closely monitored through the City's automated and integrated on-line financial system which provides daily appropriations status capabilities, weekly cash management forecasting reports, and monthly, current and year-to-date budget by major object of expenditure reports. Estimated revenues are also closely monitored as to their impact on budgeted expenditures. If a department falls short of its discretionary revenue projections, adjustments must be made in its appropriations to reflect these shortfalls. Encumbrance accounting is employed in all funds for management control purposes. Appropriations as adopted and amended lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reflected as reservations of the Governmental fund balances, which serve as authorizations for expenditures in the subsequent year. Capital projects are appropriated on a yearly basis.

In terms of long-range planning, the City, in compliance with a Council resolution, annually develops and issues a five-year capital improvements program, which is funded primarily through the sale of general obligation bonds. All operating departments are also required to submit a five-year capital equipment program as part of the annual operating budget process.

Retirement Plans

With the exception of police and fire the City's employees are covered by the Iowa Public Employees Retirement System (IPERS). The State annually sets a tax rate to be contributed by all municipal entities that is sufficient to meet the needs of the State plan when combined with local employee contributions. All covered employees are required to contribute 3.7 percent of their salary--employers contribute 5.75 percent (prior to July 1, 1975, the rate of contribution was identical) except for airport safety employees, in which case the percentages are 6.16 percent and 9.23 percent respectively. There is no allocation of unfunded liability to any municipal entity and upon the retirement of employees, responsibility for their benefits is solely that of IPERS.

Fire and police employees are covered by the Municipal Fire and Police Retirement System of Iowa (MFPRSI). This is a cost-sharing multiple-employer defined benefit retirement system administered by a board of trustees. Plan members are required to contribute 9.35% of their annual covered salary and the City is required to contribute at an actuarially determined rate with the current rate being 24.92 percent of annual covered payroll. There is no allocation of unfunded liability to any municipal entity and upon the retirement of employees, responsibility for their benefits is solely that of MFPRSI.

Debt Administration

The City's debt management policy strives to repay 30 to 60 percent of the principal amount of its general obligation debt within five years and at least 60 percent within ten fiscal years. Capital projects financed through issuance of debt are programmed to be paid off completely within the expected useful life of the capital project. Currently, the City is on pace to repay over 70 percent of its debt within ten fiscal years. Moody's Investor Services continues to rate the City's general obligation bonds Aaa. This rating is predicated on the City's strong financial management, a diverse and substantial economic and tax base, and a low debt burden with a rapid payout. FY05 marked our thirty-third anniversary of maintaining this rating.

Cash Management

The City maintains almost all deposits, except for those funds that must maintain their demand deposits separately, in one demand deposit account in the General Fund. The majority of the City's investments are handled through an investment pool. This concept provides for greater investment earnings, which are then allocated on a systematic basis.

Risk Management

The City's risk management program strives to protect the City's assets in a cost effective and responsible manner using a combination of the four recognized methods of treating risks: elimination, reduction, transfer, and retention. Safety and loss prevention programs help reduce the City's exposure to risks. Those risks that cannot be eliminated or reduced are either transferred or retained. Funded self-retention of risks is being employed not only because it is cost effective but it also enables the City to stabilize insurance costs, build a fund to provide a reliable and constant source of funds to pay claims, and provide a high level of service by handling claims promptly and courteously. In fiscal year 2005, the City transferred its risk through the purchase of liability insurance to cover its airport, underground fuel storage tanks, six vehicles, maintenance of a non-owned air-ambulance, lead paint hazard control program and liquor liability. The City retains or "self-insures" without excess insurance, the rest of its general liability, errors and employment practices liability, police liability, auto liability, bus liability, and owned aircraft liability exposures. The City also self-insures its workers compensation, health and dental benefits without stop loss insurance. A combination of risk transfer and risk retention is employed in handling the City's property exposures. Property insurance is purchased with large deductibles. The City accounts for and finances its retained risks through the Risk Management Internal Service Fund. In compliance with Statement 10 of the Governmental Accounting Standards Board, the City's financial statements show as an expense and liability, the estimated cost of all claims which have occurred. Claim liabilities are based on the estimated total cost of all claims including claims reported but not settled, and claims incurred but not reported. The tort liability and workers compensation claims liabilities are shown at a 95% confidence level, as determined by an independent actuary, in the City's June 30, 2005, financial statements. The amount of

incurred but unpaid health and dental bills are also determined by an independent actuary as required by the State Code of Iowa.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Rapids, Iowa, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the twenty-fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2005. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. The City has received this award for seven years. The award is valid for a period of one year only.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the offices of the City Controller-Auditor and City Treasurer. We would also like to thank the members of the City Council for their prudent management of the City's finances.

Respectfully submitted,

Lyle K. Hanson
Commissioner of Accounts & Finance

Casey J. Drew, CPA
City Controller-Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Rapids,
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.



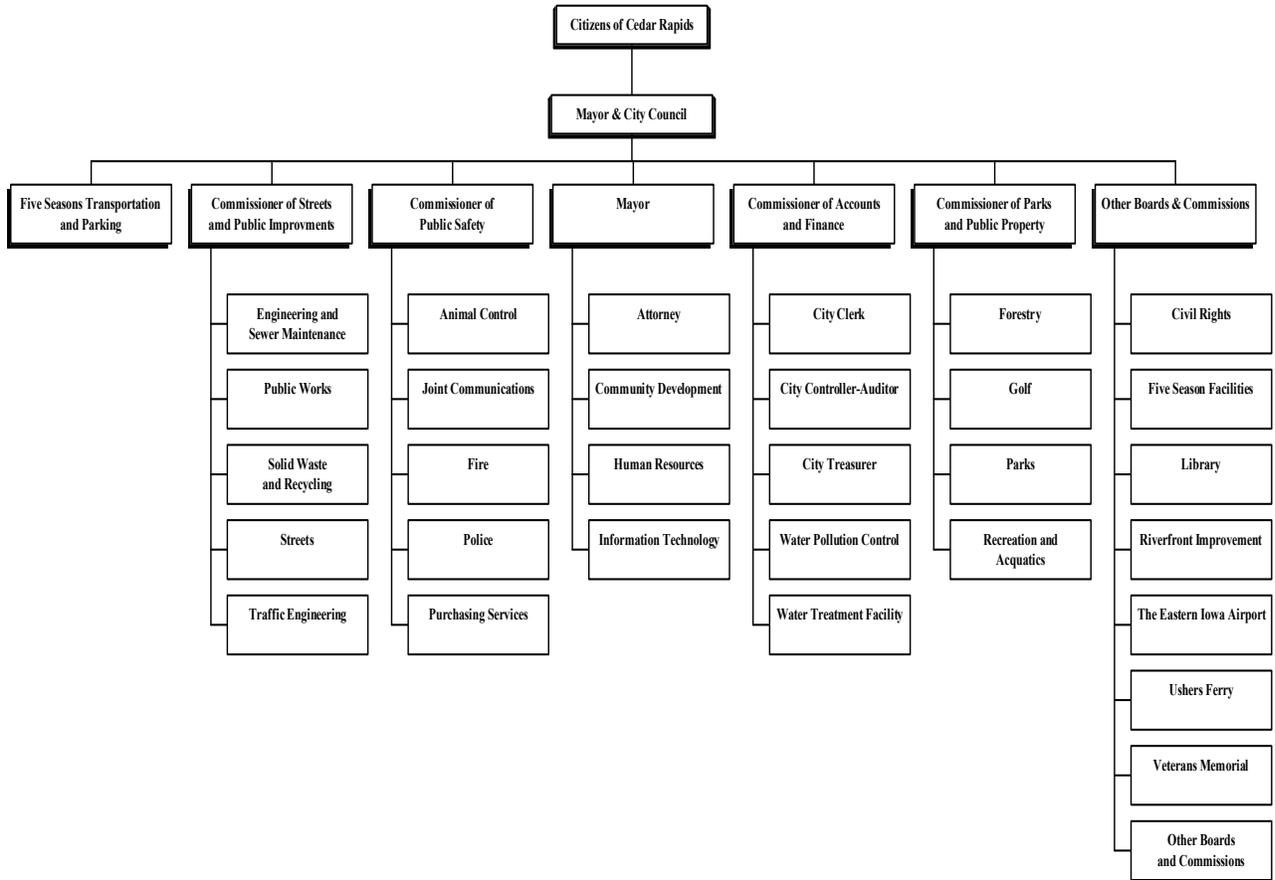
Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

The City of Cedar Rapids Organizational Chart



CITY OF CEDAR RAPIDS, IOWA

Commission Form of Government

CITY COUNCIL

Paul D. Pate, Mayor

**Lyle K. Hanson, Commissioner
of Accounts and Finances
and Mayor Pro Tempore**

**David E. Zahn, Commissioner
of Public Safety**

**Donald A. Thomas, Commissioner
of Streets and Public Improvements**

**Wade Wagner, Commissioner
of Parks and Public Property**

CITY CONTROLLER-AUDITOR

Casey J. Drew, CPA

CITY TREASURER

Susan L. Vavroch

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Cedar Rapids, 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 Rapids, 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 City of Cedar Rapids, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 Rapids, 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 dated October 28, 2005 on our consideration of the City of Cedar Rapids, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion & Analysis and the Budgetary Comparison Information on pages 16 through 23 and 63 through 65 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 City of Cedar Rapids, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
October 28, 2005

Management's Discussion and Analysis

As management of the City of Cedar Rapids, Iowa, we offer readers of the City of Cedar Rapids' financial statements this narrative overview and analysis of the financial statements of the City of Cedar Rapids for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-10 of this report.

Financial Highlights

- The assets of the City of Cedar Rapids exceeded its liabilities at the close of June 30, 2005, by \$534.3 million (net assets). Of this amount, \$188.0 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$23.6 million.
- At the close of the current fiscal year, the City of Cedar Rapids' governmental funds reported combined ending fund balances of \$97.8 million, an increase of 8.8 percent as compared to the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance and targeted fund balance for the general fund was \$24.5 million, or 34.2 percent of the total general fund expenditures.
- Total debt increased by \$6.25 million during the current fiscal year. The City issued \$29.655 million of new bonds and retired \$23.305 million of existing bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Cedar Rapids' basic financial statements. The City of Cedar Rapids' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The report consists of government-wide statements, fund financial statements, notes to the financial statements, required budgetary schedules, combining schedules of non-major funds and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. The governmental activities of the City of Cedar Rapids include general government, police and fire protection, streets and public buildings operation and maintenance, and parks and recreation oriented activities. The major business-type activities of the City include a water and wastewater treatment facilities, and a sanitary sewer system. Included within others are a ground transportation system, parking system, solid waste management collection, golf courses, an ice arena, a theatre and an entertainment and convention facility. The City's three component units, The Eastern Iowa Airport and Cedar Rapids/Linn County Solid Waste Agency, and Cedar Rapids Library Foundation are also included. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets. The Statement of Net Assets presents information on all of the City of Cedar Rapids' assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities is also included in the government-wide financial statements. The focus of the Statement of Activities is to show how the government's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Statement of Net Assets for the Fiscal Years Ended June 30, 2005 and 2004:

A condensed version of the Statement of Net Assets as of June 30, 2005 and 2004 follows:

City of Cedar Rapids Net Assets
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Cash and investments	\$ 210.0	\$ 200.2	\$ 14.1	\$ 16.0	\$ 224.1	\$ 216.2
Other assets	27.8	20.0	71.3	73.6	99.1	93.6
Capital assets	286.6	277.8	308.6	307.4	595.2	585.2
Total assets	524.4	498.0	394.0	397.0	918.4	895.0
Other liabilities	127.7	104.1	22.3	23.1	150.0	127.2
Noncurrent liabilities	96.3	103.0	137.8	137.5	234.1	240.5
Total liabilities	224.0	207.1	160.1	160.6	384.1	367.7
Net assets:						
Invested in capital assets, net of debt	182.5	180.2	163.8	163.9	346.3	344.1
Unrestricted (deficit)	117.9	110.7	70.1	72.5	188.0	183.2
Total net assets	\$ 300.4	\$ 290.9	\$ 233.9	\$ 236.4	\$ 534.3	\$ 527.3

Governmental Activities

Net assets did not significantly increase. However, the change is mainly due to improvements other than buildings increasing \$30.1 million for fiscal year 2005 with an increase in other liabilities due to deferred revenue. The majority of the increase in improvements other than buildings is a result of street construction, swimming pool construction, storm sewer construction, and bridge construction.

Business-Type Activities

Total net assets decreased by one percent for fiscal year 2005. The decrease is in cash and investments. Most of the decrease went to capital improvements.

Statement of Activities for the Fiscal Years Ended June 30, 2005 and 2004:

A condensed version of the Statement of Activities as of June 30, 2005 and 2004 follows:

Table 2
Governmental and Business-type Activities
For Fiscal Years Ending June 30, 2005 and 2004
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Revenues						
Charges for services	\$ 9.5	\$ 13.0	\$ 61.4	\$ 58.0	\$ 70.9	\$ 71.0
Operating grants and contributions	22.7	22.4	2.2	2.6	24.9	25.0
Capital grants and contributions	7.9	9.9	2.6	2.9	10.5	12.8
General revenues:						
Property taxes	67.7	63.0	3.0	3.0	70.7	66.0
Other taxes	2.0	2.0	-	-	2.0	2.0
Franchise taxes	1.2	1.1	-	-	1.2	1.1
Investment income	2.9	1.1	1.8	0.8	4.7	1.9
Gain on sale of capital assets	0.4	0.2	-	-	0.4	0.2
Total revenues	114.3	112.7	71.0	67.3	185.3	180.0
Expenses						
Public safety	36.6	40.5	-	-	36.6	40.5
Public works	23.5	24.5	-	-	23.5	24.5
Culture and recreation	14.5	15.3	-	-	14.5	15.3
Community and economic development	17.7	17.7	-	-	17.7	17.7
General government	9.6	7.8	-	-	9.6	7.8
Debt service	4.7	5.6	-	-	4.7	5.6
Water	-	-	20.2	20.1	20.2	20.1
Water pollution control	-	-	21.2	21.4	21.2	21.4
Sanitary sewer	-	-	5.2	5.6	5.2	5.6
Ground transportation system	-	-	7.9	7.7	7.9	7.7
Parking system	-	-	4.0	3.6	4.0	3.6
Solid waste management	-	-	5.4	5.1	5.4	5.1
Golf	-	-	2.8	2.9	2.8	2.9
U.S. cellular center	-	-	2.3	2.8	2.3	2.8
Paramount theatre	-	-	0.8	0.8	0.8	0.8
Ice arena	-	-	1.8	2.0	1.8	2.0
Total expenses	106.6	111.4	71.6	72.0	178.2	183.4
Special items	-	-	(0.1)	(2.2)	(0.1)	(2.2)
Transfers	1.8	(0.8)	(1.8)	0.8	-	-
Changes in net assets	9.5	0.5	(2.5)	(6.1)	7.0	(5.6)
Beginning net assets	290.9	290.4	236.4	242.5	527.3	532.9
Ending net assets	\$ 300.4	\$ 290.9	\$ 233.9	\$ 236.4	\$ 534.3	\$ 527.3

Governmental Activities

Charges for services make up 8.3 percent of governmental revenues. Operating and capital grants, primarily due to street projects, make up another 26.8 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes, and interest revenue.

Business-type Activities

As expected, charges for services is the primary revenue source for business-type activities. Water fees, wastewater fees, and sanitary sewer charges are the primary charges for services that make up 70 percent of charges for services. Operating and capital grants make up 6.8 percent of overall revenue, grants for ground transportation system make up 62.5 percent of this amount and private developers donations for water lines and sanitary sewers make up the remaining amount.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers can better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Cedar Rapids maintains fifteen 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, Infrastructure Construction fund, and Debt Service fund, which are considered to be major funds. Data from the other 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 elsewhere in the report.

The General Fund revenues increased 8.2 percent over FY 2004, while expenditures increased 5.4 percent over the prior year thus resulting in an increase in the change in fund balance of \$1.8 million compared to a increase in FY 2004 of \$.1 million. The City has continued however to maintain it's targeted unreserved fund balance policy of 25 percent of the next years expenditure budget in the General Fund as it was at 32.2 percent. Infrastructure construction fund expenditures decreased by 8.2 percent and issuance of general obligation bonds increased by 107.7 percent primarily in street construction, resulting in a increase in fund balance of \$9.8 million as compared to a decrease of \$.3 million in the prior year. The Debt Service Fund had a decrease its fund balance by \$.3 million primarily due to higher principal and interest payments in fiscal year 2005.

Proprietary Funds

The City of Cedar Rapids 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 water, waste water pollution control, sanitary sewer, and

others. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Cedar Rapids uses internal service funds to account for its risk management functions, its joint communications, and its public works building function. Because all of these services predominately benefit governmental rather than business type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Water Pollution Control, and Sanitary Sewer as these are considered major funds of the City. Data from the other seven enterprise funds are combined into a single aggregate presentation. Individual fund data for each of the non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All Internal Service funds are combined into a single aggregate presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report.

Water revenues increased 3.5 percent over the prior year while expenses increased 6.7 percent thus reducing the operating income from \$3.0 million in FY 2004 to \$2.6 million in FY 2005. The change in net assets decreased .13 million due to water retirement payouts to employees. Water Pollution Control's change in net assets decreased by \$3.6 million as compared to an increase of \$.7 million in FY 2004, due to a transfer in FY 2004 of \$6.1 million from Sanitary Sewer for future construction projects. Sanitary Sewer's net assets increased by \$2.2 million in FY 2005 as compared to a decrease of \$4.6 million in FY 2004, mainly due to the \$6.1 million transfer to Water Pollution Control for future construction in FY 2004.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of those funds are not available to support the City of Cedar Rapids' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-61 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental, non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 66-78 of this report.

Budgetary Highlights

The City presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on ten functional areas as required by state statute, not by fund or fund type.

The City had one budget amendment during the fiscal year that is our common practice. This amendment decreased the expenditure budget by \$4.5 million to a total of \$282.2 million. This represented a 1.6 percent decrease. The major decrease was due capital projects in governmental and business-type funds due to timing of completion of projects. Actual expenditures were \$228.1 million.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2005, the City had invested \$595.2 million in capital assets as are reflected in the following table. This investment includes land, buildings, improvements, machinery and equipment, roads, highways, and bridges.

Table 3
Capital Assets at Fiscal Year-End
(Net of Depreciation)
(in millions)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Land	\$ 20.9	\$ 19.9	\$ 10.9	\$ 10.8	\$ 31.8	\$ 30.7
Building and structures	46.5	45.2	109.6	115.7	156.1	160.9
Improvements other than buildings	202.1	191.0	161.5	159.3	363.6	350.3
Machinery and equipment	13.6	11.9	11.9	12.7	25.5	24.6
Construction in progress	3.5	9.8	14.7	8.9	18.2	18.7
Total	<u>\$ 286.6</u>	<u>\$ 277.8</u>	<u>\$ 308.6</u>	<u>\$ 307.4</u>	<u>\$ 595.2</u>	<u>\$ 585.2</u>

The following table reconciles the change in capital assets. Included with additions are construction in progress balances. The amount for governmental activities is \$286.6 million that represents a 8.8 percent increase. For business type activities the amount is \$308.7 million that is a 2.5 percent increase. Detail of this summary is presented on pages 48-49 of the notes.

Table 4
Change in Capital Assets
(in millions)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Beginning Balance	\$ 277.8	\$ 267.4	\$ 307.4	\$ 300.0	\$ 585.2	\$ 567.4
Additions	22.1	25.0	18.1	24.9	40.2	49.9
Retirement	-	-	-	(0.1)	-	(0.1)
Depreciation	(13.3)	(14.6)	(16.9)	(17.4)	(30.2)	(32.0)
Ending Balance	<u>\$ 286.6</u>	<u>\$ 277.8</u>	<u>\$ 308.6</u>	<u>\$ 307.4</u>	<u>\$ 595.2</u>	<u>\$ 585.2</u>

Governmental Activities

Major capital assets events during the current fiscal year included the following additions:

- Street Improvements, \$12.6 million, 57%
- Pool Improvements, \$2.0 million, 9%
- Storm Sewer Improvements, \$2.0 million, 9%
- Bridge Improvements, \$1.0 million, 5%

Business-type Activities

Water Pollution Control and Water had additions of \$6.6 million (36%) and \$4.8 million (27%) respectively. In addition, Sanitary Sewer had additions of \$4.9 million (27%).

Additional information on the City of Cedar Rapids' capital assets can be found in note 7 on pages 48-50 of this report.

Debt Administration

The amount of debt outstanding at fiscal year end was \$ \$248.8 million as compared to \$240.8 million last fiscal year. Of the total debt outstanding, \$104.3 million is backed by the full faith and credit of the City. The remainder is general obligation debt abated by enterprise revenues.

Table 5
Outstanding Debt at Year End
(in millions)

	Totals	
	2005	2004
Governmental		
General obligation	\$ 104.3	\$ 97.6
Business-type		
General obligation		
Abated by:		
Water	64.9	62.1
Water Pollution Control	45.9	46.2
Sanitary Sewer	21.8	22.1
Others	11.9	12.8
Sub-totals	<u>144.5</u>	<u>143.2</u>
Totals	<u>\$ 248.8</u>	<u>\$ 240.8</u>

Moody's Investor Services continues to rate the City's general obligation bonds Aaa.

For more detailed information on the City's debt and amortization terms, please refer to page 52 of the Notes to the Financial Statements.

Economic Factors

The unemployment rate for the City is currently 4.3 percent up from 4.2 percent from the previous year. The area unemployment rate is 4.6 at the end of fiscal year 2006.

The Cedar Rapids MSA mean household income in 2005 was \$68,495 as compared to \$68,200 in 2004. These amounts are presented in 1996 constant dollar.

The average hourly rate in manufacturing was \$19.40 in 2004 as compared to \$17.70 in 2003. The average hourly workweek also increased from 42.9 hours in 2001 to 43.3 in 2002.

Retail sales in the metro reached an all time high of \$2.83 billion for calendar 2004 compared to \$2.75 billion in calendar 2003. Of this total, \$2.39 billion was generated in Cedar Rapids.

The total value of building permits was approximately \$173.2 million. This compares with an amount of \$148.0 for FY2004. This amount represents an increase of 17 percent from the previous fiscal year.

Next Year's Budget and Rates

Approximately 80 percent of our operating costs in the General fund are for Personal Services. Changes in Personal Services can be due to changes in the pay rates, changes in benefits and cost of benefits, changes in number of employees, or any combination of these. The Personal Services within the General Fund increased by \$5.1 million or an increase of 9.1 percent. Non-Personal Services were increased by \$.3 million or 2.1 percent.

Water, Sewer, and Solid Waste fees combined are expected to increase approximately 3.74 percent in FY2006 for the average residential customer. The amount of dollar increase on the average residential user (usage of 10 units of water per month) will be \$3.00 bimonthly. Even with these increases in rates, our combined water and sewer rates are still far below other large cities in Iowa that provide similar services.

The tax levy for bus operations and capital will remain at 63.634 cents/\$1000 that will result in an increase of approximately \$16,022 in revenues. State law provides the City could levy up to \$.95/1000 as a part of the transit levy

Financial Information Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the Office of the City Controller-auditor at 51 First Avenue Bridge, 3rd Floor, City Hall, Cedar Rapids, Iowa, 52401-1113.

