City of Cedar Rapids, Iowa

CEDAR RAPIDS
City of Five Seasons

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

About the Cover

"To Wing", by Iowa-artist and University of Northern Iowa art professor Thomas Stancliffe, represents a bird taking to flight in three statues that bridge over Wright Brothers Boulevard near The Eastern Iowa Airport. Originally conceived to be part of the Wright Brothers reconstruction project in the late-1990's, the project did not make the "budget" cut at that time. The project was resurrected by the Cedar Rapids Visual Arts Commission in 2000 and was recently completed with a dedication ceremony to be scheduled for the spring of 2007. "To Wing", a $550,000 project, was funded cooperatively through a highway enhancement grant provided by the Linn County Regional Planning Commission, citizen donations of cash and "in kind" services, and City funding for landscaping.

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
OF THE
CITY OF CEDAR RAPIDS, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

PUBLISHED BY

OFFICE OF
CITY CONTROLLER-AUDITOR

CITY OF
CEDAR RAPIDS, IOWA

CITY OF CEDAR RAPIDS, IOWA
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June 30, 2006

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October 17, 2006

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, 2006 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, 2006. 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 Capitol. Cedar Rapids is an important manufacturing, service and trade area serving an eight county area with a combined population estimated at 419,245 and occupies 71 square miles. The population of Linn County based upon the 2005 census is 198,903 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 city council-manager form of government since January 2006. This form of government consists of nine council members. Five of the members represent a specific district. The remaining four council members are elected at-large, with the Mayor being one of those seats. Previously the City had operated under the commission form of government from 1908 until 2005.

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 City Council took office on January 2, 2006, and was responsible for hiring the City Manager.

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 FY06 accomplishments:

Business Development

- Assisted in the creation of 2,184 jobs – second highest year in terms of jobs created.
- Located five new companies in the area.
- Assisted eighteen area companies in expansion, training, and support.
- Increased the capital investment base by $778,550,000 through industrial and office development, making this by far the highest year in terms of capital investment, greatly surpassing the closest two years combined, 1993 and 1995, with a total of $687 million.
- Over the course of the next six years Priority One looks to assist in the creation of 7,200 new jobs and generate $1.02 billion 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 3.6% decreased for fiscal year ending 2006, and equaled fiscal year ending 2006 state unemployment rate of 3.6% and was lower than the national unemployment rate for June 2006 of 4.6%.

The Cedar Rapids MSA mean household income in 2006 was $69,237 as compared to $68,495 in 2005. These amounts are presented in 1996 constant dollar.

Retail sales in the metro area increase to $2.87 billion for calendar year 2005 compared to $2.83 billion in calendar year 2004. Of this total, $2.4 billion was generated in Cedar Rapids.

The total value of building permits in FY 2006 was approximately $217.2 million. This compares with an amount of $173.2 for FY 2005. This amount represents an increase of 25 percent from the previous fiscal year.

Long-term financial planning

Unreserved fund balance in the general fund was $26.9 million or 33 percent of total general fund budgeted expenditures for fiscal year 2007. 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 FY2007 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 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate with the current rate being 28.21 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. FY06 marked our thirty-fourth 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 2006, 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, 2006, financial statements. The amount of incurred but unpaid health and dental bills were determined by an independent actuary along with calculations to comply with Statements 43, 45 and 47 of the Governmental Accounting Standards Board.

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, 2005. This was the twenty-fifth 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, 2006. 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 eight 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,

Jim Prosser
City Manager

Casey J. Drew, CPA
City Controller-Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Rapids
Iowa