City of Cedar Rapids, Iowa
Statement of Net Assets
June 30, 2005

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
ASSETS						
Current assets:						
Cash and investments	\$ 209,933,112	\$ 14,101,557	\$ 224,034,669	\$ 200	\$ 24,531,065	\$ -
Receivables:						
Taxes	73,745,735	3,000,299	76,746,034	-	-	-
Accounts and unbilled usage, net						
\$453,336 of allowance for doubtful accounts	1,115,532	7,385,837	8,501,369	856,039	668,135	-
Special assessments	2,390,784	-	2,390,784	-	-	-
Interest	748,835	282	749,117	-	-	1,044
Notes	-	-	-	-	733,461	-
Internal balances, net	(58,420,235)	58,420,235	-	-	-	-
Due from primary government	-	-	-	24,078,215	-	-
Due from other governments	6,386,566	641,964	7,028,530	1,011,629	151,232	-
Inventories	328,223	1,149,830	1,478,053	-	33,533	-
Prepaid items	1,121,323	106,977	1,228,300	-	1,120	-
Deferred charges	435,821	522,362	958,183	47,394	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	3,053,974
Total current assets	<u>237,785,696</u>	<u>85,329,343</u>	<u>323,115,039</u>	<u>25,993,477</u>	<u>26,118,546</u>	<u>3,055,018</u>
Noncurrent assets:						
Land	20,872,915	10,993,390	31,866,305	8,832,230	3,666,290	-
Buildings and structures	67,011,962	209,861,129	276,873,091	60,892,660	1,225,699	-
Improvements other than buildings	280,396,733	235,821,871	516,218,604	49,266,798	4,292,316	-
Machinery and equipment	35,127,693	37,009,161	72,136,854	3,510,410	6,749,460	3,216
Accumulated depreciation	(120,303,697)	(199,783,568)	(320,087,265)	(44,978,330)	(7,776,784)	(3,011)
Construction in progress	3,541,068	14,731,466	18,272,534	7,258,611	-	-
Total noncurrent assets	<u>286,846,674</u>	<u>308,633,449</u>	<u>595,280,123</u>	<u>84,782,379</u>	<u>8,156,981</u>	<u>205</u>
Total assets	<u>524,432,370</u>	<u>393,962,792</u>	<u>918,395,162</u>	<u>110,775,856</u>	<u>34,275,527</u>	<u>3,055,223</u>
LIABILITIES						
Current liabilities:						
Vouchers payable	2,527,625	1,630,728	4,158,353	403,905	359,244	14,887
Contracts payable	2,820,111	2,723,124	5,543,235	955,400	-	-
Claims and judgments payable	6,518,000	-	6,518,000	-	-	-
Accrued expenses	3,759,196	1,211,614	4,970,810	122,506	170,506	-
Revenues collected in advance	155,097	72,028	227,125	-	26,521	-
Unearned revenues	73,320,645	3,536,490	76,857,135	-	-	-
Due to component unit	24,078,215	-	24,078,215	-	-	-
Due to general public	105,732	-	105,732	-	-	-
Due to employees	8,803	-	8,803	-	-	-
Due to other governments	1,194,195	297,018	1,491,213	-	184,767	-
Due to primary government	-	-	-	-	-	89,350
Security deposits	707	211,717	212,424	3,150	29,500	-
General obligation bonds payable	8,778,200	10,765,400	19,543,600	1,991,400	-	-
Unamortized bond premium	22,412	71,841	94,253	2,466	-	-
Interest payable	384,321	544,530	928,851	34,353	-	-
Compensated absences	3,990,119	1,133,079	5,123,198	239,331	112,843	-
Total current liabilities	<u>127,663,378</u>	<u>22,197,569</u>	<u>149,860,947</u>	<u>3,752,511</u>	<u>883,381</u>	<u>104,237</u>
Noncurrent liabilities:						
General obligation bonds payable	95,477,574	133,815,776	229,293,350	6,406,650	-	-
Unamortized bond premium	281,706	681,421	963,127	7,554	-	-
Compensated absences	595,861	168,432	764,293	943	-	-
Closure/post closure landfill	-	3,178,096	3,178,096	-	12,579,633	-
Total noncurrent liabilities	<u>96,355,141</u>	<u>137,843,725</u>	<u>234,198,866</u>	<u>6,415,147</u>	<u>12,579,633</u>	<u>-</u>
Total liabilities	<u>224,018,519</u>	<u>160,041,294</u>	<u>384,059,813</u>	<u>10,167,658</u>	<u>13,463,014</u>	<u>104,237</u>
NET ASSETS						
Invested in capital assets, net of related debt	182,522,603	163,821,373	346,343,976	76,421,703	8,156,981	205
Restricted for:						
Closure/post closure landfill	-	-	-	-	12,318,119	-
Compost site closure	-	-	-	-	316,135	-
Donor Restrictions	-	-	-	-	-	921,088
Unrestricted	117,891,248	70,100,125	187,991,373	24,186,495	21,278	2,029,693
	<u>\$ 300,413,851</u>	<u>\$ 233,921,498</u>	<u>\$ 534,335,349</u>	<u>\$ 100,608,198</u>	<u>\$ 20,812,513</u>	<u>\$ 2,950,986</u>

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

**City of Cedar Rapids, 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	\$ 36,598,588	\$ 2,680,541	\$ 809,715	\$ 34,795
Public works	23,476,595	1,224,718	10,417,038	6,747,161
Culture and recreation	14,448,265	2,798,179	796,327	1,017,806
Community and economic development	17,737,847	905,983	10,606,097	10,987
General government	9,620,708	1,915,122	150,078	40,518
Interest on long-term debt	4,736,327	-	-	-
Total governmental activities	<u>106,618,330</u>	<u>9,524,543</u>	<u>22,779,255</u>	<u>7,851,267</u>
Business-type activities:				
Water	20,183,395	20,062,822	-	766,990
Water pollution control	21,155,005	17,614,839	-	2,628
Sanitary sewer	5,212,436	6,211,361	-	962,370
Ground transportation system	7,941,027	1,055,043	2,115,981	850,198
Parking system	4,028,604	2,989,577	-	12,613
Solid waste management	5,381,234	6,544,751	48,564	25,185
Golf	2,765,321	2,550,384	3,175	3,926
U.S. Cellular center	2,322,972	2,145,149	-	12,071
Paramount theatre	835,535	1,182,730	-	-
Ice arena	1,785,060	1,085,718	-	-
Total business-type activities	<u>71,610,589</u>	<u>61,442,374</u>	<u>2,167,720</u>	<u>2,635,981</u>
Total primary government	<u>178,228,919</u>	<u>70,966,917</u>	<u>24,946,975</u>	<u>10,487,248</u>
Component units:				
Airport	9,776,595	11,811,444	-	3,053,368
Cedar Rapids / Linn County Solid Waste Agency	7,497,518	6,694,657	53,513	-
Cedar Rapids Public Library Foundation	124,122	221,496	-	-
Total component units	<u>17,398,235</u>	<u>18,727,597</u>	<u>53,513</u>	<u>3,053,368</u>

General revenues:
Property taxes
Other taxes
Franchise taxes
Investment income
Gain on sale of capital assets
Special items:
Retirement employee payouts
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
\$ (33,073,537)	\$ -	\$ (33,073,537)	\$ -	\$ -	\$ -
(5,087,678)	-	(5,087,678)	-	-	-
(9,835,953)	-	(9,835,953)	-	-	-
(6,214,780)	-	(6,214,780)	-	-	-
(7,514,990)	-	(7,514,990)	-	-	-
(4,736,327)	-	(4,736,327)	-	-	-
<u>(66,463,265)</u>	<u>-</u>	<u>(66,463,265)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	646,417	646,417	-	-	-
-	(3,537,538)	(3,537,538)	-	-	-
-	1,961,295	1,961,295	-	-	-
-	(3,919,805)	(3,919,805)	-	-	-
-	(1,026,414)	(1,026,414)	-	-	-
-	1,237,266	1,237,266	-	-	-
-	(207,836)	(207,836)	-	-	-
-	(165,752)	(165,752)	-	-	-
-	347,195	347,195	-	-	-
-	(699,342)	(699,342)	-	-	-
-	<u>(5,364,514)</u>	<u>(5,364,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(66,463,265)</u>	<u>(5,364,514)</u>	<u>(71,827,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	5,088,217	-	-
-	-	-	-	(749,348)	-
-	-	-	-	-	97,374
-	-	-	<u>5,088,217</u>	<u>(749,348)</u>	<u>97,374</u>
67,750,613	2,960,123	70,710,736	-	-	-
2,044,472	-	2,044,472	-	-	-
1,190,521	-	1,190,521	-	-	-
2,881,115	1,817,105	4,698,220	447,535	465,900	-
366,958	-	366,958	-	-	-
-	(137,948)	(137,948)	-	-	-
<u>1,750,165</u>	<u>(1,750,165)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>75,983,844</u>	<u>2,889,115</u>	<u>78,872,959</u>	<u>447,535</u>	<u>465,900</u>	<u>-</u>
9,520,579	(2,475,399)	7,045,180	5,535,752	(283,448)	97,374
290,893,272	236,396,897	527,290,169	95,072,446	21,095,961	2,853,612
<u>\$ 300,413,851</u>	<u>\$ 233,921,498</u>	<u>\$ 534,335,349</u>	<u>\$ 100,608,198</u>	<u>\$ 20,812,513</u>	<u>\$ 2,950,986</u>

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

	General	Infrastructure Construction	Debt Service	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 178,259,544	\$ 15,056,673	\$ 1,559,560	\$ 13,549,193	\$ 208,424,970
Receivables:					
Taxes	39,212,997	-	9,452,679	25,080,059	73,745,735
Accounts and unbilled usage	339,840	17,963	-	550,593	908,396
Special assessments	113,651	2,277,133	-	-	2,390,784
Interest	670,004	-	-	71,022	741,026
Advance to other funds	200,000	-	-	-	200,000
Due from other funds	-	19,065,298	1,065,661	21,700,415	41,831,374
Due from other governments	394,826	2,576,091	-	3,393,885	6,364,802
Inventories	126,170	-	-	-	126,170
Prepaid items	126,710	-	-	44,690	171,400
Total assets	<u>219,443,742</u>	<u>38,993,158</u>	<u>12,077,900</u>	<u>64,389,857</u>	<u>334,904,657</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	942,561	87,263	121	301,181	1,331,126
Contracts payable	16,036	2,463,919	-	327,999	2,807,954
Accrued expenditures	2,654,803	-	-	1,020,295	3,675,098
Revenues collected in advance	15,244	-	-	120,854	136,098
Deferred revenues	39,048,554	3,911,350	9,403,716	26,654,963	79,018,583
Due to other funds	123,380,982	-	-	557,743	123,938,725
Advance from other funds	-	-	-	825,015	825,015
Due to component unit	24,078,215	-	-	-	24,078,215
Due to general public	-	-	-	105,732	105,732
Due to employees	-	-	-	8,803	8,803
Due to other governments	1,033,288	-	-	160,907	1,194,195
Security deposits	507	-	-	200	707
Total liabilities	<u>191,170,190</u>	<u>6,462,532</u>	<u>9,403,837</u>	<u>30,083,692</u>	<u>237,120,251</u>
Fund balances:					
Reserved for:					
Prepaid items	126,710	-	-	44,690	171,400
Encumbrances	1,807,190	10,725,501	-	1,836,410	14,369,101
Inventories	126,170	-	-	-	126,170
Future construction	1,500,000	-	-	-	1,500,000
Advance from other funds	200,000	-	-	-	200,000
Employee retirement	-	-	-	11,668,679	11,668,679
Debt service	-	-	2,674,063	-	2,674,063
Unreserved, designated:					
Targeted fund balance	19,142,778	-	-	-	19,142,778
Unreserved, undesignated reported in:					
General fund	5,370,704	-	-	-	5,370,704
Special revenue funds	-	-	-	14,021,295	14,021,295
Capital projects funds	-	21,805,125	-	6,735,091	28,540,216
Total fund balances	<u>28,273,552</u>	<u>32,530,626</u>	<u>2,674,063</u>	<u>34,306,165</u>	<u>97,784,406</u>
Total liabilities and fund balances	<u>\$ 219,443,742</u>	<u>\$ 38,993,158</u>	<u>\$ 12,077,900</u>	<u>\$ 64,389,857</u>	<u>\$ 334,904,657</u>

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

City of Cedar Rapids, Iowa
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

Fund balances-total governmental funds		\$ 97,784,406
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 funds.		280,191,492
Other long-term assets not available to pay for current-period expenditures and, therefore, are deferred in the funds		5,697,938
Internal service funds:		
Capital assets	6,455,182	
Other current assets	2,896,827	
Internal balances	23,646,163	
Other current liabilities	(8,013,267)	
Noncurrent liabilities	(277,539)	24,707,366
Internal service funds allocated to business-type activities		665,968
Long-term liabilities, including bonds payable, are not due and payable in current period and therefore are not reported in the funds:		
Compensated absences	(4,490,679)	
Bonds payable	(103,895,774)	
Bond premium	(299,866)	
Accrued interest on long-term debt	(382,821)	
Deferred charges	435,821	(108,633,319)
Net assets of governmental activities		<u>\$ 300,413,851</u>

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

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

	General	Infrastructure Construction	Debt Service	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 38,571,531	\$ -	\$ 8,613,019	\$ 20,566,063	\$ 67,750,613
Other taxes	1,190,521	-	-	2,044,472	3,234,993
Licenses and permits	2,148,995	-	-	20,200	2,169,195
Intergovernmental	277,558	4,715,852	8	21,973,226	26,966,644
Charges for services	2,458,833	205,497	-	45,835	2,710,165
Fines and forfeits	387,960	-	-	9,062	397,022
Use of money and property	841,955	393,159	126,131	908,492	2,269,737
Rents and royalties	474,207	66,532	-	293,968	834,707
Miscellaneous	1,307,244	767,570	43,500	1,235,091	3,353,405
Total revenues	<u>47,658,804</u>	<u>6,148,610</u>	<u>8,782,658</u>	<u>47,096,409</u>	<u>109,686,481</u>
Expenditures:					
Current:					
Public safety	34,890,353	-	-	508,534	35,398,887
Public works	15,215,027	453,391	-	1,000	15,669,418
Culture and recreation	10,075,599	-	-	1,737,259	11,812,858
Community and economic development	3,165,090	-	-	14,452,610	17,617,700
General government	7,114,479	-	694	337,892	7,453,065
Debt service:					
Principal	-	-	10,314,806	-	10,314,806
Interest	-	-	4,870,749	-	4,870,749
Bond issuance costs	-	34,129	-	1,890	36,019
Capital outlay	1,304,341	12,879,291	-	4,048,717	18,232,349
Total expenditures	<u>71,764,889</u>	<u>13,366,811</u>	<u>15,186,249</u>	<u>21,087,902</u>	<u>121,405,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,106,085)</u>	<u>(7,218,201)</u>	<u>(6,403,591)</u>	<u>26,008,507</u>	<u>(11,719,370)</u>
Other Financing Sources (Uses):					
Long-term debt issued	-	16,160,000	-	895,000	17,055,000
Discount on bonds issued	-	(94,867)	-	(4,323)	(99,190)
Settlement reimbursement	246	-	-	-	246
Sale of capital assets	85,864	250	-	308,098	394,212
Reimbursement of escrow	-	-	7,150	-	7,150
Transfers in	26,265,719	1,984,275	6,052,612	2,349,128	36,651,734
Transfers (out)	(423,649)	(1,065,257)	-	(32,878,577)	(34,367,483)
Total other financing sources (uses)	<u>25,928,180</u>	<u>16,984,401</u>	<u>6,059,762</u>	<u>(29,330,674)</u>	<u>19,641,669</u>
Net change in fund balances	1,822,095	9,766,200	(343,829)	(3,322,167)	7,922,299
Fund balances - July 1, 2004	26,451,457	22,764,426	3,017,892	37,628,332	89,862,107
Fund balances - June 30, 2005	<u>\$ 28,273,552</u>	<u>\$ 32,530,626</u>	<u>\$ 2,674,063</u>	<u>\$ 34,306,165</u>	<u>\$ 97,784,406</u>

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

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

Net change in fund balances-total governmental funds \$ 7,922,299

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

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	18,232,349	
Contributions of capital assets	3,549,014	
Depreciation expense	<u>(12,744,047)</u>	9,037,316

Governmental funds reported proceeds from sale of capital assets	(394,212)
Gain on sale of capital assets	366,958

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(806,090)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Payments of bond principal	10,314,806	
Issuance of debt	(17,055,000)	
Accrued interest	(5,650)	
Discount on bonds issued	99,190	
Bond issuance costs	36,019	
Amortization on premium	27,790	
Amortization on discount	(22,232)	(6,605,077)

Expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	126,269
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Internal service funds net change reported in governmental activities	(126,884)
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Change in net assets - governmental activities	<u>\$ 9,520,579</u>
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The notes to the financial statements are an integral part of this statement.



CEDAR RAPIDS

City of Five Seasons

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

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Water Pollution Control	Sanitary Sewer	Other		
ASSETS						
Current assets:						
Cash and investments	\$ 6,788,061	\$ 75	\$ 6,763,189	\$ 550,232	\$ 14,101,557	\$ 1,508,142
Receivables:						
Taxes	-	-	-	3,000,299	3,000,299	-
Accounts and unbilled usage, net						
\$402,666 of allowance for doubtful accounts	2,207,962	3,169,801	225,178	1,782,896	7,385,837	207,136
Interest	-	-	-	282	282	7,809
Due from other funds	12,968,628	16,845,975	6,309,353	20,424,220	56,548,176	22,821,148
Advance to other funds	-	-	-	-	-	825,015
Due from other governments	-	47,999	4,356	589,609	641,964	21,764
Inventories	672,183	-	-	477,647	1,149,830	202,053
Prepaid items	37,158	-	-	69,819	106,977	949,923
Deferred charges	316,092	97,987	85,860	22,423	522,362	-
Restricted Assets:						
Due from other funds	-	-	-	3,178,096	3,178,096	-
Total current assets	22,990,084	20,161,837	13,387,936	30,095,523	86,635,380	26,542,990
Noncurrent assets:						
Land	437,328	726,865	322,105	9,507,092	10,993,390	1,016,663
Buildings and structures	54,319,693	98,036,067	-	57,505,369	209,861,129	7,410,772
Improvements other than buildings	93,934,951	40,101,046	83,373,961	18,411,913	235,821,871	1,092,787
Machinery and equipment	4,697,029	4,551,274	2,973,905	24,786,953	37,009,161	638,601
Accumulated depreciation	(47,564,803)	(66,962,322)	(34,398,165)	(50,858,278)	(199,783,568)	(3,763,048)
Construction in progress	1,300,676	6,015,712	28,833	7,386,245	14,731,466	59,407
Total noncurrent assets	107,124,874	82,468,642	52,300,639	66,739,294	308,633,449	6,455,182
Total assets	130,114,958	102,630,479	65,688,575	96,834,817	395,268,829	32,998,172
LIABILITIES						
Current liabilities:						
Vouchers payable	343,028	309,614	63,240	914,846	1,630,728	1,196,499
Claims and judgements payable	-	-	-	-	-	6,518,000
Contracts payable	807,877	1,280,965	527,291	106,991	2,723,124	12,157
Accrued expenses	325,620	234,704	69,073	582,217	1,211,614	84,098
Compensated absences	387,281	252,231	52,459	441,108	1,133,079	90,951
Revenues collected in advance	-	-	-	72,028	72,028	18,999
Deferred revenues	-	-	-	3,536,490	3,536,490	-
Due to other funds	-	-	-	440,069	440,069	-
Due to other governments	71,667	47,665	-	177,686	297,018	-
Advance from other funds	-	-	-	200,000	200,000	-
Security deposits	203,217	-	-	8,500	211,717	-
General obligation bonds payable	5,194,400	2,891,000	2,032,000	648,000	10,765,400	90,000
Unamortized bond premium	38,525	22,828	9,576	912	71,841	1,063
Matured bonds interest payable	221,465	180,720	87,103	55,242	544,530	1,500
Total current liabilities	7,593,080	5,219,727	2,840,742	7,184,089	22,837,638	8,013,267
Noncurrent liabilities:						
General obligation bonds payable	59,712,200	42,973,150	19,818,900	11,311,526	133,815,776	270,000
Unamortized bond premium	356,739	252,963	59,158	12,561	681,421	3,189
Compensated absences	115,112	44,880	6,145	2,295	168,432	4,350
Liabilities payable from restricted assets:						
Closure/post closure landfill	-	-	-	3,178,096	3,178,096	-
Total noncurrent liabilities	60,184,051	43,270,993	19,884,203	14,504,478	137,843,725	277,539
Total liabilities	67,777,131	48,490,720	22,724,945	21,688,567	160,681,363	8,290,806
NET ASSETS						
Invested in capital assets, net of related debt	42,139,102	36,426,688	30,466,865	54,788,718	163,821,373	6,455,182
Unrestricted	20,198,725	17,713,071	12,496,765	20,357,532	70,766,093	18,252,184
	\$ 62,337,827	\$ 54,139,759	\$ 42,963,630	\$ 75,146,250	\$ 234,587,466	\$ 24,707,366
Total enterprise fund net assets					\$ 234,587,466	
Amounts reported for business-type activities in the statement of net assets are different due to:						
Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets						
					(665,968)	
					\$ 233,921,498	

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

City of Cedar Rapids, 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		
	Water	Water Pollution Control	Sanitary Sewer
Operating revenues:			
Charges for services	\$ 19,312,792	\$ 17,589,199	\$ 6,185,621
Fines and forfeits	-	-	-
Use of money and property	61,062	2,083	-
Rents and royalties	29,618	8,189	-
Miscellaneous	659,350	15,368	25,740
Total operating revenues	<u>20,062,822</u>	<u>17,614,839</u>	<u>6,211,361</u>
Operating expenses:			
Personal services	7,075,338	5,085,288	1,489,287
Purchased services	3,980,144	4,314,280	258,073
Supplies and materials	2,226,369	2,911,608	279,737
Other	336,172	59,438	201,222
Depreciation	3,843,914	6,557,692	1,872,391
Total operating expenses	<u>17,461,937</u>	<u>18,928,306</u>	<u>4,100,710</u>
Operating income (loss)	<u>2,600,885</u>	<u>(1,313,467)</u>	<u>2,110,651</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Investment earnings	537,061	415,060	318,307
Property tax revenue	-	-	-
Gain (loss) on sale of capital assets	2,769	2,628	(1,619)
Interest expense	(2,755,995)	(2,249,724)	(1,117,782)
Total nonoperating revenue (expenses)	<u>(2,216,165)</u>	<u>(1,832,036)</u>	<u>(801,094)</u>
Capital contributions	<u>764,221</u>	<u>-</u>	<u>962,370</u>
Income (loss) before transfers and special items	1,148,941	(3,145,503)	2,271,927
Special items:			
Water retirement employee payouts	(137,948)	-	-
Transfers:			
Transfers in	-	-	87,766
Transfers out	(343,036)	(408,886)	(158,055)
Change in net assets	667,957	(3,554,389)	2,201,638
Total net assets, beginning	61,669,870	57,694,148	40,761,992
Total net assets, ending	<u>\$ 62,337,827</u>	<u>\$ 54,139,759</u>	<u>\$ 42,963,630</u>

Net changes in net assets in enterprise funds

Internal service funds are used by management to charge various costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities

Change in net assets of business-type activities

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

<u>Other</u>	<u>Total</u>	Governmental Activities - Internal Service Funds
\$ 13,274,770	\$ 56,362,382	\$ 15,904,152
388,978	388,978	-
6,205	69,350	-
2,640,435	2,678,242	1,319,628
1,242,964	1,943,422	41,566
<u>17,553,352</u>	<u>61,442,374</u>	<u>17,265,346</u>
11,125,938	24,775,851	2,209,846
5,371,252	13,923,749	13,623,236
2,492,616	7,910,330	123,711
821,813	1,418,645	843,450
4,593,249	16,867,246	555,616
<u>24,404,868</u>	<u>64,895,821</u>	<u>17,355,859</u>
(6,851,516)	(3,453,447)	(90,513)
2,167,720	2,167,720	-
546,677	1,817,105	617,941
2,960,123	2,960,123	-
36,463	40,241	-
(694,853)	(6,818,354)	(21,062)
<u>5,016,130</u>	<u>166,835</u>	<u>596,879</u>
861,448	2,588,039	12,123
(973,938)	(698,573)	518,489
-	(137,948)	-
1,240,101	1,327,867	131,523
(2,168,055)	(3,078,032)	(665,609)
(1,901,892)	(2,586,686)	(15,597)
77,048,142	237,174,152	24,722,963
<u>\$ 75,146,250</u>	<u>\$ 234,587,466</u>	<u>\$ 24,707,366</u>
	(2,586,686)	
	111,287	
	<u>\$ (2,475,399)</u>	

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

	Business-type Activities - Enterprise Funds				Total	Governmental
	Water	Water Pollution Control	Sanitary Sewer	Other		Activities - Internal Service Funds
Cash flows from operating activities:						
Cash received from users	\$ 19,887,528	\$ 17,217,053	\$ 6,215,471	\$ 16,554,443	\$ 59,874,495	\$ 17,333,538
Cash paid to employees	(7,055,072)	(5,087,927)	(1,491,491)	(11,536,374)	(25,170,864)	(2,177,379)
Cash paid to suppliers	(6,653,969)	(7,537,717)	(787,248)	(8,630,461)	(23,609,395)	(14,558,720)
Net cash flows from operating activities	<u>6,178,487</u>	<u>4,591,409</u>	<u>3,936,732</u>	<u>(3,612,392)</u>	<u>11,094,236</u>	<u>597,439</u>
Cash flows from non-capital financing activities:						
Borrowing from other funds	9,060,274	5,731,546	2,560,654	6,752,279	24,104,753	1,067,424
Loans to other funds	(6,051,200)	(4,439,823)	(3,193,956)	(6,700,821)	(20,385,800)	(2,039,402)
Intergovernmental	-	-	-	2,167,720	2,167,720	-
Transfers in	-	-	87,766	1,240,101	1,327,867	131,523
Transfers out	(343,036)	(408,886)	(158,055)	(2,168,055)	(3,078,032)	(665,609)
Employee annuity payment	(2,306,615)	-	-	-	(2,306,615)	-
Property taxes	-	-	-	3,363,132	3,363,132	-
Net cash flows from non-capital financing activities	<u>359,423</u>	<u>882,837</u>	<u>(703,591)</u>	<u>4,654,356</u>	<u>5,193,025</u>	<u>(1,506,064)</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(3,803,475)	(6,007,486)	(3,630,366)	(2,017,948)	(15,459,275)	(351,760)
Proceeds from disposition of property and equipment	4,772	2,628	1,586	44,951	53,937	-
Capital contributions	-	-	-	861,448	861,448	12,123
General obligation bonds issued	8,080,000	2,525,000	1,895,000	-	12,500,000	-
Discount on bonds	(20,685)	(6,464)	(4,852)	-	(32,001)	-
Principal paid	(5,312,408)	(2,840,050)	(2,128,786)	(833,000)	(11,114,244)	(90,000)
Issuance costs on issue	(17,065)	(5,332)	(4,002)	-	(26,399)	-
Interest paid	(2,754,777)	(2,265,657)	(1,119,190)	(698,579)	(6,838,203)	(22,499)
Net cash flows from capital and related financing activities	<u>(3,823,638)</u>	<u>(8,597,361)</u>	<u>(4,990,610)</u>	<u>(2,643,128)</u>	<u>(20,054,737)</u>	<u>(452,136)</u>
Cash flows from investing activities:						
Interest on investments	552,677	415,060	318,307	546,699	1,832,743	621,796
Net increase (decrease) in cash and cash equivalents	3,266,949	(2,708,055)	(1,439,162)	(1,054,465)	(1,934,733)	(738,965)
Cash and cash equivalents, July 1, 2004	3,521,112	2,708,130	8,202,351	1,604,697	16,036,290	2,247,107
Cash and cash equivalents, June 30, 2005	<u>\$ 6,788,061</u>	<u>\$ 75</u>	<u>\$ 6,763,189</u>	<u>\$ 550,232</u>	<u>\$ 14,101,557</u>	<u>\$ 1,508,142</u>
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	\$ 2,600,885	\$ (1,313,467)	\$ 2,110,651	\$ (6,851,516)	\$ (3,453,447)	(90,513)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	3,843,914	6,557,692	1,872,391	4,593,249	16,867,246	555,616
Change in assets and liabilities:						
(Increase) decrease in prepaid items	3	23,783	1,000	27,717	52,503	(23,047)
Increase (decrease) in vouchers payable	(100,127)	(276,174)	(49,216)	(15,522)	(441,039)	148,088
Increase (decrease) in accrued expenses	21,574	12,874	5,036	(401,786)	(362,302)	3,787
Increase (decrease) in compensated absences	(1,308)	(15,513)	(7,240)	(7,031)	(31,092)	28,681
(Increase) decrease in accounts receivable	(428,745)	(400,959)	4,160	(199,101)	(1,024,645)	88,233
(Increase) (decrease) in inventories	(11,160)	-	-	43,025	31,865	(21,365)
(Increase) decrease in due from other governments	53,918	111	-	(333,946)	(279,917)	(2,473)
Increase (decrease) due to other governments	68,433	3,062	-	(18,508)	52,987	-
(Decrease) in revenues collected in advance	(231)	-	-	(437,763)	(437,994)	(17,568)
(Decrease) in employee uniform deposits	-	-	-	(1,619)	(1,619)	-
Increase (decrease) in security deposit	131,331	-	(50)	(11,292)	119,989	-
Increase in deferred revenue	-	-	-	1,701	1,701	-
(Decrease) in open claims payable	-	-	-	-	-	(72,000)
Net cash flows from operating activities	<u>\$ 6,178,487</u>	<u>\$ 4,591,409</u>	<u>\$ 3,936,732</u>	<u>\$ (3,612,392)</u>	<u>\$ 11,094,236</u>	<u>\$ 597,439</u>
Schedule of noncash capital and related financing activities:						
Acquisition of capital assets through contracts payable	\$ 221,148	\$ 592,010	\$ 333,030	\$ (199,580)	\$ 946,608	\$ 12,157
Acquisition of capital assets through private contributions	\$ 764,221	\$ -	\$ 962,370	\$ -	\$ 1,726,591	\$ -

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

**City of Cedar Rapids, Iowa
Statement of Assets and Liabilities
Agency Funds
June 30, 2005**

	Agency Funds
ASSETS	
Accounts and unbilled usage	109
Due from other governments	760,550
Total assets	\$ 760,659
 LIABILITIES	
Vouchers payable	2,604
Due to other governments	401,462
Security deposits	356,593
Total liabilities	\$ 760,659

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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Cedar Rapids, incorporated in 1856, operates under the commission form of government. The City provides a broad range of service to its citizens, including general government, public safety, street cleaning and maintenance, cultural, and park facilities. It also operates a parking system, a mass transportation system, water, sewer and other sanitation utilities, several recreational, convention and entertainment oriented facilities, and through its component units, an airport and solid waste disposal facilities.

The accompanying financial statements present the City and its component units. Component units, although legally separate entities, are, in substance, part of the City's operations. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The Eastern Iowa Airport and Cedar Rapids/Linn County Solid Waste Agency have a June 30 year end and the Cedar Rapids Public Library Foundation has a year end of December 31. They are as follows:

1. The Eastern Iowa Airport and related parking is operated by the Cedar Rapids Airport Commission. The Commission has all the powers granted to the City except for the authority to sell the airport. The Mayor appoints the members of the Airport Commission with City Council approval. The City also approves its operating budget. The Eastern Iowa Airport does not publish its own annual financial report.
2. The Cedar Rapids/Linn County Solid Waste Agency(CRLCSWA) is the result of a 28E agreement as provided under the Code of Iowa. CRLCSWA disposes of solid wastes into the combined City/County landfills in an integrated manner for the public benefit. The City of Cedar Rapids has the authority to appoint the majority of CRLCSWA's board of directors, and is able to impose its will on CRLCSWA's operations. CRLCSWA publishes it own annual financial report, which is available at their office 6301 Kirkwood Blvd. S.W., P.O. Box 2068, Cedar Rapids, Iowa 52406 upon request. Further reference regarding the City's on going financial interest as a result of this agreement can be found in Note 14 Closure and Postclosure Care Cost.
3. The Cedar Rapids Public Library Foundation is a nonprofit corporation organized under the laws of the State of Iowa for the purpose of providing resources to be used for the benefit of the Cedar Rapids Public Library. The Foundation publishes its own annual financial report, using the not-for-profit reporting model, which is available at their office 500 1st Street S.E., Cedar Rapids, Iowa 52401.

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 non-fiduciary activities of the City 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 services. Likewise, the City is reported separately from component units.

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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column within the governmental and proprietary funds in the financial section of the basic financial statements and are detailed in the supplemental information.

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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 judgements, are recorded only when payment is due (matured).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

Substantially all shared revenues are recorded when the underlying exchange transaction has occurred. For governmental funds revenue from grant revenues is recorded as deferred revenue until they become available.

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. Income from accounts receivables and unbilled usage is recognized when earned. Licenses and permits, fines and forfeits, fees and refunds, charges for services (other than enterprise), miscellaneous and other revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Special assessment receivables are recorded at the time of their levy. The related revenue is recognized at the time it is due in the governmental funds and when levied for government-wide statements.

All other revenue items are considered to be measurable and available only when cash is received by the City.

The City of Cedar Rapids reports the following major governmental funds:

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

General Fund

The General Fund accounts for all the financial resources of the City, except for those required to be accounted for by other funds. The revenues of the General Fund are primarily derived from general property taxes, charges for services, fines and forfeitures, licenses and permits, and certain revenues from state and federal sources. The expenditures of the General Fund primarily relate to general administration, police and fire protection, streets and public buildings operation and maintenance, and parks and recreation oriented activities.

Infrastructure Construction Fund

The Infrastructure Construction Fund (a capital project fund) accounts for the construction or replacement of City infrastructure fixed assets such as streets, bridges, dams, sidewalks, and storm sewers.

Debt Service Fund

The Debt service fund accounts for the accumulation of resources for, and the payment of, long-term and special debt principal, interest, and related costs.

The City reports the following major enterprise funds:

Water Fund

The Water Fund accounts for the operation and maintenance of the City's water system.

Water Pollution Control Fund

The Water Pollution Control Fund accounts for the operation and maintenance of the City's water pollution control facility. This facility also provides services to the cities of Hiawatha, Marion, and Robins, Iowa for fees based on usage.

Sanitary Sewer Fund

The Sanitary Sewer Fund accounts for the operation and maintenance of the City's sanitary sewer system.

Additionally, the City reports the following fund types:

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Special revenue funds account for revenues derived from specific sources, which are required to be accounted for as separate funds.

The Other Construction Fund (a capital project fund) accounts for the construction or replacement of City capital assets such as parks, police, and fire facilities and equipment.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for others and cannot be used to support the City's own programs. The City's fiduciary funds consists of:

Agency funds, which are custodial in nature, report on assets and liabilities and do not involve measurement of the results of operations.

Other enterprise funds account for operations and activities that are financed and operated in a manner similar to a private business enterprise, and where the costs of providing goods or services to the general public on a continuing basis are expected to be financed or recovered primarily through user charges, or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has seven funds classified as other enterprise funds and they

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

are as follows: Ground Transportation System, Parking System, Solid Waste Management, Golf, U.S. Cellular Center, Paramount Theatre, and Ice Arena.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide and enterprise 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 government wide and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

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, including special assessments. 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 non-operating 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 proprietary funds are user fees and charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

Cash Management and Investments

The City maintains one primary demand deposit account through which the majority of the City's cash resources are processed.

Substantially all City investment activity is transacted by the City in an investment pool of the General Fund, except for those funds required to maintain their investments separately. The earnings on the pooled investments are allocated to the funds on a systematic basis. Investments are stated at fair value.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The City invests in the Iowa Public Agency Investment Trust, which is a 2a7 – like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa code law and is administered by an

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits.

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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes receivable are recognized at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. All City property taxes must be certified to the Linn County Auditor on or before the fifteenth day of March of each year for the upcoming fiscal year, which runs from July 1 to June 30. The county auditor is then required to place these City taxes upon the tax list. This levying of property taxes procedurally occurs during June prior to the fiscal year for which the taxes are to be collected. The property taxes actually become an enforceable lien against the property when the budget is certified.

Property taxes levied by the Linn County Auditor for the year ended June 30, 2005, were due by July 1, 2004, with the first half installment being delinquent after September 30, 2004, and the second half installment being delinquent after March 31, 2005. Any collections remitted to the City within sixty days subsequent to year-end are recorded as property tax revenue. The current tax receivable represents the 2005 levy certified on March 15, 2005, based on 2004 assessed valuations. As the levy is intended for use in the 2006 fiscal year, the revenue has been recorded as deferred revenue.

Inventories and prepaid items

Inventories are recognized only in those funds in which they are material to the extent of affecting operations. All inventories are carried at lower of cost or market (first-in, first-out). The consumption method of accounting is applied to the governmental fund type inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Assets within the individual funds, which can be designated by the City Council for any use within the fund's purpose are considered to be unrestricted assets. Assets, which are restricted for specific uses by bonded debt requirements, grant provisions, or other requirements are classified as restricted assets. Liabilities which are payable from restricted assets, are classified as such.

Capital Assets

Capital assets, which include land, buildings and structures, improvements other than buildings, which includes infrastructure, construction in progress, and machinery and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair 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 assets 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. During the year ended June 30, 2005, no interest expense was added to the cost of assets acquired in the business-type activities.

Buildings, improvements other than buildings, and machinery and equipment of the primary government, as well as component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings and structures	20 to 50 years
Improvements other than buildings	5 to 100 years
Machinery and equipment	3 to 20 years

Collections such as library books, are held for public exhibition, education, or research in the furtherance of public service rather than financial gain, protected, kept unencumbered, cared for, and preserved, and are subject to an organizational policy that requires the proceeds from sales of collections to be used to acquire other items for collections or access to the collections and therefore are not capitalized.

Compensated Absences

All full-time employees accumulate compensated absence and sick leave hours for subsequent use or for payment annually and/or upon termination, death, or retirement. Compensated absence benefits vest when earned. Sick leave accumulations consist of a vesting and non-vested portion.

The non-vested portion of sick leave benefits, which are not included within these financial statements, at June 30, 2005, are as follows:

Governmental	\$ 12,827,947
Business-type	<u>3,955,940</u>
Subtotal	16,783,887
Component Units	<u>593,870</u>
Total	<u>\$ 17,377,757</u>

For governmental funds, the current portion of unpaid compensated absences is the amount that is due. The amount of the liability not considered due is not reported in the fund financial statements. However, the entire compensated absence liability is reported on the government-wide financial statements.

Long-term obligations

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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Except for property taxes, which is not budgeted for in the current year, unavailable revenue is recognized for governmental activities in the government-wide statement. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Budgetary Control, Compliance, and Appropriation Data

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules-Perspective Differences, the City presents budgetary comparison schedules as required supplementary information based on the program structure of ten functional areas as required by state statute for its legally adopted budget.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 2: Internal and Component Unit Balances, Receivables and Payables

Fund receivables and payables at June 30, 2005, were:

	<u>Receivables</u>	<u>Payables</u>
Due to/from other funds:		
Governmental:		
General Fund	\$ -	\$ 123,380,982
Infrastructure Construction Fund	19,065,298	-
Debt Service Fund	1,065,661	-
Nonmajor Funds	21,700,415	557,743
Internal Service Funds	<u>22,821,148</u>	<u>-</u>
Total Governmental	<u>64,652,522</u>	<u>123,938,725</u>
Business-type:		
Water	12,968,628	-
Water Pollution Control	16,845,975	-
Sanitary Sewer	6,309,353	-
Other Business-Type Funds	<u>23,602,316</u>	<u>440,069</u>
Total unrestricted	<u>59,726,272</u>	<u>440,069</u>
Total due to/from other funds	<u>\$ 124,378,794</u>	<u>\$ 124,378,794</u>

	<u>Advances to</u>	<u>Advances from</u>
Governmental:		
Internal Service Funds	\$ 825,015	\$ -
General Fund	200,000	-
Nonmajor Funds	<u>-</u>	<u>825,015</u>
Total Governmental	<u>1,025,015</u>	<u>825,015</u>
Business-type:		
Other Business-Type Funds	<u>\$ -</u>	<u>200,000</u>
Total advance to/from other funds	<u>\$ 1,025,015</u>	<u>\$ 1,025,015</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) the cash and investment pool.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Primary government and component unit Receivables and Payables:

	<u>Receivables</u>	<u>Payables</u>
Governmental:		
General	\$ -	\$ 24,078,215
Component Unit:		
Airport - Unrestricted	17,815,874	-
Airport - Restricted	6,262,341	-
Cedar Rapids Public Library Foundation	-	89,350
Total primary government and component unit	<u>\$ 24,078,215</u>	<u>\$ 24,167,565</u>

The different fiscal year-end of the Cedar Rapids Public Library Foundation result in different amounts being reported as due from/to the discretely presented component unit. Therefore, \$89,350 due from component unit was received prior to year-end. These balances resulted primarily from the cash and investment pool policies.

Note 3: Fund Transfer Reconciliation

Transfers in and out for the year ended June 30, 2005, were:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental:		
General Fund	\$ 26,265,719	\$ 423,649
Infrastructure Construction Fund	1,984,275	1,065,257
Debt Service	6,052,612	-
Nonmajor Funds	2,349,128	32,878,577
Internal Service Funds	131,523	665,609
Total Governmental	<u>36,783,257</u>	<u>35,033,092</u>
Business-type:		
Water	-	343,036
Water Pollution Control	-	408,886
Sanitary Sewer	87,766	158,055
Other Business-Type Funds	1,240,101	2,168,055
Total Business-Type	<u>1,327,867</u>	<u>3,078,032</u>
Total	<u>\$ 38,111,124</u>	<u>\$ 38,111,124</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 receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 4: Self-Supported Municipal Improvement District

During the year ended June 30, 1988, the City established the Downtown Cedar Rapids Self-Supported Municipal Improvement District (SSMID) pursuant to the provisions of Chapter 386, Code of Iowa (the Act). By establishing SSMID, the City may certify taxes against the property within the district each year, in addition to all other taxes, commencing with the levy of taxes for collection in the fiscal year beginning July 1, 1987, and continuing for 19 additional years. The levy is for the purpose of paying expenses of the District as are authorized by the Act, including, but not limited to, the administrative expenses of the District and part or all of the maintenance expenses of improvements or self-liquidating improvements, as defined in the Act, for a period of 20 years. Even though the boundaries of SSMID overlap the Tax Incremental Financing District, as amended, they are not co-terminus.

The amount of property taxes received for SSMID during the year ended June 30, 2005, between the district overlapping the Tax Incremental Financing District (TIF) and the district associated only to SSMID were as follows:

SSMID only	\$ 416,157
SSMID within TIF	<u>152,229</u>
	<u><u>\$ 568,386</u></u>

State law requires the City to receipt property taxes into the TIF special revenue fund when the SSMID and TIF boundaries overlap. The City then transfers the respective property taxes out of TIF into SSMID.

Note 5: Construction Commitments

The total outstanding construction commitments of the City at June 30, 2005 amounts to \$25,166,130. Of these commitments, approximately \$3,060,812 will be funded by federal and state grants. The total outstanding construction commitments of the Airport, a component unit, at June 30, 2005 amounts to \$5,383,740. Of these commitments, approximately \$4,306,992 will be funded by federal and state grants.

Note 6: Cash and Investments

Investments. Chapter 12B.10 of the Code of Iowa allows the City to invest in U.S. Treasury Bills, Notes, and Bonds; state and local government securities; collateralized prime, bankers acceptances; real estate and real estate mortgages; and collateralized commercial paper rated in the two highest prime classifications by at least one of the standard rating services approved by the Superintendent of Banking; perfected repurchase agreements; or in time deposits as provided by Chapter 12B.10. Common, preferred, or guaranteed stocks are an exception for public funds investment.

As of June 30, 2005, the City had the following investments with the following maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Total
Investment Type:						
U.S. Treasuries	\$ 32,759,063	\$ 27,817,188	\$ 4,941,875	\$ -	\$ -	\$ 32,759,063
U.S. Agencies	34,021,075	34,021,075	-	-	-	34,021,075
GNMA'S	6,275,494	376	3,682	3,474	6,267,962	6,275,494
IPAIT	<u>17,427,943</u>	<u>17,427,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,427,943</u>
Total	<u><u>\$ 90,483,575</u></u>	<u><u>\$ 79,266,582</u></u>	<u><u>\$ 4,945,557</u></u>	<u><u>\$ 3,474</u></u>	<u><u>\$ 6,267,962</u></u>	<u><u>\$ 90,483,575</u></u>

CITY OF CEDAR RAPIDS, IOWA
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Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy states that aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2005, the City had the following ratings:

	Moody's	Standard & Poor's
Investment Type:		
U.S. Agencies	AAA	AAA

All other investments types are not rated or not required to be rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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's are not subject to custodial credit risk as of June 30, 2005.

Deposits. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2005, the City's deposits were entirely insured by federal depository insurance or insured by the state through pooled collateral, state sinking funds, and by the state's ability to assess for lost funds.

The City also maintains petty cash accounts in various funds. The total amount of petty cash is \$22,820.

Concentration of Credit Risk: The City's investment policy seeks diversification to reduce overall portfolio risk. The City's investment policy limits holding of securities by single issuer to no more than 5% of the investment portfolio.

The Cedar Rapids Public Library Foundation reports using the not-for-profit model, therefore, GASB Statements No. 3 and No. 41 are not applicable.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 7: Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 19,862,096	\$ 1,010,819	\$ -	\$ 20,872,915
Construction in progress	9,816,143	2,704,621	(8,979,696)	3,541,068
Total capital assets, not being depreciated	<u>29,678,239</u>	<u>3,715,440</u>	<u>(8,979,696)</u>	<u>24,413,983</u>
Capital assets, being depreciated:				
Buildings	63,854,307	3,157,655	-	67,011,962
Improvements other than buildings	260,206,215	20,190,518	-	280,396,733
Machinery and equipment	32,197,827	4,061,363	(1,131,497)	35,127,693
Total capital assets being depreciated	<u>356,258,349</u>	<u>27,409,536</u>	<u>(1,131,497)</u>	<u>382,536,388</u>
Less accumulated depreciation for:				
Buildings	(18,650,084)	(1,818,374)	-	(20,468,458)
Improvements other than buildings	(69,204,304)	(9,141,090)	-	(78,345,394)
Machinery and equipment	(20,253,889)	(2,340,199)	1,104,243	(21,489,845)
Total accumulated depreciation	<u>(108,108,277)</u>	<u>(13,299,663)</u>	<u>1,104,243</u>	<u>(120,303,697)</u>
Total capital assets, being depreciated, net	<u>248,150,072</u>	<u>14,109,874</u>	<u>(27,254)</u>	<u>262,232,692</u>
Governmental activities capital assets, net	<u>\$ 277,828,311</u>	<u>\$ 17,825,313</u>	<u>\$ (9,006,950)</u>	<u>\$ 286,646,674</u>

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

Governmental activities:	
Public safety	\$ 1,197,597
Public works	8,193,302
Culture and recreation	2,152,508
Community and economic development	119,517
General government	1,081,123
Internal service funds	555,616
Total depreciation expense - governmental activities	<u>\$ 13,299,663</u>

CITY OF CEDAR RAPIDS, IOWA
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 10,794,530	\$ 198,860	\$ -	\$ 10,993,390
Construction in progress	<u>8,891,891</u>	<u>7,545,189</u>	<u>(1,705,614)</u>	<u>14,731,466</u>
Total capital assets, not being depreciated	<u>19,686,421</u>	<u>7,744,049</u>	<u>(1,705,614)</u>	<u>25,724,856</u>
Capital assets, being depreciated:				
Buildings	209,369,635	491,494	-	209,861,129
Improvements other than buildings	225,869,480	9,952,391	-	235,821,871
Machinery and equipment	<u>35,732,363</u>	<u>1,650,154</u>	<u>(373,356)</u>	<u>37,009,161</u>
Total capital assets being depreciated	<u>470,971,478</u>	<u>12,094,039</u>	<u>(373,356)</u>	<u>482,692,161</u>
Less accumulated depreciation for:				
Buildings	(93,699,377)	(6,635,167)	-	(100,334,544)
Improvements other than buildings	(66,587,909)	(7,733,015)	-	(74,320,924)
Machinery and equipment	<u>(22,988,696)</u>	<u>(2,499,064)</u>	<u>359,660</u>	<u>(25,128,100)</u>
Total accumulated depreciation	<u>(183,275,982)</u>	<u>(16,867,246)</u>	<u>359,660</u>	<u>(199,783,568)</u>
Total capital assets, being depreciated, net	<u>287,695,496</u>	<u>(4,773,207)</u>	<u>(13,696)</u>	<u>282,908,593</u>
Business-type activities capital assets, net	<u>\$ 307,381,917</u>	<u>\$ 2,970,842</u>	<u>\$ (1,719,310)</u>	<u>\$ 308,633,449</u>

Business-type activities:

Water	\$ 3,843,914
Water Pollution Control	6,557,692
Sanitary Sewer	1,872,391
Other Business-Type Funds	<u>4,593,249</u>
Total depreciation expense - business-type activities	<u>\$ 16,867,246</u>

Activity for the Airport for the year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit: Airport				
Capital assets, not being depreciated:				
Land	\$ 8,832,230	\$ -	\$ -	\$ 8,832,230
Construction in progress	<u>17,542,418</u>	<u>2,608,668</u>	<u>(12,892,475)</u>	<u>7,258,611</u>
Total capital assets, not being depreciated	<u>26,374,648</u>	<u>2,608,668</u>	<u>(12,892,475)</u>	<u>16,090,841</u>
Capital assets, being depreciated:				
Buildings	55,351,904	5,540,756	-	60,892,660
Improvements other than buildings	40,164,474	9,102,324	-	49,266,798
Machinery and equipment	<u>3,472,712</u>	<u>63,998</u>	<u>(26,300)</u>	<u>3,510,410</u>
Total capital assets being depreciated	<u>98,989,090</u>	<u>14,707,078</u>	<u>(26,300)</u>	<u>113,669,868</u>
Less accumulated depreciation for:				
Buildings	(16,910,530)	(1,482,239)	-	(18,392,769)
Improvements other than buildings	(22,079,223)	(2,162,647)	-	(24,241,870)
Machinery and equipment	<u>(2,118,992)</u>	<u>(243,485)</u>	<u>18,786</u>	<u>(2,343,691)</u>
Total accumulated depreciation	<u>(41,108,745)</u>	<u>(3,888,370)</u>	<u>18,786</u>	<u>(44,978,330)</u>
Total capital assets, being depreciated, net	<u>57,880,345</u>	<u>10,818,707</u>	<u>(7,514)</u>	<u>68,691,540</u>
Airport capital assets, net	<u>\$ 84,254,993</u>	<u>\$ 13,427,375</u>	<u>\$ (12,899,989)</u>	<u>\$ 84,782,379</u>

CITY OF CEDAR RAPIDS, IOWA
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Activity for Cedar Rapids/Linn County Solid Waste Agency for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: CRLCSWA				
Capital assets, not being depreciated:				
Land	\$ 2,812,801	\$ 853,489	\$ -	\$ 3,666,290
Construction in progress	8,860	-	(8,860)	-
Total capital assets, not being depreciated	<u>2,821,661</u>	<u>853,489</u>	<u>(8,860)</u>	<u>3,666,290</u>
Capital assets, being depreciated:				
Buildings	1,225,699	-	-	1,225,699
Improvements other than buildings	4,292,316	-	-	4,292,316
Machinery and equipment	6,652,406	389,408	(292,354)	6,749,460
Total capital assets being depreciated	<u>12,170,421</u>	<u>389,408</u>	<u>(292,354)</u>	<u>12,267,475</u>
Less accumulated depreciation for:				
Buildings	(484,810)	(55,650)	-	(540,460)
Improvements other than buildings	(2,012,309)	(476,167)	-	(2,488,476)
Machinery and equipment	(4,112,179)	(787,121)	151,452	(4,747,848)
Total accumulated depreciation	<u>(6,609,298)</u>	<u>(1,318,938)</u>	<u>151,452</u>	<u>(7,776,784)</u>
Total capital assets, being depreciated, net	<u>5,561,123</u>	<u>(929,530)</u>	<u>(140,902)</u>	<u>4,490,691</u>
CRLCSWA capital assets, net	<u>\$ 8,382,784</u>	<u>\$ (76,041)</u>	<u>\$ (149,762)</u>	<u>\$ 8,156,981</u>

Activity for Cedar Rapids Public Library Foundation for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: Cedar Rapids Library Foundation				
Capital assets, being depreciated:				
Machinery and equipment	\$ 3,216	\$ -	\$ -	\$ 3,216
Accumulated depreciation	(2,787)	(224)	-	(3,011)
Total capital assets, being depreciated, net	<u>\$ 429</u>	<u>\$ (224)</u>	<u>\$ -</u>	<u>\$ 205</u>

Note 8: Retirement Systems

The City contributes to the Iowa Public Employees Retirement System, and the Municipal Fire and Police Retirement System of Iowa, which are administered by the State of Iowa, as well as a local retirement system. All systems are contributory and all regular full-time and part-time employees must participate in one of the systems. The local system is administered by a local board elected by the participating members and is regulated by Iowa statutes. The City acts as custodian for the assets of this local system.