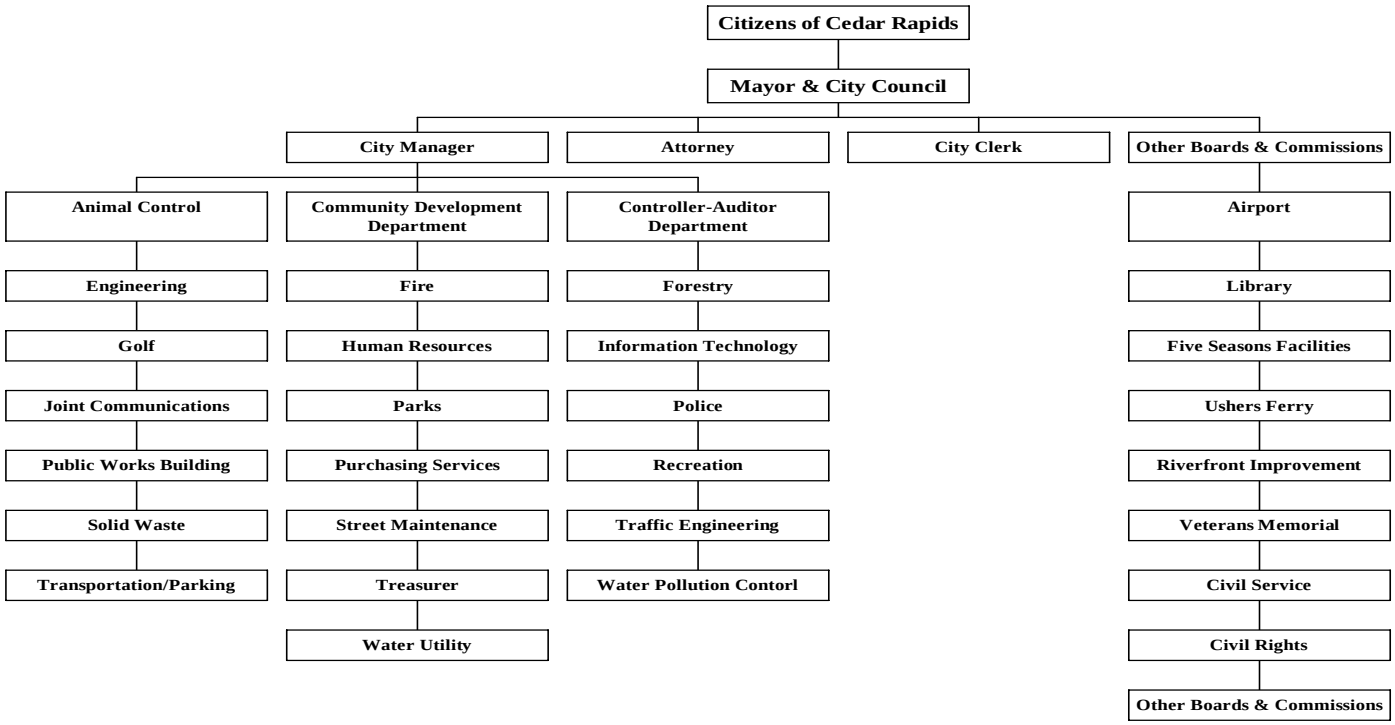
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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

President

Executive Director

The City of Cedar Rapids
Organizational Chart



CITY OF CEDAR RAPIDS, IOWA

City Manager Form of Government

CITY COUNCIL

Kay Halloran
Mayor

Brian J. Fagan
At-Large

Tomas A. Podzimek
At-Large

Patrick S. Shey
At-Large

Kris G. Gulick
District 1

Sarah L. Henderson
District 2

Jerome W. McGrane
District 3

Charles R. Swore
District 4

Justin K. Shields
District 5

STAFF

Casey J. Drew, CPA
City Controller-Auditor

Jim Prosser
City Manager

Susan L. Vavroch
City Treasurer

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, 2006, 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.

As stated in Note 18 to the basic financial statements, the City changed its method of accounting for net assets restricted by enabling legislation.

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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 17, 2006 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 and Schedule of Funding Progress on pages 14 through 21 and 63 through 66 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.

McGladrey & Pullen, LLP is a member firm of RSM International -
an affiliation of separate and independent legal entities.

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 17, 2006

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, 2006. 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 3-8 of this report.

Financial Highlights

- The assets of the City of Cedar Rapids exceeded its liabilities at the close of June 30, 2006, by $551.0 million (net assets). Of this amount, $169.3 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 $18.5 million.
- At the close of the current fiscal year, the City of Cedar Rapids' governmental funds reported combined ending fund balances of $105.9 million, an increase of 8.3 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 $26.9 million, or 35.8 percent of the total general fund expenditures.
- Total debt decreased by $5.1 million during the current fiscal year. The City issued $29.265 million of new bonds and retired $34.360 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, 2006 and 2005:

A condensed version of the Statement of Net Assets as of June 30, 2006 and 2005 follows:

City of Cedar Rapids Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Cash and investments	$ 210.0	$ 210.0	$ 17.9	$ 14.1	$ 227.9	$ 224.1
Other assets	40.8	27.8	61.4	71.3	102.2	99.1
Capital assets	294.2	286.6	312.6	308.6	606.8	595.2
Total assets	545.0	524.4	391.9	397.0	936.9	918.4
Other liabilities	132.8	127.7	20.0	22.3	152.8	150.0
Noncurrent liabilities	98.5	96.3	134.6	137.8	233.1	234.1
Total liabilitites	231.3	224.0	154.6	160.6	385.8	384.1
Net assets:						
Invested in capital assets, net of debt	188.0	182.5	171.6	163.8	359.6	346.3
Restricted	22.2	22.2	-	-	22.2	22.2
Unrestricted (deficit)	103.5	95.7	65.7	70.1	169.2	165.8
Total net assets	$ 313.7	$ 300.4	$ 237.3	$ 233.9	$ 551.0	$ 534.3

Governmental Activities

Net assets did not significantly increase. However, the change is mainly due to improvements other than buildings increasing $16.8 million for fiscal year 2006 and an increase in current assets due to tax receivable. The majority of the increase in improvements other than buildings is a result of street construction, storm sewer construction, and bridge construction.

Business-Type Activities

Total net assets increased by one percent for fiscal year 2006. The increase is in improvements other than buildings, which increased $13.3 million for fiscal year 2006. The majority of the increase in improvements other than buildings is a result of sewer mains and water improvements.

Statement of Activities for the Fiscal Years Ended June 30, 2006 and 2005:

A condensed version of the Statement of Activities as of June 30, 2006 and 2005 follows:

Table 2
Governmental and Business-type Activities
For Fiscal Years Ending June 30, 2006 and 2005
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Charges for services	$ 11.0	$ 9.5	$ 65.7	$ 61.4	$ 76.7	$ 70.9
Operating grants and contributions	18.0	22.7	3.0	2.2	21.0	24.9
Capital grants and contributions	7.8	7.9	4.6	2.6	12.4	10.5
General revenues:						
Property taxes	72.6	67.7	3.0	3.0	75.6	70.7
Other taxes	2.5	2.0	-	-	2.3	2.0
Franchise taxes	1.2	1.2	-	-	1.2	1.2
Investment income	5.1	2.9	3.3	1.8	8.4	4.7
Gain on sale of capital assets	0.2	0.4	-	-	0.2	0.4
Total revenues	118.4	114.3	79.6	71.0	198.0	185.3
Expenses						
Public safety	39.6	36.6	-	-	39.6	36.6
Public works	24.4	23.5	-	-	24.4	23.5
Culture and recreation	14.4	14.5	-	-	14.4	14.5
Community and economic development	15.1	17.7	-	-	15.1	17.7
General government	8.4	9.6	-	-	8.4	9.6
Debt service	5.1	4.7	-	-	5.1	4.7
Water	-	-	20.3	20.2	20.3	20.2
Water pollution control	-	-	23.5	21.2	23.5	21.2
Sanitary sewer	-	-	5.5	5.2	5.5	5.2
Ground transportation system	-	-	8.6	7.9	8.6	7.9
Parking system	-	-	3.5	4.0	3.5	4.0
Solid waste management	-	-	5.5	5.4	5.5	5.4
Golf	-	-	2.8	2.8	2.8	2.8
U.S. cellular center	-	-	2.0	2.3	2.0	2.3
Paramount theatre	-	-	0.8	0.8	0.8	0.8
Ice arena	-	-	1.8	1.8	1.8	1.8
Total expenses	107.0	106.6	74.3	71.6	181.3	178.2
Increase in net assets before special Items and transfers	11.4	7.7	5.3	(0.6)	16.7	7.1
Special items	-	-	-	(0.1)	-	(0.1)
Transfers	1.9	1.8	(1.9)	1.8	-	-
Changes in net assets	13.3	9.5	3.4	(2.5)	16.7	7.0
Beginning net assets	300.4	290.5	233.9	236.4	534.3	527.3
Ending net assets	$ 313.7	$ 300.4	$ 237.3	$ 233.9	$ 551.0	$ 534.3