Iowa Public Employees Retirement System (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.

CITY OF CEDAR RAPIDS, IOWA
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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 except for airport safety employees, in which case the percentages are 6.16% and 9.23%, respectively. Contribution requirements are established by State statute.

The City contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$2,576,902, \$2,545,940, and \$2,429,890, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

Plan members are required to contribute 9.35% of their annual covered salary and the City is required to contribute at an actuarially determined rate; the current rate is 24.92% of annual covered payroll. Contribution requirements are established by State statute. The City contributions to MFPRSI for the years ended June 30, 2005, 2004, and 2003 were \$4,371,403, \$3,472,585, and \$2,785,166, respectively, equal to the required contributions for each year.

Water Retirement System

During the year ended June 30, 2005, \$137,948 was paid to water retirement plan employees in the form of annuities or direct cash payouts from the remaining balance. The payment to employees is recorded as a special item since this item is infrequent occurrence.

Note 9: Long-Term Debt

Bonded Debt

General Obligation Bonds

There were \$257,235,000 of general obligation bonds outstanding as of June 30, 2005. Unmatured general obligation bonds to be paid by governmental funds totaled \$104,255,774. General obligation bonds to be paid by enterprise revenue and therefore included as Enterprise Fund obligations total \$144,581,176. General obligation bonds to be paid by Airport, a component unit, and therefore included in the Airport Fund obligations total \$8,398,050. All the general obligation bonds bear interest rates ranging from 2.25% to 7.15% and mature in varying amounts ranging from \$2,150,003 to 35,515,271 with the final payments due in the year ending June 30, 2024.

During the year ended June 30, 2005, the City issued \$29,555,000 of general obligation bonds. These bonds were used to finance the opening, extending, and grading of streets, sidewalks and public ways and the construction, reconstruction and repair of improvements thereto; for the collection and disposal of surface waters and streams; the reconstruction, enlargement, improvement, and repair of bridges; the acquisition, installation, and repair of traffic control devices; improvements to the municipal water works; equipping of the street, police and fire departments; construction of improvements to the Municipal Golf courses; aiding in the planning, undertaking and carrying out of urban renewal projects within each of the consolidated Central Urban Renewal Area, the Waconia Urban Renewal Area and the Southwest Urban Renewal Area., aiding in planning, undertaking and carrying out of an urban renewal project within the Central Business District Urban Renewal Area. The average life of the issue is 18.909 years for the Series A and 14.556 years for the Series B. These bonds bear interest at 2.00% to 4.65% and mature in varying amounts ranging from \$965,000 to \$2,055,000 with the final payment due in the year ending June 30, 2024.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Changes in long-term liabilities

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

	Balance June 30, 2004	New Issues	Paid	Balance June 30, 2005
Primary government:				
General obligation				
Governmental	\$ 97,605,580	\$ 17,055,000	\$ 10,404,806	\$ 104,255,774
Business-type activities				
Water pollution control	46,179,200	2,525,000	2,840,050	45,864,150
Sanitary Sewer	22,084,686	1,895,000	2,128,786	21,850,900
Water	62,139,008	8,080,000	5,312,408	64,906,600
Other business-type funds	12,792,526	-	833,000	11,959,526
Total primary government	<u>240,801,000</u>	<u>29,555,000</u>	<u>21,519,050</u>	<u>248,836,950</u>
Component unit:				
General obligation abated by Airport	10,184,000	-	1,785,950	8,398,050
Total Bonded Debt	<u>\$ 250,985,000</u>	<u>\$ 29,555,000</u>	<u>\$ 23,305,000</u>	<u>\$ 257,235,000</u>

	Due within one year
Primary government:	
General obligation	
Governmental	\$ 8,778,200
Business-type activities:	
Water pollution control	2,891,000
Sanitary Sewer	2,032,000
Water	5,194,400
Other business-type funds	648,000
Total primary government	<u>19,543,600</u>
Component unit:	
General obligation abated by Airport	1,991,400
Total Bonded Debt	<u>\$ 21,535,000</u>

As explained in more detail in Note 1, payments on bonds that pertain to the City's governmental activities are made by the debt service fund.

At June 30, 2005, the general obligation debt issued by the City did not exceed its legal debt margin compiled as follows:

Total Estimated actual valuation - real property	<u>\$ 7,344,718,952</u>
Debt limit - 5% of total valuation	<u>\$ 367,235,948</u>
Debt applicable to debt limit:	
General obligation bonded debt outstanding	<u>\$ 257,235,000</u>
Legal Debt Margin	<u>\$ 110,000,948</u>

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
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A summary of the bond principal and interest maturities by type of bond is as follows:

Year Ending	Governmental General Obligation		Business-type activities General Obligation		General Obligation Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
June 30:						
2006	\$ 8,778,200	\$ 4,628,104	\$ 10,765,400	\$ 6,518,095	\$ 19,543,600	\$ 11,146,199
2007	8,763,600	4,261,291	10,901,500	6,086,415	19,665,100	10,347,706
2008	8,979,950	3,891,346	11,145,200	5,634,152	20,125,150	9,525,498
2009	8,785,900	3,512,609	11,133,800	5,175,681	19,919,700	8,688,290
2010	8,661,150	3,131,146	10,990,450	4,695,207	19,651,600	7,826,353
2011-2014	27,477,500	9,121,782	40,614,400	13,914,188	68,091,900	23,035,970
2015-2019	21,757,000	5,613,078	36,572,900	8,220,232	58,329,900	13,833,310
2020-2024	11,052,474	1,341,734	12,457,526	1,338,240	23,510,000	2,679,974
	<u>\$ 104,255,774</u>	<u>\$ 35,501,092</u>	<u>\$ 144,581,176</u>	<u>\$ 51,582,208</u>	<u>\$ 248,836,950</u>	<u>\$ 87,083,300</u>

A summary of the component unit bond principal and interest maturities is as follows:

Year Ending	General Obligation Abated By Airport	
	Principal	Interest
June 30:		
2006	\$ 1,991,400	\$ 412,235
2007	989,900	322,680
2008	1,009,850	272,546
2009	1,030,300	220,903
2009	928,400	167,583
2010-2014	1,273,100	350,212
2015-2019	650,100	228,016
2020-2024	525,000	68,823
	<u>\$ 8,398,050</u>	<u>\$ 2,042,998</u>

Changes in other long-term liabilities

Other long-term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Claims and Judgments	\$ 6,590,000	\$ 1,107,000	\$ 1,179,000	\$ 6,518,000	\$ 6,518,000
Compensated absences	4,683,568	29,470	127,058	4,585,980	3,990,119
Governmental activity					
Long-term liabilities	<u>\$ 11,273,568</u>	<u>\$ 1,136,470</u>	<u>\$ 1,306,058</u>	<u>\$ 11,103,980</u>	<u>\$ 10,508,119</u>

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Business-type activities:					
Compensated absences	\$ 1,332,603	\$ 22,368	\$ 53,460	\$ 1,301,511	\$ 1,133,079
Closure/post closure landfill	<u>3,178,096</u>	<u>-</u>	<u>-</u>	<u>3,178,096</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 4,510,699</u>	<u>\$ 22,368</u>	<u>\$ 53,460</u>	<u>\$ 4,479,607</u>	<u>\$ 1,133,079</u>
Component Units:					
Airport					
Compensated absences	<u>\$ 156,064</u>	<u>\$ 84,260</u>	<u>\$ 50</u>	<u>\$ 240,274</u>	<u>\$ 239,331</u>
CRLCSWA:					
Compensated absences	\$ 130,084	\$ 156,479	\$ 173,720	\$ 112,843	\$ 112,843
Closure/post closure landfill	<u>11,892,511</u>	<u>687,122</u>	<u>-</u>	<u>12,579,633</u>	<u>-</u>
Long-term liabilities	<u>\$ 12,022,595</u>	<u>\$ 843,601</u>	<u>\$ 173,700</u>	<u>\$ 12,692,476</u>	<u>\$ 112,843</u>

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. In the past, approximately 98.9% has been paid by the General Fund and the remainder by other governmental and internal service funds. The claims and judgement liability will generally be liquidated by the City's Risk Management Fund (See Note 12, also). The Risk Management Fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by the individual funds. Currently, the General Fund bears approximately 65% of the claims and judgement costs, no other individual fund is charged more than 9% of the total amount.

Industrial Revenue Bonds

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 were 74 series of Industrial Revenue Bonds outstanding issued prior to July 1, 1995. The aggregate principal amount payable could not be determined, however; their original issue amounts totaled \$101,999,500.

The aggregate principal balance as of June 30, 2005 due on bonds issued after July 1, 1995, is \$32,695,000.

Note 10: Deficit Fund Equity

At June 30, 2005, individual funds with deficit fund balances were as follows:

Special Revenue:	
H.O.M.E.	167,909
Hotel-Motel Tax	351,388

CITY OF CEDAR RAPIDS, IOWA
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H.O.M.E.

Non-exchange revenues for the H.O.M.E. program are subject to deferral, thus causing a deficit fund balance for the year ended June 30, 2005. It is felt that this is a temporary deficit and will be rectified in the next fiscal year.

Hotel-Motel Tax

A loan from the Risk Management Fund for \$825,015 to cash flow the construction of the ice arena has caused a deficit in this fund. The loan will be paid back with future Hotel-Motel Tax allocations and it is anticipated that this deficit is temporary.

Note 11: Deferred Compensation Plans

The City offers its employees several deferred compensation plans created in accordance with Internal Revenue Code Section 457. These plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency and participation in the plan is optional.

The City does not own or administer the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the basic financial statements.

Note 12: Risk Management

The City's risk management program strives to protect the City's assets in the most cost effective and responsible ways possible using a combination of the four recognized methods of treating risk, which are: elimination, reduction, transfer, and retention. Safety and loss prevention programs promoted by the Employee Safety and Health Services Division of Human Resources reduce the City's exposure to risks. Those risks that cannot be eliminated or reduced are either transferred or retained.

The Eastern Iowa Airport, one of the City's component units, uses a combination of the four recognized methods as well. The major risk it transfers, airport liability, is covered by a \$350,000,000 airport liability policy and \$1,000,000 errors and employment practice liability policies. Conversely, the other component unit, Cedar Rapids Linn County Solid Waste Agency, transfers all of its risk by purchasing commercial insurance.

There has been no significant change in insurance coverages purchased in fiscal year 2005 compared to the prior year. For those exposures covered by insurance policies, settled claims have not exceeded the insurance coverage purchased for each of the past three fiscal years.

Torts and errors:

During fiscal year 2005, the City purchased liability insurance to cover its airport, underground fuel tanks, six vehicles, maintenance of a non-owned air-ambulance, lead paint hazard control program and liquor liability. The City "self-insures" without excess insurance, the rest of its general liability, errors and employment practices liability, police liability, auto liability, bus liability, and owned aircraft exposures, which are accounted for and financed under a separate subdivision of the Risk Management Fund. The City self-administers claims and utilizes an independent auto damage appraisal firm to write vehicle damage estimates. All City Departments and Enterprise Funds are charged a liability premium according to their loss exposure and past losses. The total premium charged for fiscal year 2005 was determined by an actuary at an 80% confidence level. A claims liability of \$2,770,000 as of June 30, 2005, was calculated by an independent actuary at a 95% confidence level and includes claims reported but not settled and those incurred but not reported. The claims liabilities shown below are in accordance with the requirements of GASB Statement 10.

CITY OF CEDAR RAPIDS, IOWA
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Changes in the Tort Liability Fund's claims liability amount since July 1, 1991 are as follows:

	Beginning Fiscal Year	Claim	Claims Paid	Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
7/91 - 6/92	\$625,843	\$441,403	(\$161,765)	\$905,481
7/92 - 6/93	\$905,481	\$236,349	(\$244,080)	\$897,750
7/93 - 6/94	\$897,750	\$830,630	(\$177,804)	\$1,550,576
7/94 - 6/95	\$1,550,576	(\$92,496)	(\$139,916)	\$1,318,164
7/95 - 6/96	\$1,318,164	\$2,340,616	(\$209,293)	\$3,449,487
7/96 - 6/97	\$3,449,487	\$609,019	(\$274,034)	\$3,784,472
7/97 - 6/98	\$3,784,472	\$47,916	(\$1,216,679)	\$2,615,709
7/98 - 6/99	\$2,615,709	(\$945,872)	(\$324,767)	\$1,345,070
7/99 - 6/00	\$1,345,070	\$2,010,967	(\$1,956,037)	\$1,400,000
7/00 - 6/01	\$1,400,000	\$2,294,149	(\$564,149)	\$3,130,000
7/01 - 6/02	\$3,130,000	(\$798,744)	(\$621,256)	\$1,710,000
7/02 - 6/03	\$1,710,000	\$290,252	(\$672,252)	\$1,328,000
7/03 - 6/04	\$1,328,000	\$3,381,049	(\$1,985,049)	\$2,724,000
7/04 - 6/05	\$2,724,000	\$1,155,306	(\$1,109,306)	\$2,770,000

Theft of, damage to, or destruction of assets:

The City purchases property insurance with a \$100,000 per occurrence and \$300,000 aggregate deductible. City Departments and Enterprise Funds are charged a property insurance premium based on a percentage of the projected cost of full coverage. The difference between the premium charged departments and the premium paid to the insurer is used to pay losses that fall between the \$1,000 departmental deductible and the \$100,000 policy deductible. The City's infrastructure assets are not insured.

Job related injuries to employees:

Benefits due City employees under the Iowa Workers' Compensation Laws are accounted for and financed under a separate subdivision of the Risk Management Fund. Claims administration is performed by City staff. The City purchased excess stop loss insurance since it began retaining this risk in fiscal year 1987 thru fiscal year 2002. Effective July 1, 2002 the City discontinued purchasing stop loss insurance. All City Departments and Enterprise funds are charged a premium based on a percentage of their projected actual standard premium. The June 30, 2005 claims liability of \$2,854,000 was calculated at a 95% confidence level by an independent actuary. Changes in the Workers' Compensation Fund's claims liability amount since July 1, 1991 are as follows:

	Beginning Fiscal Year	Claim	Claims Paid	Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
7/91 - 6/92	\$775,089	\$463,735	(\$262,637)	\$976,187
7/92 - 6/93	\$976,187	\$419,090	(\$629,060)	\$766,217
7/93 - 6/94	\$766,217	\$1,510,326	(\$568,421)	\$1,708,122
7/94 - 6/95	\$1,708,122	\$735,825	(\$574,389)	\$1,869,558
7/95 - 6/96	\$1,869,558	\$918,252	(\$669,014)	\$2,118,796
7/96 - 6/97	\$2,118,796	\$465,671	(\$605,530)	\$1,978,937
7/97 - 6/98	\$1,978,937	\$57,267	(\$443,934)	\$1,592,270
7/98 - 6/99	\$1,592,270	\$933,605	(\$569,150)	\$1,956,725
7/99 - 6/00	\$1,956,725	\$238,860	(\$775,585)	\$1,420,000
7/00 - 6/01	\$1,420,000	\$843,216	(\$783,216)	\$1,480,000
7/01 - 6/02	\$1,480,000	\$1,352,243	(\$932,243)	\$1,900,000
7/02 - 6/03	\$1,900,000	\$2,291,308	(\$1,185,308)	\$3,006,000
7/03 - 6/04	\$3,006,000	\$1,108,627	(\$1,137,627)	\$2,977,000
7/04 - 6/05	\$2,977,000	\$1,008,467	(\$1,131,467)	\$2,854,000

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Health care benefits for employees, retirees, and dependents:

The City has been accounting for and financing health care benefits under a separate subdivision of the Risk Management Fund since January 1, 1992. A third party administrator provides claims administration and stop loss insurance. Effective July 1, 2001, the City discontinued purchasing stop loss insurance. All City Departments and Enterprise Funds are charged a premium based on the number of single and family plans in place each month. Retirees pay 100% of the monthly plan premium. The total premium charged is the amount needed to pay expected claim and administrative costs. An independent actuary examined the claims payment records and determined the claims liability for incurred but unpaid medical bills as of June 30, 2005 to be \$860,000. Changes in the Health Fund's claims liability amount since January 1, 1992 are as follows:

	Beginning Fiscal Year	Claim	Claims Paid	Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
1/92 – 6/92	\$0	\$2,229,374	(\$1,869,088)	\$360,286
7/92 – 6/93	\$360,286	\$5,157,419	(\$4,564,705)	\$953,000
7/93 – 6/94	\$953,000	\$5,599,388	(\$5,162,388)	\$1,390,000
7/94 – 6/95	\$1,390,000	\$4,549,217	(\$4,659,217)	\$1,280,000
7/95 – 6/96	\$1,280,000	\$4,509,449	(\$4,839,449)	\$950,000
7/96 – 6/97	\$ 950,000	\$5,236,036	(\$5,611,036)	\$575,000
7/97 – 6/98	\$575,000	\$5,421,607	(\$5,366,607)	\$630,000
7/98 – 6/99	\$630,000	\$6,289,703	(\$6,149,703)	\$770,000
7/99 – 6/00	\$770,000	\$7,104,771	(\$7,034,771)	\$840,000
7/00 – 6/01	\$840,000	\$7,946,000	(\$7,896,000)	\$890,000
7/01 – 6/02	\$890,000	\$8,203,086	(\$8,288,086)	\$805,000
7/02 – 6/03	\$805,000	\$8,573,153	(\$8,638,153)	\$740,000
7/03 – 6/04	\$740,000	\$10,568,789	(\$10,463,789)	\$845,000
7/04 – 6/05	\$845,000	\$11,103,132	(\$11,088,132)	\$860,000

Dental Care benefits for employees, retirees, and dependents:

Effective April 1, 1993, the City began to account for and finance dental care benefits under a separate subdivision of the Risk Management Fund. A third party administrator provides claims administration. All City Departments and Enterprise Funds are charged a premium based on the number of plans in place each month. Employees pay the extra cost to purchase family plan coverage. Retirees pay 100% of the single or family plan monthly premium. The total premium charged is the estimated amount needed to pay expected

claim and administrative costs. An independent actuary examined the claims payment records and determined the claims liability for incurred but unpaid dental bills as of June 30, 2005 to be \$34,000. Changes in the Dental Fund's claims liability amount since April 1, 1993 are as follows:

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

	Beginning Fiscal Year	Claim		Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
4/93 – 6/93	\$0	\$98,776	(\$75,801)	\$22,975
7/93 – 6/94	\$22,975	\$394,188	(\$370,663)	\$46,500
7/94 – 6/95	\$46,500	\$398,553	(\$397,053)	\$48,000
7/95 – 6/96	\$48,000	\$456,220	(\$453,220)	\$51,000
7/96 – 6/97	\$51,000	\$482,906	(\$488,906)	\$45,000
7/97 – 6/98	\$45,000	\$569,900	(\$564,900)	\$50,000
7/98 – 6/99	\$50,000	\$551,341	(\$566,541)	\$34,800
7/99 – 6/00	\$34,800	\$652,097	(\$639,897)	\$47,000
7/00 – 6/01	\$47,000	\$626,600	(\$629,600)	\$44,000
7/01 – 6/02	\$44,000	\$722,902	(\$722,902)	\$44,000
7/02 – 6/03	\$44,000	\$737,813	(\$740,813)	\$41,000
7/03 – 6/04	\$41,000	\$791,097	(\$788,097)	\$44,000
7/04 – 6/05	\$44,000	\$770,899	(\$780,899)	\$34,000

Note 13: Contingent Liabilities

There are numerous lawsuits pending against the City for various reasons. The outcome and eventual liability of the City, if any, from these cases and from any unasserted claims is not known at this time. Lawsuits stemming from the operation of the City’s airport, and aircraft, are covered by insurance purchased by the City. For other risks, which have not been transferred to an insurance company, the City accounts for and finances these lawsuits through the Risk Management Fund, an internal service fund. This fund includes an open and incurred but not reported claims liability determined by an independent actuary comprised of an estimate of the possibility of unfavorable outcomes involving these pending lawsuits, all open claims, and any possible unasserted claims unknown to the City. It is the joint opinion of management and counsel that there are no known lawsuits or open claims that will have a material adverse effect on the City’s Risk Management Fund or the City’s financial position.

Note 14: Closure and Postclosure Care Cost

State and federal laws and regulations require a final cover be placed on a landfill site when an entity stops accepting waste and requires an entity to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the liabilities of closure and postclosure care costs are to be expensed in each period based upon landfill capacity used as of each statement date.

As of July 1, 1994, the City entered into an agreement with Linn County to form the Cedar Rapids/Linn County Solid Waste Agency. The City and Linn County’s liability for closure and postclosure care costs as of July 1, 1994, were fixed as part of the agreement based on estimated care costs and the percentage of landfill capacity utilized for each of the two respective landfill sites. The City’s liability for closure and postclosure costs as of July 1, 1994, was \$6,553,050. As part of the agreement, the City transferred its landfill site and certain other assets with a fair value of \$3,202,554 and an equal amount of closure and postclosure care liabilities to the agency. These liabilities as well as those transferred by Linn County, in connection with the transfer of its landfill site, are recognized as liabilities by the component unit. The remaining amount of the City’s closure and postclosure care costs are recognized by the primary government in the amount of \$3,178,096 and are expected to be paid to the agency as closure and postclosure care costs are incurred.

Cedar Rapids/Linn County Solid Waste Agency is liable for all closure and postclosure care costs at the two landfill sites except for the liabilities retained by the City and Linn County. Cedar Rapids/Linn County Solid Waste Agency’s liability as of June 30, 2005, is summarized below.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

These amounts are based on what it would cost to perform all closure and postclosure care costs as of June 30, 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

	Former City Landfill	Former County Landfill	Total
Total care costs	\$ 12,122,849	\$ 6,227,192	\$ 18,350,041
Care costs remaining to be recognized attributable to unutilized capacity	(402,479)	(2,189,833)	(2,592,312)
Liability retained by City/County	(3,178,096)	-	(3,178,096)
Care costs recognized attributable to utilized capacity	\$ 8,542,274	4,037,359	\$ 12,579,633
Capacity utilized	96.68%	80.30%	
Estimated remaining life	1.0 years	2.5 years	

Note 15: Operating Leases

The Ground Transportation Center, an enterprise fund, leases space to a private school. The operating lease expires in 2009 and the guaranteed future lease payments to be received as follow:

Lease revenue is recognized each year in equal payments required by the lease contract:

Fiscal Year	Amount
2006	\$ 55,000
2007	55,000
2008	55,000
2009	55,000
Total lease payments	\$ 165,000

Leasing operations of the Airport, a component unit, consist primarily of space rentals, car rentals, and landing fees, which are governed by written agreements. These agreements range from month-to-month leases to long-term leases with various specified terms. Some of these lease agreements contain cancelable conditions, which eliminate any future guaranteed rentals or are contingent upon the income produced by the lease.

The Airport also leases land and building space under various long-term leases, which expire between September 2005 and January 2050.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Guaranteed minimum future lease payments to be received under all operating lease agreements are as follows:

Fiscal Year	Amount
2006	\$ 2,861,584
2007	2,859,084
2008	2,209,119
2009	1,340,634
2010-2014	4,984,144
2015-2019	3,546,164
2020-2024	1,266,759
2025-2029	1,266,759
2030-2034	341,726
2035-2039	5,350
2040-2044	4,986
2045-2049	977
2050-2051	191
Total lease payments	\$20,687,477

Cedar Rapids/Linn County Solid Waste Agency, a component unit, leases certain equipment under operating leases expiring at various dates through the year 2008. Minimum lease payments under noncancellable operating leases with an initial term of one year or more as of June 30, 2005 are summarized as follows:

Fiscal Year	Amount
2006	\$ 84,380
2007	70,055
2008	50,000
2009	50,000
Total lease payments	\$ 254,435

Note 16: Subsequent events – Bond issue

On September 1, 2005, the City issued \$29,265,000 general obligation bonds to fund various construction projects. The bonds are due in serial installments of \$930,000 to \$1,835,000 through June 1, 2025 and bear interest at 3.25% to 4.25%.

Note 17: New Pronouncements

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement established and modified disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rate risk.

The GASB has issued the following statements:

GASB 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 beginning with its year ending

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

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

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

GASB Statement No. 46, *Net Assets Restricted By Enabling Legislation*, issued December 2004 will be effective for the City beginning with its year ending June 30, 2006. This Statement establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation.

GASB Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the City beginning with its year ending June 30, 2006. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

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



CEDAR RAPIDS

City of Five Seasons

City of Cedar Rapids, Iowa
Required Supplementary Information
Budgetary Comparison Schedule of Receipts,
Disbursements, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Funds,
and Discretely Presented Component Units
Year ended June 30, 2005

	Governmental Fund Types Actual Budgetary Basis	Proprietary Fund Types Actual Budgetary Basis	Discretely Presented Component Units Actual Budgetary Basis
Revenues:			
Property taxes	\$ 59,146,311	\$ 2,960,123	\$ -
TIF revenues	8,604,302	-	-
Other taxes	3,234,992	-	-
Licenses and permits	2,169,195	-	2,215
Use of money and property	3,510,131	6,879,400	9,758,591
Intergovernmental	26,966,643	3,037,612	3,106,034
Charges for services	2,710,164	56,362,382	7,847,342
Special assessments	525,097	-	51,968
Miscellaneous	6,333,823	17,901,266	1,759,420
Total revenues	<u>113,200,658</u>	<u>87,140,783</u>	<u>22,525,570</u>
Expenditures:			
Current:			
Public safety	36,147,190	-	-
Public works	15,862,267	-	-
Culture and recreation	11,166,429	-	-
Community and economic development	17,638,199	-	-
General government	7,457,006	-	-
Debt service	15,137,806	-	-
Capital projects	21,723,111	-	-
Business-type	-	83,431,928	19,488,067
Total expenditures	<u>125,132,008</u>	<u>83,431,928</u>	<u>19,488,067</u>
Excess (deficiency) of revenues over (under) expenditures	(11,931,350)	3,708,855	3,037,503
Other financing sources, net	19,740,613	(6,115,669)	(97,280)
Extraordinary items	-	(137,948)	-
Net change in fund balances, net assets	7,809,263	(2,544,762)	2,940,223
Fund balances, budgetary basis net assets - July 1, 2004	89,862,107	261,897,115	116,168,407
Fund balances, budgetary basis net assets - June 30, 2005	<u>97,671,370</u>	<u>259,352,353</u>	<u>119,108,630</u>
Adjustments not budgeted:			
Other accrued liabilities	113,036	103,004	(4,746)
Sale of capital assets	-	(13,693)	(7,514)
Bond proceeds	-	(12,500,000)	-
Accrued bond interest	-	11,275,926	1,789,141
Capital outlay variance from depreciation	-	1,077,242	535,200
Fund balances, net assets - June 30, 2005 GAAP basis	<u>\$ 97,784,406</u>	<u>\$ 259,294,832</u>	<u>\$ 121,420,711</u>

The notes to the required supplementary information are an integral part of this statement.

Net	Budgeted Amounts		Final to Actual Variance Positive (Negative)
	Original	Final	
\$ 62,106,434	\$ 58,765,165	\$ 58,765,165	\$ 3,341,269
8,604,302	7,033,927	7,033,927	1,570,375
3,234,992	5,182,281	5,182,281	(1,947,289)
2,171,410	1,978,507	2,078,507	92,903
20,148,122	17,577,696	17,657,765	2,490,357
33,110,289	51,813,352	41,205,479	(8,095,190)
66,919,888	67,531,786	66,924,990	(5,102)
577,065	1,980,400	2,034,700	(1,457,635)
25,994,509	24,026,306	27,340,735	(1,346,226)
<u>222,867,011</u>	<u>235,889,420</u>	<u>228,223,549</u>	<u>(5,356,538)</u>
36,147,190	34,608,160	36,363,266	216,076
15,862,267	16,202,722	16,817,857	955,590
11,166,429	11,139,080	11,593,945	427,516
17,638,199	16,465,751	19,182,406	1,544,207
7,457,006	8,862,261	9,617,431	2,160,425
15,137,806	15,268,414	15,137,806	-
21,723,111	44,874,776	40,080,174	18,357,063
<u>102,919,995</u>	<u>139,329,346</u>	<u>133,437,559</u>	<u>30,517,564</u>
<u>228,052,003</u>	<u>286,750,510</u>	<u>282,230,444</u>	<u>54,178,441</u>
(5,184,992)	(50,861,090)	(54,006,895)	48,821,903
13,527,664	34,417,750	29,943,000	(16,415,336)
<u>(137,948)</u>	<u>-</u>	<u>-</u>	<u>(137,948)</u>
8,204,724	(16,443,340)	(24,063,895)	32,268,619
467,927,629	432,223,436	410,492,220	57,435,409
<u>\$ 476,132,353</u>	<u>\$ 415,780,096</u>	<u>\$ 386,428,325</u>	<u>\$ 89,704,028</u>

CITY OF CEDAR RAPIDS, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, and permanent funds. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment decreased budget disbursements by \$4,520,066. This budget amendment is reflected in the final budgeted amounts.

The operations of the Cedar Rapids Public Library Foundation discretely presented component unit are not included in the City's budget.



CEDAR RAPIDS

City of Five Seasons

**City of Cedar Rapids, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005**

	Special Revenue Funds					
	Community Development Block Grants	H.O.M.E.	Hotel-Motel Tax	Tax Incremental Financing	Road Use Tax	Leased Housing
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ 743,881	\$ -	\$ 125,146
Receivables:						
Taxes	-	-	-	9,723,908	-	-
Accounts and unbilled usage, net	39,177	156,647	-	-	-	145,157
Interest	-	-	-	-	-	-
Due from other funds	31,281	85,352	457,683	5,668,296	1,587,231	-
Due from other governments	95,481	-	531,854	-	1,680,082	793,023
Prepaid items	-	-	17,100	-	-	-
Total assets	<u>165,939</u>	<u>241,999</u>	<u>1,006,637</u>	<u>16,136,085</u>	<u>3,267,313</u>	<u>1,063,326</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Vouchers payable	74,575	850	1,156	5,200	-	8,571
Contracts payable	-	-	-	-	-	-
Accrued expenditures	10,607	2,538	-	-	-	32,756
Revenues collected in advance	-	-	-	-	-	-
Deferred revenues	56,294	245,805	531,854	9,644,275	-	596,161
Advance from other funds	-	-	825,015	-	-	-
Due to other funds	-	-	-	-	-	261,801
Due to general public	-	-	-	-	-	105,732
Due to employees	-	-	-	-	-	-
Due to other governments	-	160,715	-	-	-	192
Security deposits	-	-	-	-	-	-
Total liabilities	<u>141,476</u>	<u>409,908</u>	<u>1,358,025</u>	<u>9,649,475</u>	<u>-</u>	<u>1,005,213</u>
Fund balances (deficits):						
Reserved for:						
Prepaid items	-	-	17,100	-	-	-
Encumbrances	507,787	153,663	-	-	-	119
Employee retirement	-	-	-	-	-	-
Unreserved, reported in:						
Capital projects funds	-	-	-	-	-	-
Special revenue funds	(483,324)	(321,572)	(368,488)	6,486,610	3,267,313	57,994
Total fund balances (deficits)	<u>24,463</u>	<u>(167,909)</u>	<u>(351,388)</u>	<u>6,486,610</u>	<u>3,267,313</u>	<u>58,113</u>
Total liabilities and fund balances	<u>\$ 165,939</u>	<u>\$ 241,999</u>	<u>\$ 1,006,637</u>	<u>\$ 16,136,085</u>	<u>\$ 3,267,313</u>	<u>\$ 1,063,326</u>

Special Revenue Funds

SSMID	Employee Benefits	Fire Retirement	Police Retirement	Other	Total	Other Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,736,537	\$ 7,632,887	\$ 959,580	\$ 12,198,031	\$ 1,351,162	\$ 13,549,193
345,974	12,490,506	1,165,148	1,157,999	196,524	25,080,059	-	25,080,059
8,737	214	-	-	194,688	544,620	5,973	550,593
-	-	8,174	62,282	566	71,022	-	71,022
41,779	2,443,189	-	-	4,962,374	15,277,185	6,423,230	21,700,415
-	-	-	-	269,196	3,369,636	24,249	3,393,885
-	-	-	-	3,750	20,850	23,840	44,690
<u>396,490</u>	<u>14,933,909</u>	<u>3,909,859</u>	<u>8,853,168</u>	<u>6,586,678</u>	<u>56,561,403</u>	<u>7,828,454</u>	<u>64,389,857</u>
7,551	1,377	3,394	-	122,701	225,375	75,806	301,181
-	-	-	-	75,596	75,596	252,403	327,999
2,311	456,390	503,172	-	12,521	1,020,295	-	1,020,295
-	243	-	-	120,611	120,854	-	120,854
345,181	12,444,428	1,160,806	1,153,702	451,984	26,630,490	24,473	26,654,963
-	-	-	-	-	825,015	-	825,015
-	-	92,031	203,911	-	557,743	-	557,743
-	-	-	-	-	105,732	-	105,732
-	8,803	-	-	-	8,803	-	8,803
-	-	-	-	-	160,907	-	160,907
-	-	-	-	-	-	200	200
<u>355,043</u>	<u>12,911,241</u>	<u>1,759,403</u>	<u>1,357,613</u>	<u>783,413</u>	<u>29,730,810</u>	<u>352,882</u>	<u>30,083,692</u>
-	-	-	-	3,750	20,850	23,840	44,690
-	-	-	-	458,200	1,119,769	716,641	1,836,410
-	2,022,668	2,150,456	7,495,555	-	11,668,679	-	11,668,679
-	-	-	-	-	-	6,735,091	6,735,091
41,447	-	-	-	5,341,315	14,021,295	-	14,021,295
41,447	2,022,668	2,150,456	7,495,555	5,803,265	26,830,593	7,475,572	34,306,165
<u>\$ 396,490</u>	<u>\$ 14,933,909</u>	<u>\$ 3,909,859</u>	<u>\$ 8,853,168</u>	<u>\$ 6,586,678</u>	<u>\$ 56,561,403</u>	<u>\$ 7,828,454</u>	<u>\$ 64,389,857</u>

City of Cedar Rapids, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds					
	Community Development Block Grants	H.O.M.E.	Hotel-Motel Tax	Tax Incremental Financing	Road Use Tax	Leased Housing
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 8,604,302	\$ -	\$ -
Other taxes	-	-	2,044,472	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,609,990	600,707	-	-	10,108,096	6,218,359
Charges for services	1,420	975	-	-	-	786
Fines and forfeits	-	-	-	-	-	-
Use of money and property	-	-	7,520	90,390	39,484	18,089
Rents and royalties	-	-	-	-	-	-
Miscellaneous	91,593	126,487	-	-	-	89,844
Total revenues	<u>1,703,003</u>	<u>728,169</u>	<u>2,051,992</u>	<u>8,694,692</u>	<u>10,147,580</u>	<u>6,327,078</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	1,701,738	697,085	1,190,988	2,429,035	-	6,407,786
General government	-	-	-	-	-	-
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	33,522
Total expenditures	<u>1,701,738</u>	<u>697,085</u>	<u>1,190,988</u>	<u>2,429,035</u>	<u>-</u>	<u>6,441,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,265</u>	<u>31,084</u>	<u>861,004</u>	<u>6,265,657</u>	<u>10,147,580</u>	<u>(114,230)</u>
Other Financing Sources (Uses):						
Long-term debt issued	-	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	1,950
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(787,131)	(4,735,003)	(10,262,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(787,131)</u>	<u>(4,735,003)</u>	<u>(10,262,000)</u>	<u>1,950</u>
Net change in fund balances	1,265	31,084	73,873	1,530,654	(114,420)	(112,280)
Fund balances (deficits) - July 1, 2004	23,198	(198,993)	(425,261)	4,955,956	3,381,733	170,393
Fund balances (deficits) - June 30, 2005	<u>\$ 24,463</u>	<u>\$ (167,909)</u>	<u>\$ (351,388)</u>	<u>\$ 6,486,610</u>	<u>\$ 3,267,313</u>	<u>\$ 58,113</u>

SSMID	Employee Benefits	Fire Retirement	Police Retirement	Other	Total	Other Construction	Total Nonmajor Governmental Funds
\$ 416,157	\$ 8,398,113	\$ 797,992	\$ 790,575	\$ 1,558,924	\$ 20,566,063	\$ -	\$ 20,566,063
-	-	-	-	-	2,044,472	-	2,044,472
-	-	-	-	20,200	20,200	-	20,200
-	5	-	-	3,056,972	21,594,129	379,097	21,973,226
-	33,679	-	-	8,975	45,835	-	45,835
-	-	-	-	9,062	9,062	-	9,062
666	46,580	102,344	223,697	141,555	670,325	238,167	908,492
-	-	-	-	293,968	293,968	-	293,968
-	-	-	-	324,102	632,026	603,065	1,235,091
<u>416,823</u>	<u>8,478,377</u>	<u>900,336</u>	<u>1,014,272</u>	<u>5,413,758</u>	<u>45,876,080</u>	<u>1,220,329</u>	<u>47,096,409</u>
-	2,024	9,505	-	482,940	494,469	14,065	508,534
-	-	-	-	-	-	1,000	1,000
-	-	-	-	958,908	958,908	778,351	1,737,259
205,084	-	-	-	1,780,296	14,412,012	40,598	14,452,610
-	-	-	-	226,677	226,677	111,215	337,892
-	-	-	-	-	-	1,890	1,890
-	-	-	-	254,218	287,740	3,760,977	4,048,717
<u>205,084</u>	<u>2,024</u>	<u>9,505</u>	<u>-</u>	<u>3,703,039</u>	<u>16,379,806</u>	<u>4,708,096</u>	<u>21,087,902</u>
<u>211,739</u>	<u>8,476,353</u>	<u>890,831</u>	<u>1,014,272</u>	<u>1,710,719</u>	<u>29,496,274</u>	<u>(3,487,767)</u>	<u>26,008,507</u>
-	-	-	-	-	-	895,000	895,000
-	-	-	-	-	-	(4,323)	(4,323)
-	-	-	-	607	2,557	305,541	308,098
192,229	-	-	-	1,959,945	2,152,174	196,954	2,349,128
(455,982)	(8,334,823)	(2,002,935)	(2,574,555)	(3,684,093)	(32,836,522)	(42,055)	(32,878,577)
<u>(263,753)</u>	<u>(8,334,823)</u>	<u>(2,002,935)</u>	<u>(2,574,555)</u>	<u>(1,723,541)</u>	<u>(30,681,791)</u>	<u>1,351,117</u>	<u>(29,330,674)</u>
(52,014)	141,530	(1,112,104)	(1,560,283)	(12,822)	(1,185,517)	(2,136,650)	(3,322,167)
93,461	1,881,138	3,262,560	9,055,838	5,816,087	28,016,110	9,612,222	37,628,332
<u>\$ 41,447</u>	<u>\$ 2,022,668</u>	<u>\$ 2,150,456</u>	<u>\$ 7,495,555</u>	<u>\$ 5,803,265</u>	<u>\$ 26,830,593</u>	<u>\$ 7,475,572</u>	<u>\$ 34,306,165</u>

City of Cedar Rapids, Iowa
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2005

	Business-type Activities - Other Enterprise Funds			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
ASSETS				
Current assets:				
Cash and investments	\$ 3,000	\$ 5,112	\$ 100	\$ 22,115
Receivables:				
Taxes	3,000,299	-	-	-
Accounts and unbilled usage, net				
\$162,668 of allowance for doubtful accounts	91,396	170,679	1,068,220	3,179
Interest	-	282	-	-
Due from other funds	1,415,348	2,578,482	14,685,504	914,127
Due from other governments	489,979	9,791	2,690	2,504
Inventories	357,724	-	-	119,923
Prepaid items	3,000	-	-	1,205
Deferred charges	-	-	-	11,720
Restricted assets:				
Due from other funds	-	-	3,178,096	-
Total current assets	<u>5,360,746</u>	<u>2,764,346</u>	<u>18,934,610</u>	<u>1,074,773</u>
Noncurrent assets:				
Land	2,420,742	5,340,123	27,229	602,967
Buildings and structures	12,898,959	22,501,195	214,837	1,266,787
Improvements other than buildings	7,305,197	4,628,084	-	6,092,068
Machinery and equipment	14,592,264	765,358	4,787,593	1,554,651
Accumulated depreciation	(20,622,647)	(13,323,606)	(3,412,067)	(3,072,424)
Construction in progress	162,230	27,380	-	-
Total noncurrent assets	<u>16,756,745</u>	<u>19,938,534</u>	<u>1,617,592</u>	<u>6,444,049</u>
Total assets	<u>22,117,491</u>	<u>22,702,880</u>	<u>20,552,202</u>	<u>7,518,822</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	160,292	102,083	176,358	83,203
Contracts payable	75,980	21,531	-	-
Accrued expenses	180,703	68,867	113,273	77,545
Compensated absences	209,756	67,327	81,561	82,464
Revenues collected in advance	1,543	12,968	-	-
Deferred revenues	3,376,374	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	57	23,159
Security deposits	1,000	-	-	-
Advance from other funds	-	-	-	-
Current liabilities payable from restricted assets:				
General obligation bonds payable	-	-	-	250,000
Unamortized bond premium	-	-	-	912
Matured bonds interest payable	-	-	-	15,290
Total current liabilities	<u>4,005,648</u>	<u>272,776</u>	<u>371,249</u>	<u>532,573</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	3,750,000
Unamortized bond premium	-	-	-	12,561
Compensated absences	2,295	-	-	-
Liabilities payable from restricted assets:				
Closure/post closure landfill	-	-	3,178,096	-
Total noncurrent liabilities	<u>2,295</u>	<u>-</u>	<u>3,178,096</u>	<u>3,762,561</u>
Total liabilities	<u>4,007,943</u>	<u>272,776</u>	<u>3,549,345</u>	<u>4,295,134</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,756,745	19,938,534	1,617,592	2,442,296
Unrestricted (deficit)	1,352,803	2,491,570	15,385,265	781,392
	<u>\$ 18,109,548</u>	<u>\$ 22,430,104</u>	<u>\$ 17,002,857</u>	<u>\$ 3,223,688</u>

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 455,086	\$ 47,745	\$ 17,074	\$ 550,232
-	-	-	3,000,299
241,591	18,845	188,986	1,782,896
-	-	-	282
797,883	-	32,876	20,424,220
-	84,645	-	589,609
-	-	-	477,647
38,059	17,069	10,486	69,819
-	10,703	-	22,423
-	-	-	3,178,096
<u>1,532,619</u>	<u>179,007</u>	<u>249,422</u>	<u>30,095,523</u>
807,500	308,531	-	9,507,092
10,118,154	1,105,870	9,399,567	57,505,369
275,034	13,217	98,313	18,411,913
943,625	256,202	1,887,260	24,786,953
(7,321,845)	(1,190,548)	(1,915,141)	(50,858,278)
-	7,196,635	-	7,386,245
<u>4,822,468</u>	<u>7,689,907</u>	<u>9,469,999</u>	<u>66,739,294</u>
<u>6,355,087</u>	<u>7,868,914</u>	<u>9,719,421</u>	<u>96,834,817</u>
338,615	6,768	47,527	914,846
-	9,480	-	106,991
125,403	8,982	7,444	582,217
-	-	-	441,108
9,772	47,745	-	72,028
156,459	-	3,657	3,536,490
-	440,069	-	440,069
84,645	502	69,323	177,686
7,500	-	-	8,500
200,000	-	-	200,000
-	123,000	275,000	648,000
-	-	-	912
-	8,885	31,067	55,242
<u>922,394</u>	<u>645,431</u>	<u>434,018</u>	<u>7,184,089</u>
-	2,051,526	5,510,000	11,311,526
-	-	-	12,561
-	-	-	2,295
-	-	-	3,178,096
-	2,051,526	5,510,000	14,504,478
<u>922,394</u>	<u>2,696,957</u>	<u>5,944,018</u>	<u>21,688,567</u>
4,822,468	5,526,084	3,684,999	54,788,718
610,225	(354,127)	90,404	20,357,532
<u>\$ 5,432,693</u>	<u>\$ 5,171,957</u>	<u>\$ 3,775,403</u>	<u>\$ 75,146,250</u>

City of Cedar Rapids, Iowa
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

	Business-type Activities - Other Enterprise Funds			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
Operating revenues:				
Charges for services	\$ 703,173	\$ 2,584,491	\$ 6,535,606	\$ 1,831,103
Fines and forfeits	-	388,978	-	-
Use of money and property	-	6,205	-	-
Rents and royalties	111,577	1,440	-	466,712
Miscellaneous	240,293	8,463	9,145	252,569
Total operating revenues	<u>1,055,043</u>	<u>2,989,577</u>	<u>6,544,751</u>	<u>2,550,384</u>
Operating expenses:				
Personal services	3,784,692	1,693,658	2,687,426	1,330,911
Purchased services	660,892	1,110,487	1,467,427	356,281
Supplies and materials	908,275	134,323	640,540	518,496
Other	713,762	24,445	26,086	28,204
Depreciation	1,886,511	1,073,366	567,912	343,033
Total operating expenses	<u>7,954,132</u>	<u>4,036,279</u>	<u>5,389,391</u>	<u>2,576,925</u>
Operating income (loss)	<u>(6,899,089)</u>	<u>(1,046,702)</u>	<u>1,155,360</u>	<u>(26,541)</u>
Nonoperating revenues (expenses):				
Intergovernmental	2,115,981	-	48,564	3,175
Investment income	23,993	50,156	435,280	29,013
Property tax revenue	2,960,123	-	-	-
Gain (loss) on sale of capital assets	(6,082)	1,363	25,185	3,926
Interest expense	-	-	(7,193)	(192,234)
Total nonoperating revenue (expenses)	<u>5,094,015</u>	<u>51,519</u>	<u>501,836</u>	<u>(156,120)</u>
Capital contributions	<u>850,198</u>	<u>11,250</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(954,876)</u>	<u>(983,933)</u>	<u>1,657,196</u>	<u>(182,661)</u>
Transfers in	35,000	-	34,748	4,444
Transfers out	-	(326,389)	(1,781,606)	(60,060)
Change in net assets	<u>(919,876)</u>	<u>(1,310,322)</u>	<u>(89,662)</u>	<u>(238,277)</u>
Total net assets, beginning	<u>19,029,424</u>	<u>23,740,426</u>	<u>17,092,519</u>	<u>3,461,965</u>
Total net assets, ending	<u>\$ 18,109,548</u>	<u>\$ 22,430,104</u>	<u>\$ 17,002,857</u>	<u>\$ 3,223,688</u>