Governmental Activities

Charges for services make up 8.7 percent of governmental revenues. Operating and capital grants, primarily due to street projects, make up another 22.9 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 82.5 percent of charges for services**.** Operating and capital grants make up 9.5 percent of overall revenue, grants for ground transportation system make up 59.8 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, Debt Service fund, and Employee Benefit 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 3.7 percent over FY 2005, while expenditures increased 4.6 percent over the prior year thus resulting in an increase in the change in fund balance of $1.3 million compared to an increase in FY 2005 of $1.8 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 33 percent. Infrastructure construction fund expenditures increased by 0.8 percent and issuance of general obligation bonds decreased by 24 percent primarily in street construction, resulting in a increase in fund balance of $6.3 million as compared to a increase of $9.8 million in the prior year. The Debt Service Fund had an increase in its fund balance by $.2 million primarily due to higher property taxes in fiscal year 2006. The Employee Benefit fund increase by $0.09 million or 4 percent mainly due to higher property taxes.

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, 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 5.9 percent over the prior year while expenses increased 1.0 percent thus increasing the operating income from $2.6 million in FY 2005 to $3.6 million in FY 2006. The change in net assets increased $2.0 million. Water Pollution Control's change in net assets increased by $1.0 million as compared to a decrease of $3.6 million in FY 2005, mainly due to an increase in charges for services and investment earnings. Sanitary Sewer's net assets increased by $2.8 million in FY 2006 as compared to a increase of $2.2 million in FY 2005, mainly due to a higher increase in revenues than in expenditures.

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 35-62 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 67-82 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 increased the expenditure budget by $16.1 million to a total of $308.6 million. This represented a 5.5 percent increase. The increase is primarily due to priority changes or construction projects for Enterprise departments and for the recall of the 1996 bond issue. Actual expenditures were $241.8 million.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2006**,** the City had invested $606.8 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 Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	$ 24.0	$ 20.2	$ 12.2	$ 10.9	$ 36.2	$ 31.8
Building and structures	45.9	46.5	110.9	109.6	156.8	156.1
Improvements other than buildings	209.0	202.1	166.8	161.5	375.8	363.6
Machinery and equipment	13.7	13.6	11.7	11.9	25.4	25.5
Construction in progress	1.6	3.5	11.0	14.7	12.6	18.2
Total	$ 294.2	$ 286.6	$ 312.6	$ 308.6	$ 606.8	$ 595.2

The following table reconciles the change in capital assets. Included with additions are construction in progress balances. The amount for governmental activities is $294.2 million that represents a 2.7 percent increase. For business type activities the amount is $312.6 million that is a 1.3 percent increase. Detail of this summary is presented on pages 46-47 of the notes.

Table 4
Change in Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Beginning Balance	$ 286.6	$ 277.8	$ 308.6	$ 307.4	$ 595.2	$ 585.2
Additions	21.7	23.2	22.3	18.5	44.0	41.7
Retirement	(1.1)	(1.1)	(1.4)	(0.4)	(2.5)	(1.5)
Depreciation	(13.0)	(13.3)	(16.9)	(16.9)	(29.9)	(30.2)
Ending Balance	$ 294.2	$ 286.6	$ 312.6	$ 308.6	$ 606.8	$ 595.2

Governmental Activities

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

- Street Improvements, $9.5 million, 49%
- Storm Sewer Improvements, $2.3 million, 12%
- Bridge Improvements, $1.1 million, 6%

Business-type Activities

Water Pollution Control and Water had additions of $5.3 million (23%) and $4.4 million (19%) respectively. In addition, Sanitary Sewer had additions of $6.8 million (29%).

Additional information on the City of Cedar Rapids' capital assets can be found in note 7 on pages 46-48 of this report.

Debt Administration

The amount of debt outstanding at fiscal year end was $ $247.4 million as compared to $248.8 million last fiscal year. Of the total debt outstanding, $106.5 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	
	2006	2005
Governmental		
General obligation	$ 106.5	$ 104.3
Business-type		
General obligation		
Abated by:		
Water	63.8	64.9
Water Pollution Control	44.8	46.2
Sanitary Sewer	20.8	22.1
Others	11.5	11.9
Sub-totals	140.9	144.5
Totals	$ 247.4	$ 248.8

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 49 of the Notes to the Financial Statements.

Economic Factors

Cedar Rapids' unemployment rate of 3.6% decreased for fiscal year ending 2006, and equaled fiscal year ending 2006 state unemployment rate of 3.6% and was lower than the national unemployment rate for June 2006 of 4.6%.

The Cedar Rapids MSA mean household income in 2006 was $69,237 as compared to $68,495 in 2005. These amounts are presented in 1996 constant dollar.