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 616,645	\$ 179,136	\$ 824,616	\$ 13,274,770
-	-	-	388,978
-	-	-	6,205
1,474,485	329,300	256,921	2,640,435
54,019	674,294	4,181	1,242,964
<u>2,145,149</u>	<u>1,182,730</u>	<u>1,085,718</u>	<u>17,553,352</u>
801,136	377,807	450,308	11,125,938
1,040,952	293,675	441,538	5,371,252
180,367	29,579	81,036	2,492,616
21,574	618	7,124	821,813
278,943	26,008	417,476	4,593,249
<u>2,322,972</u>	<u>727,687</u>	<u>1,397,482</u>	<u>24,404,868</u>
<u>(177,823)</u>	<u>455,043</u>	<u>(311,764)</u>	<u>(6,851,516)</u>
-	-	-	2,167,720
7,723	-	512	546,677
-	-	-	2,960,123
12,071	-	-	36,463
-	(107,848)	(387,578)	(694,853)
<u>19,794</u>	<u>(107,848)</u>	<u>(387,066)</u>	<u>5,016,130</u>
-	-	-	861,448
(158,029)	347,195	(698,830)	(973,938)
309,900	207,088	648,921	1,240,101
-	-	-	(2,168,055)
151,871	554,283	(49,909)	(1,901,892)
5,280,822	4,617,674	3,825,312	77,048,142
<u>\$ 5,432,693</u>	<u>\$ 5,171,957</u>	<u>\$ 3,775,403</u>	<u>\$ 75,146,250</u>

City of Cedar Rapids, Iowa
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

	Business-type Activities -			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
Cash flows from operating activities:				
Cash received from users	\$ 693,378	\$ 2,988,821	\$ 6,571,762	\$ 2,552,184
Cash paid to employees	(3,754,769)	(1,696,390)	(2,693,054)	(1,335,470)
Cash paid to suppliers	(2,358,313)	(1,238,216)	(2,353,628)	(861,876)
Net cash flows from operating activities	<u>(5,419,704)</u>	<u>54,215</u>	<u>1,525,080</u>	<u>354,838</u>
Cash flows from non-capital financing activities:				
Borrowing from other funds	2,615,660	461,005	720,759	765,109
Loans to other funds	(2,391,014)	(255,908)	(680,724)	(601,994)
Intergovernmental	2,115,981	-	48,564	3,175
Transfers in	35,000	-	34,748	4,444
Transfers out	-	(326,389)	(1,781,606)	(60,060)
Property taxes	3,363,132	-	-	-
Net cash flows from non-capital financing activities	<u>5,738,759</u>	<u>(121,292)</u>	<u>(1,658,259)</u>	<u>110,674</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,194,861)	-	(106,786)	(284,748)
Proceeds from disposition of property and equipment	1,656	2,113	25,185	3,926
Capital contributions	850,198	11,250	-	-
Principal paid	-	-	(210,000)	(250,000)
Interest paid	-	-	(10,500)	(193,225)
Net cash flows from capital and related financing activities	<u>(343,007)</u>	<u>13,363</u>	<u>(302,101)</u>	<u>(724,047)</u>
Cash flows from investing activities:				
Interest on investments	23,993	50,178	435,280	29,013
Net decrease in cash and cash equivalents	41	(3,536)	-	(229,522)
Cash and cash equivalents, July 1, 2004	2,959	8,648	100	251,637
Cash and cash equivalents, June 30, 2005	<u>\$ 3,000</u>	<u>\$ 5,112</u>	<u>\$ 100</u>	<u>\$ 22,115</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (6,899,089)	\$ (1,046,702)	\$ 1,155,360	\$ (26,541)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	1,886,511	1,073,366	567,912	343,033
Change in assets and liabilities:				
(Increase) decrease in prepaid items	(931)	-	-	21,604
Increase (decrease) in vouchers payable	(49,862)	31,039	(219,575)	(31,077)
Increase in accrued expenses	24,633	3,905	3,518	(8,021)
Increase (decrease) in compensated absences	5,290	(6,637)	(9,146)	3,462
(Increase) decrease in accounts receivable	(24,894)	12,757	27,011	(1,113)
(Increase) decrease in inventories	(24,591)	-	-	50,578
(Increase) decrease in due from other governments	(336,771)	3,021	-	(196)
Increase (decrease) due to other governments	-	-	-	3,109
Increase (decrease) in revenues collected in advance	-	(7,547)	-	-
Increase in employee uniform deposit	-	-	-	-
Increase (decrease) in security deposit	-	(8,987)	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Net cash flows from operating activities	<u>\$ (5,419,704)</u>	<u>\$ 54,215</u>	<u>\$ 1,525,080</u>	<u>\$ 354,838</u>
Schedule of noncash capital and related financing activities:				
Acquisition of assets through contracts payable	<u>\$ 57,527</u>	<u>\$ 15,381</u>	<u>\$ -</u>	<u>\$ (74,076)</u>

Other Enterprise Funds

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 1,623,585	\$ 1,192,238	\$ 932,475	\$ 16,554,443
(949,582)	(647,291)	(459,818)	(11,536,374)
(999,729)	(335,255)	(483,444)	(8,630,461)
<u>(325,726)</u>	<u>209,692</u>	<u>(10,787)</u>	<u>(3,612,392)</u>
242,785	1,595,578	351,383	6,752,279
(699,990)	(1,564,688)	(506,503)	(6,700,821)
-	-	-	2,167,720
309,900	207,088	648,921	1,240,101
-	-	-	(2,168,055)
-	-	-	3,363,132
<u>(147,305)</u>	<u>237,978</u>	<u>493,801</u>	<u>4,654,356</u>
(30,452)	(364,701)	(36,400)	(2,017,948)
12,071	-	-	44,951
-	-	-	861,448
-	(113,000)	(260,000)	(833,000)
-	(105,933)	(388,921)	(698,579)
<u>(18,381)</u>	<u>(583,634)</u>	<u>(685,321)</u>	<u>(2,643,128)</u>
7,723	-	512	546,699
(483,689)	(135,964)	(201,795)	(1,054,465)
938,775	183,709	218,869	1,604,697
<u>\$ 455,086</u>	<u>\$ 47,745</u>	<u>\$ 17,074</u>	<u>\$ 550,232</u>
\$ (177,823)	\$ 455,043	\$ (311,764)	\$ (6,851,516)
278,943	26,008	417,476	4,593,249
(5,622)	(9,651)	22,317	27,717
240,633	(4,547)	17,867	(15,522)
(146,827)	(269,484)	(9,510)	(401,786)
-	-	-	(7,031)
(48,782)	(9,847)	(154,233)	(199,101)
8,153	2,815	6,070	43,025
-	-	-	(333,946)
(21,826)	502	(293)	(18,508)
(449,069)	18,853	-	(437,763)
(1,619)	-	-	(1,619)
(2,305)	-	-	(11,292)
418	-	1,283	1,701
<u>(325,726)</u>	<u>209,692</u>	<u>(10,787)</u>	<u>(3,612,392)</u>
<u>\$ (1,991)</u>	<u>\$ (160,021)</u>	<u>\$ (36,400)</u>	<u>\$ (199,580)</u>

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

	Public Works Facility	Joint Communications	Risk Management	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 1,508,142	\$ 1,508,142
Receivables:				
Accounts and unbilled usage, net	196,753	10,238	145	207,136
Interest	-	-	7,809	7,809
Due from other funds	1,487,901	494,304	20,838,943	22,821,148
Advance to other funds	-	-	825,015	825,015
Due from other governments	21,764	-	-	21,764
Inventories	202,053	-	-	202,053
Prepaid items	2,440	-	947,483	949,923
Total current assets	<u>1,910,911</u>	<u>504,542</u>	<u>24,127,537</u>	<u>26,542,990</u>
Noncurrent assets:				
Land	1,016,663	-	-	1,016,663
Buildings and structures	7,410,772	-	-	7,410,772
Improvements other than buildings	1,092,787	-	-	1,092,787
Machinery and equipment	160,332	478,269	-	638,601
Accumulated depreciation	(3,539,823)	(223,225)	-	(3,763,048)
Construction in progress	-	59,407	-	59,407
Total noncurrent assets	<u>6,140,731</u>	<u>314,451</u>	<u>-</u>	<u>6,455,182</u>
Total assets	<u>8,051,642</u>	<u>818,993</u>	<u>24,127,537</u>	<u>32,998,172</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	112,952	91,193	992,354	1,196,499
Claims and judgments payable	-	-	6,518,000	6,518,000
Contracts payable	12,157	-	-	12,157
Accrued expenses	25,489	57,628	981	84,098
Compensated absences	19,520	71,431	-	90,951
Revenues collected in advance	-	-	18,999	18,999
General obligation bonds payable	-	-	90,000	90,000
Unamortized bond premium	-	-	1,063	1,063
Matured bonds interest payable	-	-	1,500	1,500
Total current liabilities	<u>170,118</u>	<u>220,252</u>	<u>7,622,897</u>	<u>8,013,267</u>
Noncurrent liabilities:				
General obligation bonds payable	-	-	270,000	270,000
Unamortized bond premium	-	-	3,189	3,189
Compensated absences	-	4,350	-	4,350
Total noncurrent liabilities	<u>-</u>	<u>4,350</u>	<u>273,189</u>	<u>277,539</u>
Total liabilities	<u>170,118</u>	<u>224,602</u>	<u>7,896,086</u>	<u>8,290,806</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,140,731	314,451	-	6,455,182
Unrestricted	1,740,793	279,940	16,231,451	18,252,184
	<u>\$ 7,881,524</u>	<u>\$ 594,391</u>	<u>\$ 16,231,451</u>	<u>\$ 24,707,366</u>

City of Cedar Rapids, Iowa
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2005

	Public Works Facility	Joint Communications	Risk Management	Total
Operating revenues:				
Charges for services	\$ -	\$ 2,027,111	\$ 13,877,041	\$ 15,904,152
Rents and royalties	1,319,628	-	-	1,319,628
Miscellaneous	41,566	-	-	41,566
Total operating revenues	<u>1,361,194</u>	<u>2,027,111</u>	<u>13,877,041</u>	<u>17,265,346</u>
Operating expenses:				
Personal services	566,618	1,254,309	388,919	2,209,846
Purchased services	310,417	517,255	12,795,564	13,623,236
Supplies and materials	90,181	9,586	23,944	123,711
Other	1,306	12,767	829,377	843,450
Depreciation	463,054	92,562	-	555,616
Total operating expenses	<u>1,431,576</u>	<u>1,886,479</u>	<u>14,037,804</u>	<u>17,355,859</u>
Operating income (loss)	<u>(70,382)</u>	<u>140,632</u>	<u>(160,763)</u>	<u>(90,513)</u>
Nonoperating revenues (expenses):				
Investment earnings	33,617	2,712	581,612	617,941
Interest expense	-	-	(21,062)	(21,062)
Total nonoperating revenue (expenses)	<u>33,617</u>	<u>2,712</u>	<u>560,550</u>	<u>596,879</u>
Capital contributions	<u>12,123</u>	<u>-</u>	<u>-</u>	<u>12,123</u>
Income (loss) before transfers	<u>(24,642)</u>	<u>143,344</u>	<u>399,787</u>	<u>518,489</u>
Transfers in	-	-	131,523	131,523
Transfers out	<u>(30,739)</u>	<u>-</u>	<u>(634,870)</u>	<u>(665,609)</u>
Change in net assets	<u>(55,381)</u>	<u>143,344</u>	<u>(103,560)</u>	<u>(15,597)</u>
Total net assets, beginning	7,936,905	451,047	16,335,011	24,722,963
Total net assets, ending	<u>\$ 7,881,524</u>	<u>\$ 594,391</u>	<u>\$ 16,231,451</u>	<u>\$ 24,707,366</u>

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

	Public Works Facility	Joint Communications	Risk Management	Total
Cash flows from operating activities:				
Cash received from users	\$ 1,447,168	\$ 2,027,042	\$ 13,859,328	\$ 17,333,538
Cash paid to employees	(564,313)	(1,225,128)	(387,938)	(2,177,379)
Cash paid to suppliers	(421,585)	(464,388)	(13,672,747)	(14,558,720)
Net cash flows from operating activities	<u>461,270</u>	<u>337,526</u>	<u>(201,357)</u>	<u>597,439</u>
Cash flows from non-capital financing activities:				
Borrowing from other funds	254,218	143,312	669,894	1,067,424
Loans to other funds	(378,729)	(483,550)	(1,177,123)	(2,039,402)
Transfers in	-	-	131,523	131,523
Transfers out	(30,739)	-	(634,870)	(665,609)
Net cash flows from non-capital financing activities	<u>(155,250)</u>	<u>(340,238)</u>	<u>(1,010,576)</u>	<u>(1,506,064)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(351,760)	-	-	(351,760)
Capital contributions	12,123	-	-	12,123
Principal paid	-	-	(90,000)	(90,000)
Interest paid	-	-	(22,499)	(22,499)
Net cash flows from capital and related financing activities	<u>(339,637)</u>	<u>-</u>	<u>(112,499)</u>	<u>(452,136)</u>
Cash flows from investing activities:				
Interest on investments	<u>33,617</u>	<u>2,712</u>	<u>585,467</u>	<u>621,796</u>
Net decrease in cash and cash equivalents	-	-	(738,965)	(738,965)
Cash and cash equivalents, July 1, 2004	-	-	2,247,107	2,247,107
Cash and cash equivalents, June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508,142</u>	<u>\$ 1,508,142</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (70,382)	\$ 140,632	\$ (160,763)	\$ (90,513)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	463,054	92,562	-	555,616
Change in assets and liabilities:				
(Increase) decrease in prepaid items	6,755	-	(29,802)	(23,047)
Increase (decrease) in vouchers payable	(5,072)	75,220	77,940	148,088
Increase (decrease) in accrued expenses	2,862	(56)	981	3,787
Increase (decrease) in compensated absences	(556)	29,237	-	28,681
(Increase) decrease in accounts receivable	88,447	(69)	(145)	88,233
(Increase) in inventories	(21,365)	-	-	(21,365)
(Increase) in due from other governments	(2,473)	-	-	(2,473)
(Decrease) in revenues collected in advance	-	-	(17,568)	(17,568)
(Decrease) in open claims payable	-	-	(72,000)	(72,000)
Net cash flows from operating activities	<u>\$ 461,270</u>	<u>\$ 337,526</u>	<u>\$ (201,357)</u>	<u>\$ 597,439</u>
Schedule of noncash capital and related financing activities:				
Acquisition of capital assets through contracts payable	<u>\$ 12,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,157</u>

City of Cedar Rapids, Iowa
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2005

	Developers Security Deposit	Contractors Permit Deposit	Regional Planning	Area Ambulance	Total
ASSETS					
Receivables:					
Accounts and unbilled usage	\$ -	\$ -	\$ 109	\$ -	\$ 109
Due from other governments	297,158	59,496	178,669	225,227	760,550
Total Assets	<u>\$ 297,158</u>	<u>\$ 59,496</u>	<u>\$ 178,778</u>	<u>\$ 225,227</u>	<u>\$ 760,659</u>
LIABILITIES					
Vouchers payable	\$ -	\$ 61	\$ 2,543	\$ -	\$ 2,604
Due to other governments	-	-	176,235	225,227	401,462
Security deposits	297,158	59,435	-	-	356,593
Total liabilities	<u>\$ 297,158</u>	<u>\$ 59,496</u>	<u>\$ 178,778</u>	<u>\$ 225,227</u>	<u>\$ 760,659</u>

**CITY OF CEDAR RAPIDS, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2005**

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Developers Security Deposit				
Assets:				
Due from other governments	\$ 286,113	\$ 297,158	\$ 286,113	\$ 297,158
Liabilities:				
Security deposits	\$ 286,113	\$ 11,045	\$ -	\$ 297,158
Contractors Permit Deposit				
Assets:				
Due from other governments	\$ 46,562	\$ 59,496	\$ 46,562	\$ 59,496
Liabilities:				
Vouchers payable	\$ 61	\$ 308	\$ 308	\$ 61
Security deposits	46,501	277,003	264,069	59,435
Total liabilities	\$ 46,562	\$ 277,311	\$ 264,377	\$ 59,496
Regional Planning				
Assets:				
Accounts and unbilled usage	\$ -	\$ 109	\$ -	\$ 109
Due from other governments	171,098	178,670	171,099	178,669
Total Assets	\$ 171,098	\$ 178,779	\$ 171,099	\$ 178,778
Liabilities:				
Vouchers payable	\$ 1,515	\$ 47,552	\$ 46,524	\$ 2,543
Due to other governments	169,583	6,652		176,235
Total liabilities	\$ 171,098	\$ 54,204	\$ 46,524	\$ 178,778
Area Ambulance				
Assets:				
Due from other governments	\$ 317,999	\$ 225,227	\$ 317,999	\$ 225,227
Liabilities:				
Vouchers payable	\$ 1,606	\$ -	\$ 1,606	\$ -
Due to other governments	316,393	-	91,166	225,227
Total liabilities	\$ 317,999	\$ -	\$ 92,772	\$ 225,227
Total				
Assets:				
Accounts and unbilled usage	\$ -	\$ 109	\$ -	\$ 109
Due from other governments	821,772	760,551	821,773	760,550
	\$ 821,772	\$ 760,660	\$ 821,773	\$ 760,659
Liabilities:				
Vouchers payable	\$ 3,182	\$ 47,860	\$ 48,438	\$ 2,604
Due to other governments	485,976	6,652	91,166	401,462
Security deposits	332,614	288,048	264,069	356,593
Total liabilities	\$ 821,772	\$ 342,560	\$ 403,673	\$ 760,659

City of Cedar Rapids, Iowa
Statements of Revenues, Expenses, and Changes in Fund Net Assets
Discretely Presented Component Units
For the Year Ended June 30, 2005

	<u>Airport</u>	<u>Cedar Rapids/ Linn County Solid Waste Agency</u>	<u>Cedar Rapids Public Library Foundation</u>
Operating revenues:			
Charges for services	\$ 2,988,170	\$ 4,859,172	\$ -
Licenses and permits	2,215	-	-
Use of money and property	-	51,974	221,496
Rents and royalties	8,783,740	9,442	-
Miscellaneous	37,320	1,774,069	-
Total operating revenues	<u>11,811,444</u>	<u>6,694,657</u>	<u>221,496</u>
Operating expenses:			
Personal services	2,771,261	2,033,758	-
Purchased services	2,132,816	1,926,714	85,971
Supplies and materials	406,828	1,351,730	37,927
Other	89,846	760,737	-
Depreciation	3,888,371	1,318,938	224
Total operating expenses	<u>9,289,122</u>	<u>7,391,877</u>	<u>124,122</u>
Operating income (loss)	<u>2,522,322</u>	<u>(697,220)</u>	<u>97,374</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	53,513	-
Investment income	447,535	465,900	-
Gain (loss) on sale of assets	847	(105,641)	-
Interest expense	(487,473)	-	-
Total nonoperating revenue (expenses)	<u>(39,091)</u>	<u>413,772</u>	<u>-</u>
Capital contributions	<u>3,052,521</u>	<u>-</u>	<u>-</u>
Change in net assets	5,535,752	(283,448)	97,374
Total net assets, beginning	95,072,446	21,095,961	2,853,612
Total net assets, ending	<u>\$ 100,608,198</u>	<u>\$ 20,812,513</u>	<u>\$ 2,950,986</u>

**City of Cedar Rapids, Iowa
Statements of Cash Flows
Discretely Presented Component Units
For the Year Ended June 30, 2005**

	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
Cash flows from operating activities:			
Cash received from users	\$ 12,385,083	\$ 6,702,750	\$ 199,320
Cash paid to employees	(2,673,305)	(2,049,509)	-
Cash paid to suppliers	(2,435,167)	(3,182,057)	(377,705)
Net cash flows from operating activities	<u>7,276,611</u>	<u>1,471,184</u>	<u>(178,385)</u>
Cash flows from non-capital financing activities:			
Borrowing from other funds	1,913,807	-	-
Loans to other funds	(6,717,837)	-	-
Intergovernmental	-	53,513	-
Net cash flows from non-capital financing activities	<u>(4,804,030)</u>	<u>53,513</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(4,966,273)	(1,234,037)	-
Capital contributions	3,052,521	-	-
Proceeds from disposition of property and equipment	8,361	35,261	-
Principal paid	(1,785,950)	-	-
Issuance costs and deferred charges	-	85,012	-
Interest paid	(490,664)	-	-
Permanently restricted contributions	-	-	25,000
Net cash flows from capital and related financing activities	<u>(4,182,005)</u>	<u>(1,113,764)</u>	<u>25,000</u>
Cash flows from investing activities:			
Interest on investments	447,535	465,900	-
Proceeds from sale and maturities of investment securities	-	-	424,641
Purchase of investment securities	-	-	(1,360,510)
Net cash flows from investing activities	<u>447,535</u>	<u>465,900</u>	<u>(935,869)</u>
Net decrease in cash and cash equivalents	(1,261,889)	876,833	(1,089,254)
Cash and cash equivalents, July 1, 2004	1,262,089	23,654,232	1,509,090
Cash and cash equivalents, June 30, 2005	<u>\$ 200</u>	<u>\$ 24,531,065</u>	<u>\$ 419,836</u>
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ 2,522,322	\$ (697,220)	\$ 97,374
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	3,888,371	1,318,938	224
Net depreciation in fair value of investments	-	-	(108,286)
Permanently restricted contributions received	-	-	(25,000)
Change in assets and liabilities:			
Decrease in prepaid items	-	67,517	-
Increase (decrease) in vouchers payable	194,323	31,921	(253,807)
Increase (decrease) in compensated absences	84,210	(17,241)	-
Increase in accrued expenses	13,746	1,490	-
(Increase) decrease in accounts receivable	254,426	(94,105)	111,110
Decrease in notes receivable	-	45,130	-
Decrease in inventories	-	70,564	-
Decrease in due from other governments	319,213	93,905	-
(Decrease) in due to other governments	-	(45,331)	-
Increase in security deposits	-	1,000	-
Increase in revenues collected in advance	-	7,494	-
Increase in closure/postclosure payable	-	687,122	-
Net cash flows from operating activities	<u>\$ 7,276,611</u>	<u>\$ 1,471,184</u>	<u>\$ (178,385)</u>
Reconciliation of cash and cash equivalents to specific assets on statement of net assets:			
Cash and investments	\$ 200	\$ 24,531,065	\$ 3,053,974
Less: Items not meeting the definition of cash and cash equivalents	-	-	2,634,138
	<u>\$ 200</u>	<u>\$ 24,531,065</u>	<u>\$ 419,836</u>
Schedule of noncash capital and related financing activities:			
Acquisition of assets through contracts payable	<u>\$ (543,002)</u>	<u>\$ -</u>	<u>\$ -</u>

City of Cedar Rapids, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2005

Governmental funds capital assets:	
Land	\$ 19,856,252
Building	59,601,190
Improvements other than Building	279,303,946
Machinery and equipment	34,489,092
Construction in progress	3,481,660
Total governmental funds capital assets	<u>\$ 396,732,140</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 45,457,357
Special revenue funds	16,577,829
Capital projects funds	318,571,928
Donations	16,125,026
Total governmental funds capital assets	<u>\$ 396,732,140</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 Rapids, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2005

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
Function and Activity						
Public Safety:						
Police	\$ 1,057,051	\$ 12,094,507	\$ 492,748	\$ 4,541,468	\$ 61,027	\$ 18,246,801
Flood Control	-	-	10,616	-	-	10,616
Fire	459,523	5,994,650	56,694	5,356,924	389,493	12,257,284
Building Inspections	-	266,930	-	197,106	-	464,036
Animal Control	-	226,710	13,311	144,341	-	384,362
Total Public Safety	<u>1,516,574</u>	<u>18,582,797</u>	<u>573,369</u>	<u>10,239,839</u>	<u>450,520</u>	<u>31,363,099</u>
Public Works:						
Roads, Bridges, Sidewalks	10,656,162	-	200,952,125	597,918	6,617	212,212,822
Traffic Control and Safety	12,477	9,739	9,937,650	1,041,941	370,402	11,372,209
Street Cleaning	-	70,316	-	10,543,794	7,999	10,622,109
Other Public Works	1,013	-	39,538,313	386,105	-	39,925,431
Total Public Works	<u>10,669,652</u>	<u>80,055</u>	<u>250,428,088</u>	<u>12,569,758</u>	<u>385,018</u>	<u>274,132,571</u>
Culture & Recreation:						
Library Services	1,397,574	8,386,943	27,082	1,044,510	-	10,856,109
Museum, Band, Theater	-	-	-	13,010	-	13,010
Parks	3,699,718	3,488,102	12,721,945	2,826,222	45,185	22,781,172
Recreation	63,287	7,859,680	5,225,267	3,948,095	2,220,156	19,316,485
Other Culture and Recreation	1,212,250	329,845	228,748	470,812	91,106	2,332,761
Total Culture and Recreation	<u>6,372,829</u>	<u>20,064,570</u>	<u>18,203,042</u>	<u>8,302,649</u>	<u>2,356,447</u>	<u>55,299,537</u>
Community & Economic Development:						
Community Beautification	10,500	120,865	-	934,614	-	1,065,979
Economic Development	-	-	60,864	89,181	39,335	189,380
Housing and Urban Renewal	28,445	-	-	175,245	-	203,690
Other Community and Economic Development	-	-	-	30,317	-	30,317
Total Community and Economic Development	<u>38,945</u>	<u>120,865</u>	<u>60,864</u>	<u>1,229,357</u>	<u>39,335</u>	<u>1,489,366</u>
General Government:						
Mayor and Council	-	-	-	15,892	-	15,892
Clerk, Treasurer, Finance	-	-	1,370,769	833,857	-	2,204,626
City Attorney	-	-	-	6,048	-	6,048
City Hall and Other Buildings	85,100	18,234,145	3,641,644	202,419	235,778	22,399,086
Other General Government	1,173,152	2,518,758	5,026,170	1,089,273	14,562	9,821,915
Total General Government	<u>1,258,252</u>	<u>20,752,903</u>	<u>10,038,583</u>	<u>2,147,489</u>	<u>250,340</u>	<u>34,447,567</u>
Total governmental funds capital assets	<u>\$ 19,856,252</u>	<u>\$ 59,601,190</u>	<u>\$ 279,303,946</u>	<u>\$ 34,489,092</u>	<u>\$ 3,481,660</u>	<u>\$ 396,732,140</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 Rapids, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
June 30, 2005

Function and Activity	Governmental Funds Capital Assets July 1, 2004	Additions	Deletions	Governmental Funds Capital Assets June 30, 2005
Public Safety:				
Police	\$ 18,633,856	\$ 567,492	\$ 954,547	\$ 18,246,801
Flood Control	10,616	-	-	10,616
Fire	11,468,417	537,145	(251,722)	12,257,284
Building Inspections	464,902	10,924	11,790	464,036
Animal Control	368,939	15,423	-	384,362
Total Public Safety	<u>30,946,730</u>	<u>1,130,984</u>	<u>714,615</u>	<u>31,363,099</u>
Public Works:				
Roads, Bridges, Sidewalks	195,277,394	16,935,428	-	212,212,822
Traffic Control and Safety	11,220,214	196,384	44,389	11,372,209
Street Cleaning	10,430,663	492,900	301,454	10,622,109
Other Public Works	39,925,431	-	-	39,925,431
Total Public Works	<u>256,853,702</u>	<u>17,624,712</u>	<u>345,843</u>	<u>274,132,571</u>
Culture & Recreation:				
Library Services	10,604,272	251,837	-	10,856,109
Museum, Band, Theater	13,010	-	-	13,010
Parks	22,589,954	612,236	421,018	22,781,172
Recreation	16,988,147	11,035,776	8,707,438	19,316,485
Other Culture and Recreation	2,241,655	91,106	-	2,332,761
Total Culture and Recreation	<u>52,437,038</u>	<u>11,990,955</u>	<u>9,128,456</u>	<u>55,299,537</u>
Community & Economic Development:				
Community Beautification	1,053,159	12,820	-	1,065,979
Economic Development	189,380	-	-	189,380
Housing and Urban Renewal	169,372	44,696	10,378	203,690
Other Community and Economic Development	36,542	-	6,225	30,317
Total Community and Economic Development	<u>1,448,453</u>	<u>57,516</u>	<u>16,603</u>	<u>1,489,366</u>
General Government:				
Mayor and council	15,892	-	-	15,892
Clerk, Treasurer, Finance	2,215,154	-	10,528	2,204,626
City Attorney	6,048	-	-	6,048
City Hall and Other Buildings	22,378,451	20,635	-	22,399,086
Other General Government	9,780,807	54,213	13,105	9,821,915
Total General Government	<u>34,396,352</u>	<u>74,848</u>	<u>23,633</u>	<u>34,447,567</u>
Total governmental funds capital assets	<u><u>\$ 376,082,275</u></u>	<u><u>\$ 30,879,015</u></u>	<u><u>\$ 10,229,150</u></u>	<u><u>\$ 396,732,140</u></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.



CEDAR RAPIDS

City of Five Seasons



CEDAR RAPIDS

City of Five Seasons

**City of Cedar Rapids, Iowa
Government-wide Expenses by Function
Last Ten Fiscal Years**

Fiscal Year	Public Safety	Public Works	Culture and Recreation	Community and Economic Development	General Government	Debt Service	Water	Water Pollution Control
2002 *	\$ 37,202,038	\$ 19,740,744	\$ 10,077,414	\$ 15,192,066	\$ 7,927,631	\$ 5,517,991	\$ 17,164,438	\$ 19,212,698
2003	42,461,754	22,539,198	11,984,656	15,375,249	7,800,987	5,253,908	18,271,399	20,786,914
2004	40,513,052	24,546,647	15,340,165	17,658,329	7,837,144	5,523,401	20,146,454	21,474,470
2005	36,598,588	23,476,595	14,448,265	17,737,847	9,620,708	4,736,327	20,183,395	21,155,005

* Fiscal year 2002 is the first year of government-wide statements.

<u>Sanitary Sewer</u>	<u>Ground Transportation System</u>	<u>Parking System</u>	<u>Solid Waste Management</u>	<u>Golf</u>	<u>U.S. Cellular Center</u>	<u>Paramount Theatre</u>	<u>Ice Arena</u>	<u>Total</u>
\$ 4,633,086	\$ 7,112,116	\$ 3,392,721	\$ 5,651,175	\$ 2,639,440	\$ 2,825,570	\$ 892,380	\$ 557,126	\$ 159,738,634
4,810,188	7,599,819	3,568,144	5,100,289	2,551,173	3,244,067	907,611	2,123,700	174,379,056
5,574,981	7,663,828	3,565,956	5,138,653	2,877,597	2,769,182	849,346	2,019,690	183,498,895
5,212,436	7,941,027	4,028,604	5,381,234	2,765,321	2,322,972	835,535	1,785,060	178,228,919

**City of Cedar Rapids, Iowa
Government-wide Revenues
Last Ten Fiscal Years**

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Gain on Sale of Capital Asset	Special Items		
2002 *	\$ 64,097,496	\$ 9,284,810	\$ 17,309,643	\$ 79,330,047	\$ 12,018,790	\$ 243,259	\$ -	\$ 182,284,045	
2003	69,596,750	13,646,832	11,325,472	91,810,736	7,439,840	395,574	4,865,155	199,080,359	
2004	70,975,425	14,871,337	12,822,256	79,361,263	1,868,673	113,855	(2,168,667)	177,844,142	
2005	70,966,917	24,946,975	10,487,248	73,945,729	4,698,220	366,958	(137,948)	185,274,099	

* Fiscal year 2002 is the first year of government-wide statements.

CITY OF CEDAR RAPIDS, IOWA
GENERAL GOVERNMENTAL * EXPENDITURES
 LAST TEN FISCAL YEARS

Fiscal Year	General	Street	Public Safety	Parks and Recreation	Library	Debt Service	Other	Total
1996	7,478,735	10,414,044	24,489,604	4,012,437	3,216,164	6,551,588	7,989,652	64,152,224
1997	7,746,516	11,056,215	25,931,657	5,047,642	3,350,993	6,771,510	10,401,492	70,306,025
1998	8,029,941	11,261,464	27,261,145	5,090,746	3,422,952	8,053,490	9,444,904	72,564,642
1999	8,802,690	12,318,427	28,788,579	5,330,677	3,496,971	9,735,788	10,556,843	79,029,975
2000	9,455,297	12,957,999	30,612,434	5,683,547	3,721,716	11,642,502	8,870,596	82,944,091
2001	9,851,771	13,304,929	30,597,854	6,349,671	3,446,362	12,545,722	12,773,321	88,820,083
2002	10,273,013	12,980,572	31,167,902	6,141,370	3,583,851	12,680,369	12,599,797	89,426,874
2003	11,344,499	13,337,026	33,446,349	6,801,060	3,710,840	20,517,589	14,115,311	103,272,677
2004	11,016,029	12,155,271	33,129,961	6,468,320	3,691,730	13,758,608	16,964,077	97,183,996
2005	9,163,943	12,875,808	35,384,822	6,351,501	3,757,557	15,186,249	20,611,064	103,330,944

*Includes General Fund, Special Revenue Funds, and Debt Service Fund.

CITY OF CEDAR RAPIDS, IOWA
GENERAL GOVERNMENTAL* REVENUES
 LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits	Fines and Court Receipts	Charges for Services	Intergovernmental Revenue	Use of Money and Property	Miscellaneous Revenue ¹	Total
1996	37,592,735	1,555,185	507,739	1,148,335	19,729,386	2,027,736	2,770,067	58,759,155
1997	38,331,332	1,602,816	462,584	1,242,580	21,572,108	2,052,950	2,429,342	67,693,712
1998	40,444,362	1,736,838	479,078	1,397,273	18,251,313	2,402,240	7,739,454	72,450,558
1999	42,918,598	1,703,820	364,089	1,592,599	19,998,764	2,104,822	11,822,087	80,504,779
2000	48,418,248	1,893,007	347,285	1,571,502	19,818,901	2,379,319	3,804,516	78,232,778
2001	57,323,648	1,915,230	364,277	1,600,521	23,461,150	5,192,327	5,294,073	95,151,226
2002	68,860,475	1,942,391	366,894	1,622,569	21,092,862	4,428,762	6,411,651	98,725,604
2003	76,789,145	1,736,776	361,697	2,006,073	22,564,343	2,783,019	4,314,517	110,555,570
2004	66,049,790	2,082,612	318,835	2,228,161	22,546,593	1,326,800	1,988,131	96,540,922
2005	70,985,606	2,169,195	397,022	2,504,668	21,871,695	2,406,586	1,982,770	102,317,542

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*Includes General Fund, Special Revenue Funds, and Debt Service Fund.

¹ Includes bond proceeds, excluding proceeds from the 2003 refunding bond issue.

CITY OF CEDAR RAPIDS, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes to Total Tax Levy</u>
1996	44,739,429	44,059,092	98.5%	319,145	44,378,237	99.2%	2,991,897	6.7%
1997	45,534,042	44,994,059	98.8%	281,670	45,275,729	99.4%	3,250,210	7.1%
1998	47,209,911	47,187,591	99.9%	301,074	47,488,665	100.6%	2,971,456	6.3%
1999	51,282,593	50,952,505	99.4%	127,853	51,080,358	99.6%	3,173,691	6.2%
2000	55,423,351	55,128,460	99.5%	250,611	55,379,071	99.9%	3,217,971	5.8%
2001	57,265,686	54,882,721	95.8%	33,698	54,916,419	95.9%	5,567,238	9.7%
2002	60,486,677	60,358,411	99.8%	69,020	60,427,431	99.9%	5,626,484	9.3%
2003	64,282,163	64,583,754	100.5%	275,832	64,859,586	100.9%	5,049,061	7.9%
2004	66,627,836	64,146,360	96.3%	268,380	64,414,740	96.7%	7,262,157	10.9%
2005	69,200,064	68,926,266	99.6%	591,134	69,517,400	100.5%	8,397,392	12.1%

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SPECIAL ASSESSMENTS COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
1996	72,660	48,103	66.2	881,404
1997	80,805	49,821	61.8	805,265
1998	68,371	44,980	63.8	721,274
1999	73,333	67,260	91.7	746,373
2000	84,057	45,746	54.4	1,059,370
2001	84,473	53,219	63.0	1,009,459
2002	87,578	77,251	88.2	1,002,251
2003	96,282	78,245	81.3	1,187,765
2004	136,529	637,196	466.7	2,376,575
2005	134,606	494,896	367.7	2,522,098

CITY OF CEDAR RAPIDS, IOWA
PROPERTY TAX REVENUE BY FUNCTION
 LAST TEN FISCAL YEARS

Fiscal Year	General	Street	Public Safety	Municipal Enterprises	Parks and Recreation	Utility	Debt Service	Employee Benefits and Retirement
1995-96	7,452,070	5,849,190	14,578,861	2,050,072	3,031,637	1,152,009	4,584,108	5,680,290
1996-97	7,761,701	4,507,041	15,713,399	2,308,223	2,880,109	1,457,329	4,984,427	5,663,500
1997-98	8,287,964	3,926,471	17,355,997	2,429,375	3,121,296	1,391,661	5,259,786	5,960,722
1998-99	9,328,769	3,999,635	17,829,864	2,633,480	3,206,516	1,429,657	6,051,086	6,859,847
1999-00	11,398,857	4,184,952	18,347,463	2,803,590	3,363,101	1,394,984	6,566,065	7,302,959
2000-01	11,408,328	3,859,703	19,294,989	2,726,473	3,175,883	1,261,894	7,016,822	8,172,997
2001-02	18,886,019	3,586,411	18,231,406	2,793,643	3,211,671	1,135,490	7,516,809	8,463,055
2002-03	16,787,639	3,942,594	20,010,327	2,889,721	3,370,217	1,216,836	8,188,716	8,421,047
2003-04	17,695,153	3,608,995	20,861,666	2,995,517	3,258,697	1,186,092	8,062,461	9,416,307
2004-05	12,417,158	2,603,398	29,110,617	2,960,123	4,396,462	1,813,800	8,613,019	9,986,680

CITY OF CEDAR RAPIDS, IOWA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY¹
 LAST TEN FISCAL YEARS

Levy Year	Collection Year	Real Property		Assessed to Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	
1994	1995-96	3,463,290,981	4,287,222,512	81
1995	1996-97	3,668,074,738	4,867,863,757	75
1996	1997-98	3,813,186,899	5,021,704,294	76
1997	1998-99	3,981,829,475	5,483,409,043	73
1998	1999-00	4,162,910,592	5,608,705,402	74
1999	2000-01	4,154,915,797	5,710,593,727	73
2000	2001-02	4,250,353,385	5,790,526,702	73
2001	2002-03	4,468,398,393	6,500,731,601	69
2002	2003-04	4,599,355,786	6,645,938,634	69
2003	2004-05	4,675,862,691	7,067,763,823	66

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**COMPARATIVE RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUES
 AND GENERAL BONDED DEBT PER CAPITA**
 LAST TEN FISCAL YEARS

Fiscal Year	Population ²	Assessed Value of Real Estate	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
1995-96	108,772	3,463,290,981	44,642,969	1.29	410.43
1996-97	108,772	3,668,074,738	46,068,138	1.26	423.53
1997-98	108,772	3,813,186,899	51,071,003	1.34	469.52
1998-99	108,772	3,981,829,475	59,818,176	1.50	549.94
1999-00	108,772	4,162,910,592	55,842,026	1.34	513.39
2000-01	120,758	4,154,915,797	62,704,920	1.51	519.26
2001-02	120,758	4,250,353,385	61,943,167	1.46	512.95
2002-03	120,758	4,468,398,393	66,322,040	1.48	549.21
2003-04	120,758	4,599,355,786	69,461,328	1.51	575.21
2004-05	120,758	4,675,862,691	72,880,300	1.56	603.52

Data Sources:

1 Data presented was supplied by the Linn County Auditor's Office, does not include tax incremental financing districts.

2 U.S. Bureau of the Census, Census of Housing and Population.

CITY OF CEDAR RAPIDS, IOWA
PROPERTY TAX RATES LAST TEN FISCAL YEARS
DIRECT AND OVERLAPPING GOVERNMENTS
 PER \$1,000 ASSESSED VALUATION

(Page 1 of 2)

Fiscal Year	City of Cedar Rapids	Linn Co. & State	Assessor	Kirkwood Comm. College	Sub- Total
1996	12.100	6.172	0.269	0.593	19.134
1997	12.074	5.979	0.238	0.589	18.880
1998	12.074	5.651	0.298	0.595	18.618
1999	12.324	5.412	0.242	0.567	18.545
2000	12.400	5.341	0.288	0.613	18.642
2001	12.745	5.341	0.341	0.607	19.034
2002	13.040	5.287	0.037	0.607	19.305
2003	12.830	5.295	0.352	0.659	19.135
2004	13.068	5.336	0.354	0.679	19.437
2005	13.118	5.566	0.361	0.667	19.712

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Data Source:

Linn County Auditor's Office

CITY OF CEDAR RAPIDS, IOWA
PROPERTY TAX RATES LAST TEN FISCAL YEARS
DIRECT AND OVERLAPPING GOVERNMENTS
 PER \$1,000 ASSESSED VALUATION

(Page 2 of 2)

Fiscal Year	C.R. Comm. Schools		College Comm. Schools		Linn Mar Comm. Schools		Marion Indep. Schools	
	Levy	Total*	Levy	Total*	Levy	Total*	Levy	Total*
1996	13.408	32.542	13.114	32.248	14.427	33.561	15.342	34.476
1997	12.832	31.712	12.669	31.549	14.315	33.195	14.692	33.572
1998	12.502	31.120	12.707	31.325	16.059	34.677	14.631	33.249
1999	12.488	31.033	12.960	31.505	16.253	34.798	17.245	35.790
2000	11.884	30.526	12.945	31.587	15.946	34.588	16.711	35.353
2001	12.409	31.443	12.927	31.961	15.930	34.964	17.932	36.966
2002	12.947	32.252	13.724	33.030	16.520	35.825	17.980	37.285
2003	15.359	34.495	14.400	33.535	16.907	36.042	17.935	37.070
2004	15.368	34.805	14.731	34.168	16.896	36.333	17.811	37.248
2005	15.748	35.460	15.114	34.827	17.768	37.481	16.820	36.533

*Total includes sub-total from previous page plus respective school levy.

Data Source:

Linn County Auditor's Office

CITY OF CEDAR RAPIDS, IOWA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2005

Name of Government Unit	Net General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit	City Cedar Rapids Share of Debt
City of Cedar Rapids	\$ 72,880,300	100.00%	\$ 72,880,300
Cedar Rapids Community School District	41,225,000	84.13%	34,682,593
College Community School District	39,935,000	68.18%	27,227,683
Kirkwood Community College	50,260,000	32.70%	16,435,020
Linn Mar Community School District	35,385,000	44.42%	15,718,017
Linn County	4,500,000	65.67%	2,955,150
Marion Community School District	5,426,302	6.46%	350,539
Total Direct and Overlapping Debt			<u>\$ 170,249,302</u>

COMPUTATION OF LEGAL DEBT MARGIN
AS OF JUNE 30, 2005

<u>Assessed Property Valuation*</u>		
Real Estate	\$ 6,965,973,529	
Utilities	378,745,423	
Total Assessed Property Valuation	<u>\$ 7,344,718,952</u>	
Legal Debt Limit - 5% of Total Assessed Property Valuation		\$ 367,235,948
<u>Amount of Debt Applicable to Debt Limit</u>		
	Total Tax and Non-tax Supported Bonded Debt	257,235,000
Available Debt Margin		<u>\$ 110,000,948</u>

* House File 2072, passed by the 1980 Iowa Legislature, allows cities to use the actual value of property, instead of valuations which have been rolled back (taxable value), when determining allowable indebtedness.

Data Source: Linn County Auditor's Office

CITY OF CEDAR RAPIDS, IOWA
RATIO OF ANNUAL DEBT SERVICE TO EXPENDITURE
FOR GENERAL DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES
 LAST TEN FISCAL YEARS

Fiscal Year	Debt Service Principal	Interest Amount	Total Debt Service	Total General Government Expenditures	Ratio
1996	2,688,293	2,151,793	4,840,086	64,152,224	13.3
1997	2,639,829	2,368,356	5,008,185	70,306,025	14.0
1998	3,662,136	2,435,730	6,097,866	72,564,642	11.9
1999	3,397,828	2,938,952	6,336,780	79,029,975	12.5
2000	3,961,150	2,803,627	6,764,777	82,944,091	12.3
2001	3,927,108	3,053,345	6,980,453	88,820,083	12.7
2002	4,261,751	3,309,481	7,571,232	89,426,874	11.8
2003	3,701,978	3,043,859	6,745,837	103,272,677	15.3
2004	4,840,712	3,241,748	8,082,460	97,183,996	12.0
2005	5,301,028	3,300,165	8,601,193	110,521,113	12.8

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Source: City's financial statements.

CITY OF CEDAR RAPIDS, IOWA
DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Population(1)	Per Capita Income(2)	Per Household Income(2)	Retail Sales(3) (in millions)	Median Age(2)	School Enrollment(4)		Unemployment Rate(5)
						Public	Private	
1995-96	108,772	23,901	58,693	1,780.2	34.5	17,589	2,480	2.8
1996-97	108,772	24,857	59,859	1,901.6	35.2	17,733	2,607	2.6
1997-98	108,772	27,621	72,504	1,899.7	35.9	17,815	2,671	2.3
1998-99	108,772	28,873	73,449	2,059.5	36.2	17,827	2,718	2.1
1999-00	108,772	30,297	69,375	2,168.0	35.2	18,146	2,748	1.4
2000-01	120,758	32,393	71,863	2,219.7	35.5	17,959	2,319	1.8
2001-02	120,758	31,650	69,700	2,229.5	35.6	17,729	2,784	3.8
2002-03	120,758	32,559	70,115	2,292.9	35.8	17,247	2,810	4.0
2003-04	120,758	33,529	70,567	2,328.2	36.7	17,125	2,757	4.2
2004-05	120,758	33,405	68,495	2,391.8	37.0	17,051	2,905	4.9

Data Sources:

1. U.S. Department of Commerce, Bureau of Census.
2. Cedar Rapids Chamber of Commerce
3. Iowa Retail Sales and Use Tax Report, Iowa Department of Revenue and Finance.
4. Grant Wood Education Center
5. Data presented to Cedar Rapids Metropolitan Statistical Area (Linn County, Iowa), which encompasses geographic boundaries of reporting entity as reported by Workforce Development Area.

CITY OF CEDAR RAPIDS, IOWA
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year	Property Values (1)		New Construction (2)		Remodeling, Repairs and Additions (2)	
	Assessed Property*	Exempt Property	Number of Permits	Value of Permits	Number of Permits	Value of Permits
1995-96	4,287,222,512	241,411,777	1,786	80,102,563	5,021	51,369,102
1996-97	4,867,863,757	250,031,972	1,802	70,991,417	5,189	39,861,367
1997-98	5,021,704,294	255,098,517	1,967	98,814,785	5,177	57,805,937
1998-99	5,483,409,043	272,718,860	2,090	91,129,086	5,690	51,983,984
1999-00	5,608,705,402	282,538,602	2,112	117,769,809	5,432	68,604,912
2000-01	5,710,593,727	302,141,983	1,764	100,135,310	5,067	55,974,632
2001-02	5,790,526,702	347,752,644	1,864	114,718,794	8,126	62,053,567
2002-03	6,500,731,601	379,030,072	1,652	75,286,441	5,350	55,248,380
2003-04	6,645,938,664	419,868,692	1,881	96,572,034	5,137	57,241,932
2004-05	7,067,763,823	473,626,733	1,702	113,744,298	4,390	59,268,382

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* Does not include Tax Incremental Financing (TIF) districts

Data Sources:

1. City Assessor's Office
2. City Bulding Department

CITY OF CEDAR RAPIDS, IOWA
TEN LARGEST TAXPAYERS
2003 ASSESSMENTS PAYABLE IN 2004/2005
FOR FISCAL PERIOD ENDED JUNE 30, 2005

Business	Business Type	Assessed Property Valuation	Percentage of Total Estimated Actual Valuation
ADM Corn Processing	Grain Processor	\$ 120,351,224	1.70%
Rockwell Collins, Inc.	Avionics and Communications	51,845,371	0.73%
McLeodUSA, Inc.	Telecommunications	50,701,791	0.72%
Weyerhaeuser Company	Packaging Materials	37,805,077	0.53%
SDG Macerich Properties (Lindale Mall)	Shopping Center	35,141,019	0.50%
HNW Associates (Westdale Mall)	Shopping Center	24,851,777	0.35%
PMX Industries, Inc.	Brass and Copper Foundry	22,257,374	0.31%
Aegon USA, Inc.	Insurance	38,243,584	0.54%
Iowa Land & Building	Real Estate	17,651,389	0.25%
Hy-Vee	Grocery Store Chain	17,352,498	0.25%
Total Assessed Ten Largest Taxpayers		<u><u>\$ 416,201,104</u></u>	5.89%

Data Source:
Office of City Assessor

Percentages based upon 2003 assessed value (less TIF) of: \$ 7,067,763,823

CITY OF CEDAR RAPIDS, IOWA
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS¹
 JUNE 30, 2005

<u>Official Title</u>	<u>Name of Official</u>	<u>Monthly Salary²</u>
Mayor	Paul D. Pate	\$ 7,144
Commissioners:		
Department of Accounts and Finance and Mayor Pro Tempore	Lyle K. Hanson	6,683
Department of Public Safety	David E. Zahn	6,683
Department of Streets and Public Improvements	Donald A. Thomas	6,683
Department of Parks and Public Property	Wade A. Wagner	6,683
Airport Director	Lawrence K. Mullendore	8,538
Animal Control Director	Kaye L. Rodriguez Chadima	5,636
City Attorney	James H. Flitz	8,538
City Clerk	Ann J. Ollinger	6,065
City Controller-Auditor	Casey J. Drew	6,687
City Engineer	David J. Elgin	8,750
City Forester	Eric D. Faaborg	6,687
City Streets Director	Dennis G. Clift	6,065
City Traffic Engineer	Gary C. Petersen	7,559
City Treasurer	Susan L. Vavroch	6,855
Civil Rights Director	Louise W. Lorenz	6,368
Community Development Director	Jane K. Tompkins	7,374
Fire Chief	Stephen C. Havlik	7,937
Golf Director	Thomas K. Lavrenz	6,687
Human Resources Director	David L. Winney	7,199
Acting Information Technology Director	Philip J. Lowder Jr.	6,368
Library Director	Lori A. Barkema	7,743
Memorial Coliseum/Stadium Facilities Director	Gary L. Craig	4,527
Parks Director	David W. Kramer	7,023
Police Chief	Michael F. Klappholz	8,334
Public Safety Dispatch Manager	Clinton C. McClintock	5,502
Public Works Building Manager	Dean L. Archer	5,372
Purchasing Director	Judith A. Lehman	5,372
Recreation Director	Julianne M. Sina	7,023
Solid Waste Collection Director	Mark D. Jones	6,368
Transportation/Parking Director	William R. Hoekstra	8,334
Ushers Ferry Director	Vicki Hughes	4,992
Water Pollution Control Director	Patrick J. Ball	7,937
Water Utility Director	John D. North	8,334

¹ Every employee of the City is covered by an honesty and faithful performance bond in the amount of \$1,000,000.