Retail sales in the metro area increase to $2.87 billion for calendar year 2005 compared to $2.83 billion in calendar year 2004. Of this total, $2.4 billion was generated in Cedar Rapids.

The total value of building permits in FY 2006 was approximately $217.2 million. This compares with an amount of $173.2 for FY 2005. This amount represents an increase of 25 percent from the previous fiscal year.

Next Year's Budget and Rates

Approximately 81 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 $3.2 million or an increase of 11.3 percent. Non-Personal Services were increased by $.6 million or 3.9 percent.

Water, Sewer, and Solid Waste fees combined are expected to increase approximately 4.41 percent in FY2007 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 $4.28 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 $14,650 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, 2006

	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	$ 209,969,553	$ 17,899,595	$ 227,869,148	$ 200	$ 24,712,487	$ -
Receivables:						
Taxes	77,513,944	3,033,873	80,547,817	-	-	-
Accounts and unbilled usage, net $470,870 of allowance for doubtful accounts	1,350,014	7,674,116	9,024,130	699,733	447,389	-
Special assessments	1,995,016	-	1,995,016	-	-	-
Interest	1,249,311	14,895	1,264,206	-	280,013	1,054
Notes	-	-	-	-	744,244	-
Internal balances, net	(48,346,632)	48,346,632	-	-	-	-
Due from primary government	-	-	-	26,866,282	-	-
Due from other governments	5,113,282	457,790	5,571,072	804,295	257,245	-
Inventories	326,444	1,207,084	1,533,528	-	39,196	-
Prepaid items	1,061,537	111,624	1,173,161	1,292	92,271	-
Deferred charges	552,232	559,394	1,111,626	31,104	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	3,024,724
Total current assets	250,784,701	79,305,003	330,089,704	28,402,906	26,572,845	3,025,778
Noncurrent assets:						
Land	23,960,918	12,229,538	36,190,456	8,832,230	3,666,290	-
Buildings and structures	68,236,768	217,807,843	286,044,611	60,975,765	1,537,331	-
Improvements other than buildings	297,152,399	249,088,078	546,240,477	61,030,270	5,586,896	-
Machinery and equipment	36,624,189	37,753,358	74,377,547	3,754,519	6,728,241	3,216
Accumulated depreciation	(133,355,916)	(215,282,425)	(348,638,341)	(49,341,155)	(7,902,464)	(3,216)
Construction in progress	1,612,021	11,019,762	12,631,783	2,136,257	-	-
Total noncurrent assets	294,230,379	312,616,154	606,846,533	87,387,886	9,616,294	-
Total assets	545,015,080	391,921,157	936,936,237	115,790,792	36,189,139	3,025,778
LIABILITIES						
Current liabilities:						
Vouchers payable	5,208,595	2,977,496	8,186,091	1,511,972	691,094	16,900
Contracts payable	571,134	690,924	1,262,058	80,409	-	-
Claims and judgments payable	5,127,600	-	5,127,600	-	-	-
Accrued expenses	2,485,980	491,360	2,977,340	42,348	162,212	-
Post-employment liabilities	293,272	-	293,272	-	-	-
Revenues collected in advance	1,049,992	186,666	1,236,658	-	16,006	-
Unearned revenues	76,671,076	3,083,378	79,754,454	-	-	-
Due to component unit	26,866,282	-	26,866,282	-	-	-
Due to general public	144,385	-	144,385	-	-	-
Due to employees	8,803	-	8,803	-	-	-
Due to other governments	1,079,294	239,153	1,318,447	-	218,576	-
Due to primary government	-	-	-	-	-	20,000
Security deposits	1,387	257,415	258,802	3,150	30,000	-
General obligation bonds payable	8,858,600	10,326,500	19,185,100	604,900	-	-
Unamortized bond premium	22,412	71,842	94,254	2,466	-	-
Interest payable	386,588	522,072	908,660	19,055	-	-
Closure/post closure landfill	-	-	-	-	2,267,217	-
Compensated absences	4,008,947	1,152,632	5,161,579	217,665	108,244	-
Total current liabilities	132,784,347	19,999,438	152,783,785	2,481,965	3,493,349	36,900
Noncurrent liabilities:						
General obligation bonds payable	97,623,974	130,584,276	228,208,250	4,141,750	-	-
Unamortized bond premium	252,853	609,580	862,433	5,089	-	-
Compensated absences	616,142	197,393	813,535	943	-	-
Closure/post closure landfill	-	3,178,096	3,178,096	-	10,798,100	-
Total noncurrent liabilities	98,492,969	134,569,345	233,062,314	4,147,782	10,798,100	-
Total liabilities	231,277,316	154,568,783	385,846,099	6,629,747	14,291,449	36,900
NET ASSETS						
Invested in capital assets, net of related debt	188,024,772	171,583,350	359,608,122	82,664,785	9,616,294	-
Restricted for:						
Closure/post closure landfill	-	-	-	-	13,373,497	-
Compost site closure	-	-	-	-	338,830	-
Donor restrictions	-	-	-	-	-	906,602
Debt service	2,864,262	-	2,864,262	-	-	-
Other special revenue	6,222,667	-	6,222,667	-	-	-
Tax increment financing projects	7,606,780	-	7,606,780	-	-	-
Road construction projects	3,110,755	-	3,110,755	-	-	-
SSMID projects	267,610	-	267,610	-	-	-
Employee benefits	2,114,441	-	2,114,441	-	-	-
Unrestricted	103,526,477	65,769,024	169,295,501	26,496,260	(1,430,931)	2,082,276
	$ 313,737,764	$ 237,352,374	$ 551,090,138	$ 109,161,045	$ 21,897,690	$ 2,988,878