² Monthly salary as of June 30, 2005.

CITY OF CEDAR RAPIDS, IOWA
MISCELLANEOUS STATISTICAL DATA
 FOR FISCAL PERIOD ENDED JUNE 30, 2005

Years of Incorporation	1849
Form of Government	Commission
Area (Square Miles)	68.59
Miles of Streets:	631
Building Permits:	
Issued for 12 Month Period	6,092
Value of Permits Issued	\$ 173,012,680
Fire Protection:	
Number of Stations	9
Number of Employees	154
Police Protection:	
Number of Stations	1
Number of Employees	239
Recreation:	
Parks - Number of Acres	4,040
Number of Summer Adventure Sites	10
Number of Golf courses	4
Number of Swimming Pools	6
Other Facilities:	
Tot Lots	12
Tennis Courts	22
Recreation Centers	2
Softball Diamonds	34
Baseball Diamonds	3
Soccer Fields	32
Number of City Employees (Budgeted Full-Time Equivalent)	1,467
Elections (1)	
Last General Election:	
Registered Voters	89,629
Number of Votes Cast	66,957
Percentage Voting	74.7%
Last Municipal Election:	
Registered Voters	83,838
Number of Votes Cast	36,437
Percentage Voting	43.5%

Data Source :

1. Linn County Commissioner of Election

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2005

Type of Coverage and Insurance Company	Policy Number	Policy Period		Details of Coverage	Annual Premium
		From	To		
<u>Liability</u>					
Air-Ambulance Maintenance Liability XL Specialty Insurance	NAF3021173	7-01-2004	7-01-2005	\$5,000,000 Occurrence and Aggregate limit on St. Luke's Air-Ambulance Maintained by City	\$8,000
Airport Liability XL Specialty Insurance	NAL3021715	8-01-2004	8-01-2005	\$25,000,000 Aggregate limit with sublimits of: \$25,000,000 Operations and Contractual; \$25,000,000 Terrorism Liability; \$25,000,000 Hangarkeepers Liability; \$25,000,000 Non-Owned Aircraft Liability \$ 5,000,000 Personal and Advertising Injury; \$ 5,000,000 Incidental Medical Malpractice	\$68,433
Excess Airport Liability Lloyds and Other Insurers	NB006015	8-01-2004	8-01-2005	\$325,000,000 Excess per Occurrence and in Aggregate over Operations and Contractual	\$131,258
Airport Errors & Employment Practices National Union Fire		8-01-2004	8-01-2005	\$1,000,000 Claims-made liability coverage with \$10,000 deductible per Wrongful Act and \$15,000 deductible each Employment Practices Violation	\$6,932
Auto Liability Acuity	L117308	9-01-2004	9-01-2005	\$1,000,000 Combined liability limit on 5 Leased Housing Autos	\$1,543
Auto Liability National Indemnity of Mid-America	75APN304963	7/24/2004	7-24-2005	\$1,000,000 Combined liability limit on handicap van operated by cab company	\$7,359
Golf Course Liquor Liability Illinois Casualty	LL81154	4-05-2005	4-05-2006	\$1,000,000 coverage at Ellis, Jones, & Twin Pines Golf Courses	\$2,333
Softball Field Liquor Liability Transcontinental Insurance	LLP223423424	3-15-2005	11-15-2005	\$1,000,000 coverage at Ellis & Tait Cummins Sports Complexes	\$1,958

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2005

Type of Coverage and Insurance Company	Policy Number	Policy Period		Details of Coverage	Annual Premium
		From	To		
Underground Fuel Tanks Liability				Claims-made coverage with \$5,000 deductible	
Petroleum Marketers Mutual	9717954	9-20-2004	9-19-2005	\$ 500,000 - Police Heliport Site	\$586
Petroleum Marketers Mutual	8602403	10-27-2004	10-26-2005	\$ 500,000 - Ellis Park Site	\$642
Petroleum Marketers Mutual	8604423	10-27-2004	10-26-2005	\$1,000,000 - Bus Garage Site	\$1,221
Petroleum Marketers Mutual	8710682	10-26-2004	10-25-2005	\$1,000,000 - Public Works Site	\$1,111
Special Events Liability Lloyds	ESE041470	1-01-2005	1-01-2006	\$1,000,000 per endorsed special events	\$992
Lead Paint Hazard Control Liability American International Speciality	CPO1952514	7-01-2002	7-01-2005	\$1,000,000 per Occurrence covering lead paint hazard control work done by Contractors as part of a HUD funded building rehab program	\$5,161
<u>Property</u>					
Excess Property Selective Insurance	S1317317	11-01-2004	11-01-2008	\$621,642,200 Buildings and Contents, \$ 94,626,900 Vehicles and Equipment, with \$100,000 deductible per occurrence and \$300,000 aggregate deductible; \$ 5,000,000 Earthquake with \$50,000 deductible; \$ 1,000,000 Flood with \$100,000 deductible; \$ 2,708,550 Fine Arts with \$1,000 deductible; \$12,666,600 Builder's Risk with \$1,000 deductible	\$266,885
Boiler and Equipment Breakdown Cincinnati Insurance	BEP2664371 BEP2664202	11-01-2004	11-01-2005	\$15,000,000 Property Damage coverage on all locations except WPC with \$5,000 deductible; \$15,000 deductible on turbine and transformers; Boiler explosion only coverage on WPC with \$100,000 deductible	\$41,204
<u>Bonds</u>					
Public Official Blanket Bond Cincinnati Insurance	B8866693	12-08-2004	12-08-2007	\$1,000,000 coverage against employee dishonesty or failure to faithfully perform duties with \$5,000 deductible per loss	\$6,893

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2005

Type of Coverage and Insurance Company	Policy Number	Policy Period		Details of Coverage	Annual Premium
		From	To		
<u>Group Policies</u>					
Life Insurance Madison National Life Insurance	Group 3002	7-01-1988	7-01-2005	\$10,000 Life insurance on each employee	\$28,050
Long Term Disability Insurance Madison National Life Insurance	Group 12554	7-01-1995	7-01-2005	Disability Insurance on employees	\$183,354
Travel Accident Policy Life Insurance Company of North America	ABL960840	7-01-2003	7-01-2004	Travel accident insurance on employees \$200,000 per life and \$1,200,000 per accident	\$7,991
Bus Driver Assault Policy Union Labor Life Insurance	C2881	4-01-1981	4-01-2006	\$100,000 coverage per City bus driver	\$141



CEDAR RAPIDS

City of Five Seasons

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
<u>U.S. Department of Transportation</u>				
Direct:				
Federal Transit Administration				
Bus Department Grants				
	20.507	IA-03-0082	\$ 4,477,302	\$ 13,352
	20.507	IA-90-X241	1,415,172	30,394
	20.507	IA-90-X251-00	1,513,075	273,815
	20.507	IA-90-X266-01	1,804,620	7,783
	20.507	IA-90-X277-01	1,907,561	385,350
	20.507	IA-90-X296-00	1,350,295	1,350,295
	20.507	IA-90-X296-01	1,999,100	392,293
	20.507	IA-90-X283-00	103,155	38,400
	20.500	IA-03-0096-00	9,049,069	27,631
Passed through Iowa Department of Transportation				
Bus Department Grants				
	20.516	IA-37-X008-118-02	300,000	40,071
	20.516	IA-37-X009-118-04	300,000	118,274
	20.516	IA-37-X006-118-04	35,000	15,000
	20.500	IA-03-0098-118-03	329,900	151,060
	20.509	IA-18-X02X-118-05	8,500	8,500
	20.500	IA-03-0103-118-04	742,250	16,000
Passed through Rock Island County Metro Mass Transit District				
	20.500	IL-03-0216-00	1,973,956	16,693
				<u>2,884,911</u>
Direct:				
Federal Aviation Administration				
Federal Aviation Administration				
	20.106	3-19-0012-24	5,332,678	256,746
	20.106	3-19-0012-25	247,500	24,868
	20.106	3-19-0012-26	1,061,126	10,000
	20.106	3-19-0012-28	2,206,219	34,544
	20.106	3-19-0012-29	2,857,309	519,749
	20.106	3-19-0012-30	1,398,395	1,027,081
	20.106	3-19-0012-31	4,344,189	784,991
				<u>2,657,979</u>
Passed through Iowa Department of Transportation				
Surface Transportation Program				
	20.205	STP-U-1187(648/671)-70-57	1,440,000	543,116
	20.205	STP-U-1187(660)-70-57	357,850	333,382
	20.205	STP-U-1187(22)-70-57	3,924,026	24,491
	20.205	STP-U-1187(661)-70-57	800,000	444,537
	20.205	STP-ES-E-1187(641)-8T-57	974,400	94,815
	20.205	STP-ES-E-1187(668)-8T-57	208,000	371,000
	20.205	TCSP-1187(662)-9S-57	2,973,922	464,637
	20.205	BRM-1187(664)-8N-57	1,000,000	151,292
	20.205	STP-U-1187(11)-70-57	2,845,000	7,819
	20.205	STP-U-1187(645)-70-57	336,800	1,745
	20.205	STP-U-1187(670)-70-57	993,500	203,042
	20.205	STP-U-1187(669)-86-57	498,700	70,022
	20.205	BRM-1187(665)-85-57	1,000,000	73,118
				<u>2,783,016</u>
<u>U.S. Department of Justice / Iowa Department of Public Safety</u>				
Alcohol Incentive Grant				
	20.605	PAP 04-163, Task 10	17,200	9,895
	20.600	PAP 05-02, Task 15	29,000	20,621
	20.605	PAP 05-163, Task 11	27,700	511
Traffic Services Grant				
	20.600	PAP 04-04, Task 04	15,000	1,624
				<u>32,651</u>

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
<u>Federal Emergency Management Agency / Linn County, Iowa</u>				
FEMA Grant	83.554	EMW-2003-FG-06710	92,443	12,443
FEMA Grant	97.036	FEMA-DR-1518-IA	N/A	15,332
				27,775
<u>U.S. Department of Homeland Security/ Iowa Department of Public Defense</u>				
State Homeland Security Program	97.004	FY 2003 SHSGP I	n/a	385,626
	97.004	FY 2003 SHSGP II	n/a	78,969
	97.004	FY 2004 SHSGP	n/a	23,313
				487,908
<u>U.S. Department of Housing and Urban Development</u>				
Direct:				
Community Development Block Grants	14.218	B03-04-MC-19-001	3,112,000	1,609,990
Leased Housing Authority Grant: Voucher Assist. Program	14.871	IA024VO	5,724,265	6,433,420
H.O.M.E.	14.239	B-00-MC-19-0204	546,516	580,634
Lead Based Paint Abatement Program	14.900	IALGBO17901	2,000,000	764,126
Fair Housing Assistance Program	14.401	FF207K037012	330,495	105,760
	14.401	FF207K047012	167,013	138,313
EDI Grant	14.xxx	B-02-SP-IA-0172	500,000	6,164
				9,638,407
<u>U.S. Department of Justice</u>				
Direct:				
Law Enforcement Block Grant	16.592	2004LBBX0198	27,527	27,527
Bulletproof Vest Partnership Program	16.607	n/a	10,636	10,636
Passed through from 6th Judicial District Partnership for Safe Neighborhoods	16.609	n/a	16,350	10,852
				49,015
<u>U.S. Department of Human Services Division of Criminal / Juvenile Justice Planning</u>				
Pass through Linn County				
EDUL	16.727	31-JD03-F504	11,390	10,346
CJJP	16.727	CJJP-04-C6-003	11,495	1,390
				11,736
<u>U.S. Environmental Protection Agency</u>				
Direct:				
Brownfield Grant	66.811	BP-997634-01	350,000	39,626
Brownfield Grant (Iowa Iron)	66.818	BF-98746901-0	200,000	4,020
Brownfield Grant (Iowa Steel)	66.818	BF-98746801-0	200,000	6,234
				49,880

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
<u>U.S. Office of Drug Policy</u>				
Passed through Office of Drug Policy				
Health Protection Grant	66.032	5888-PU-001	4,376	2,407
Health Protection Grant	66.707	5888-PU-001	11,123	<u>10,335</u>
				<u>12,742</u>
<u>U.S. Department of Agriculture / Iowa Department of Public Health</u>				
WIC Grant	10.557	588-7-NE99	58,052	54,334
INEN Grant	10.561	588-7NE99	20,000	<u>16,613</u>
				<u>70,947</u>
<u>U.S. Department of Health and Human Resources / Iowa Department of Public Health</u>				
Dental Grant	93.994	558-NE99	5,920	3,623
Drug Abuse Information Grant	93.283	588-9P-101	15,325	10,524
Drug Abuse Information Grant	93.959	588-9P-101	319,886	316,552
Drug Abuse Information Grant	93.988	588-9P-101	1,000	296
Drug Abuse Information Grant	93.991	588-9P-101	2,227	<u>803</u>
				<u>331,798</u>
<u>U.S. Department of Health and Human Resources / Division of Health Protection</u>				
Health Protection Grant	93.116	5888-PU-001	1,865	921
Health Protection Grant	93.268	5888-PU-001	44,000	39,236
Health Protection Grant	93.940	5888-PU-001	3,772	2,870
Health Protection Grant	93.977	5888-PU-001	2,500	<u>1,850</u>
				<u>44,877</u>
<u>University of Iowa</u>				
ATTC	93.230	5 UD1 T113596-02	6,000	<u>6,000</u>
Total Expenditures of Federal Awards				<u>\$ 19,089,642</u>

City of Cedar Rapids, Iowa

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cedar Rapids, Iowa and discretely presented component units for the year ended June 30, 2005. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

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

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City of Cedar Rapids, Iowa provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 564,190

City of Cedar Rapids, Iowa

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2005

Comment Number	Comment	Status	Corrective Action or Other Explanation
Reportable Conditions:			
04-II-A	Inadequate segregation of duties over licenses and permit receipts.	Not corrected.	See corrective action plan at 05-II-A.
04-II-B	Inadequate segregation of duties over EDP.	Not corrected.	See corrective action plan at 05-II-B.
04-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	Not corrected.	See corrective action plan at 05-II-C.
04-II-D	Inadequate system over the review and reconciling processes of the general ledger of the U.S. Cellular Center, Paramount Theatre and the Cedar Rapids Ice Arena, enterprise funds of the City.	Corrected.	
Statutory Reporting:			
04-IV-N	Deficit fund balances.	Not corrected.	See corrective action plan at 05-IV-N.
04-IV-O	Unclaimed property per Chapter 556.11 of the Code of Iowa was not reported to the State Treasurer timely.	Corrected.	



CEDAR RAPIDS

City of Five Seasons

McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the 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 Rapids, Iowa as of and for the year ended June 30, 2005, which collectively comprise the City of Cedar Rapids, Iowa's basic financial statements and have issued our report thereon dated October 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cedar Rapids, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Cedar Rapids, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-II-A through 05-II-C.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control over financial reporting which we have reported to management of the City of Cedar Rapids, Iowa in a separate letter dated October 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cedar Rapids, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part IV in the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based upon tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of those statutes.

We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated October 28, 2005.

This report is intended solely for the information and use of the Mayor and City Council, management, federal awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
October 28, 2005

McGladrey & Pullen

Certified Public Accountants

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

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

Compliance

We have audited the compliance of the City of Cedar Rapids, Iowa with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Cedar Rapids, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Cedar Rapids, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-III-A.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Mayor and City Council, management, Federal awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
October 28, 2005

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

I. Summary of the Independent Auditor's Report

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.871	Leased Housing Authority Grant
14.239	H.O.M.E.
14.218	Community Development Block Grants

Dollar threshold used to distinguish between type A and type B programs: \$572,689

Auditee qualified as low-risk auditee? Yes No

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

II. Findings Related to the Basic Financial Statements

Reportable Conditions

Finding: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. In gaining an understanding of the City of Cedar Rapids, Iowa's internal control, the following improper segregation of duties were identified:

05-II-A

Condition: The same personnel who collect licenses and permits receipts also reconcile and record the receipts.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend segregating the duties of collecting from reconciling and reconciling from recording of the licenses and permits cash receipts to prevent mismanagement of licenses and permits receipts.

City's Response and Corrective Action Plan: The City is aware of the limited segregation of duties in the Clerk's office and will continue to look for opportunities to realign or reassign duties when possible. Staffing is limited in this department and the City has evaluated the cost/benefit of hiring additional staff, which is not practical at this time.

05-II-B

Condition: The EDP department does not have segregation of duties over programming, computer operations, security administration and librarian functions.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend segregating the duties of programming, computer operations, security administration and librarian functions.

City's Response and Corrective Action Plan: The City continues the process of installing and implementing a new Financial Management Information System. The overall operations of the computer system to include installation and implementation as well as ongoing operations falls within the responsibility of the Financial Operations Manager. Two staff members are also employed with this area. The new system currently functions in a client-server environment and operates with a relational data base. One of the staff members currently serves as the data base administrator. This staff member also has the responsibility for making minor programming changes and loading new releases as they become available. The other staff member serves in more of an operations capacity as well as providing hardware and software support. Along with the overall responsibility for the computer system, the Financial Operations Manager has the responsibility for the security administration. Due to minimal staffing caused by the unavailability of additional funding, the City is limited in its ability to further segregate duties.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2005**

05-II-C

Condition: An individual in the Treasurer's Office may collect receipts, reconcile receipts and access subsidiary ledgers.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend segregating the duties of collecting from reconciling and reconciling from access to the subsidiary ledger.

City's Response and Corrective Action Plan: The City is aware of the limited segregation of duties in the Treasurer's office and will continue to look for opportunities to realign or reassign duties when possible. As an added control, the City has implemented a review of all bank reconciliations by the Treasurer. Staffing is limited in this department and the City has evaluated the cost/benefit of hiring additional staff, which is not practical at this time.

Instances of Noncompliance

None

III. Findings and Questioned Costs for Federal Awards

Reportable Condition

05-III-A

**U.S. Department of Housing and Urban Development
Community Development Block Grant (CFDA 14.218)
H.O.M.E (CFDA 14.239)
Federal Award Year: 2004-2005**

Finding: The City of Cedar Rapids, Iowa did not receive certified payroll transcripts weekly from all contractors as required by the Davis-Bacon Act. In addition, the date of weekly receipt of the certified payroll transcripts is not documented.

Condition: The City obtains the certified payrolls from the contractor or subcontractor, but they are not being collected timely from all contractors or subcontractors.

Effect: Payroll information is not available to perform a timely review to ensure compliance.

Criteria: The Office of Management and Budget Circular A-133 states, *Nonfederal entities shall include in their construction contracts subject to Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).*

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Recommendation: We recommend the City obtain and document the certified payrolls weekly from the contractors or subcontractors to comply with the Davis-Bacon Act requirements.

Response and Corrective Action Plan: The finding is that certified payroll transcripts were not received weekly from one DBE subcontractor as required by OMB Circular A-133. It is not in the City of Cedar Rapids' best interest to stop construction of a Public Improvement if a contractor or subcontractor fails to submit certified payroll transcripts weekly. The only other option is to withhold payment.

Instances of Noncompliance

None

IV. Other Findings Related to Required Statutory Reporting

05-IV-A

Official Depositories: A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005. All depositories used by the City are on the state of Iowa approved banks listing.

05-IV-B

Certified Budget: Expenditures for the year ended June 30, 2005 did not exceed the budgeted amounts.

05-IV-C

Questionable Expenditures: We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as this is defined in the Attorney General's opinion dated April 25, 1979.

05-IV-D

Travel Expense: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

05-IV-E

Business Transactions: Business transactions between the City and City officials or employees are detailed as follows:

Company	Official	Transaction Description	Amount/Gross
Ament, Inc.	Mayor Pate	Contracted Services	\$ 296,100

City of Cedar Rapids, Iowa

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2005**

Chapter 362.5 of the Code of Iowa prohibits transactions with a city officer that has an interest, direct or indirect, in any contract or job of work or material or the profits thereof or services to be furnished or performed for the officer's or employee's city. A contract entered into in violation of this section is void. The provisions of this section do not apply if the purchases benefiting that officer or employee do not exceed a cumulative total purchase price of one thousand five hundred dollars in a fiscal year.

All amounts above went through either a qualifications based selection process or competitive bid. \$4,500 meets the safe harbor requirements under Iowa Code Section 362.5(4). \$291,600 meets the safe harbor requirements under Iowa Code Section 362.5(5). Therefore, there appears to be no conflict of interest.

Finding: The transactions exceeding \$1,500 were not reviewed for compliance with Iowa Code 362.5 prior to the award, due to the City not being made aware of the 5% stock ownership until August 22, 2005.

Recommendation: The City should implement a process for all related business transactions to be reviewed prior to award.

City's Response: The City is in the process of implementing a system to address all related business transactions and has reviewed the prior transactions for compliance.

Conclusions: Response accepted.

05-IV-F

Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

05-IV-G

Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

05-IV-H

Revenue Bonds: The City no longer has revenue bonds outstanding.

05-IV-I

Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

05-IV-J

Payment of General Obligation Bonds: We noted no instances of noncompliance with Chapter 384.4 of the Code of Iowa which states in part that *Moneys pledged or available to service general obligation bonds, and received from sources other than property tax must be deposited in the Debt Service Fund.*

05-IV-K

Economic Development: We noted no instances of noncompliance with Chapter 15A of the Code of Iowa regarding public purpose of expenditures.

05-IV-L

Notice of Public Hearing for Public Improvements: We noted no instances in which the City did not publish notice of public hearing as required by Chapters 384.102 and 362.3 of the Code of Iowa.

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

05-IV-M

Sales Tax: We noted no instances of noncompliance with Sections 701-26.71 and 701-26.72 of the Iowa Department of Revenue and Finance Administrative Rules and Regulations regarding uniform assessment of sales tax.

05-IV-N

Financial Condition: The H.O.M.E. Fund and Hotel-Motel Tax Fund, special revenue funds, have deficit fund balances of \$167,909 and \$351,388, respectively, as of June 30, 2005.

Recommendation: The City should investigate alternatives to eliminate the deficits in order to return these accounts to a sound financial position.

City's Response: Due to the implementation of GASB Statement No. 33, nonexchange revenues for the H.O.M.E. program are subject to deferral, thus causing a deficit fund balance for the year ended June 30, 2005. It is felt that this is a temporary deficit and will be rectified in the next fiscal year.

A loan from the Risk Management Fund for \$825,015 to cash flow the construction of the ice arena has caused a deficit in this fund. The loan will be paid back with future Hotel-Motel Tax allocations and it is anticipated that this deficit is temporary.

Conclusion: Response accepted.

City of Cedar Rapids, Iowa

**Corrective Action Plan
Year Ended June 30, 2005**

Comment Number	Comment	Corrective Action Plan	Contact Person	Initial Date of Communication	Anticipated Date of Completion
Reportable Conditions:					
05-II-A	Inadequate segregation of duties over licenses and permit receipts.	See corrective action plan at 05-II-A.	Ann Olinger, City Clerk	June 1996	N/A
05-II-B	Inadequate segregation of duties over EDP.	See corrective action plan at 05-II-B.	Linda Tebussek, Financial Operations Manager	June 1996	N/A
05-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	See corrective action plan at 05-II-C.	Susan Vavroch, City Treasurer	June 1997	N/A
Statutory Reporting:					
05-IV-E	Business transactions.	See corrective action plan at 05-IV-E.	Casey Drew, City Controller-Auditor	June 2005	December 2005
05-IV-N	Deficit fund balances.	See corrective action plan at 05-IV-N.	Casey Drew, City Controller-Auditor	June 2001	N/A
Reportable Conditions in Administering Federal Awards:					
05-III-A	Weekly receipt of payrolls for Davis-Bacon Act was not received.	See corrective action plan at 05-III-A.	Casey Drew, City Controller-Auditor	June 2005	June 2005