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, 2006

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	$ 39,604,205	$ 2,890,022	$ 1,061,761	$ 57,070
Public works	24,486,391	2,268,030	10,030,359	7,153,621
Culture and recreation	14,403,753	2,816,206	767,141	238,773
Community and economic development	15,124,554	922,365	5,759,726	303,597
General government	8,470,505	2,220,615	397,655	53,809
Interest on long-term debt	5,051,146	-	-	-
Total governmental activities	107,140,554	11,117,238	18,016,642	7,806,870
Business-type activities:				
Water	20,292,696	21,237,980	37,761	1,133,306
Water pollution control	23,457,134	20,692,758	-	7,011
Sanitary sewer	5,483,443	6,727,767	-	1,218,319
Ground transportation system	8,591,187	1,155,707	2,947,652	1,637,058
Parking system	3,542,614	2,935,889	-	457,750
Solid waste management	5,549,469	6,724,886	49,417	161,000
Golf	2,763,139	2,656,282	4,619	7,798
U.S. Cellular center	1,995,824	1,822,931	-	25
Paramount theatre	805,021	614,984	-	-
Ice arena	1,755,007	1,087,155	-	85
Total business-type activities	74,235,534	65,656,339	3,039,449	4,622,352
Total primary government	181,376,088	76,773,577	21,056,091	12,429,222
Component units:				
Airport	10,583,407	12,972,630	20,689	5,154,522
Cedar Rapids / Linn County Solid Waste Agency	6,946,944	6,873,636	-	153,308
Cedar Rapids Public Library Foundation	87,951	125,843	-	-
Total component units	17,618,302	19,972,109	20,689	5,307,830

General revenues:
Property taxes
Other taxes
Franchise taxes
Investment income
Gain on sale of capital assets
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
$ (35,595,352)	$ -	$ (35,595,352)	$ -	$ -	$ -
(5,034,381)	-	(5,034,381)	-	-	-
(10,581,633)	-	(10,581,633)	-	-	-
(8,138,866)	-	(8,138,866)	-	-	-
(5,798,426)	-	(5,798,426)	-	-	-
(5,051,146)	-	(5,051,146)	-	-	-
(70,199,804)	-	(70,199,804)	-	-	-
-	2,116,351	2,116,351	-	-	-
-	(2,757,365)	(2,757,365)	-	-	-
-	2,462,643	2,462,643	-	-	-
-	(2,850,770)	(2,850,770)	-	-	-
-	(148,975)	(148,975)	-	-	-
-	1,385,834	1,385,834	-	-	-
-	(94,440)	(94,440)	-	-	-
-	(172,868)	(172,868)	-	-	-
-	(190,037)	(190,037)	-	-	-
-	(667,767)	(667,767)	-	-	-
-	(917,394)	(917,394)	-	-	-
(70,199,804)	(917,394)	(71,117,198)	-	-	-
-	-	-	7,564,434	-	-
-	-	-	-	80,000	-
-	-	-	-	-	37,892
-	-	-	7,564,434	80,000	37,892
72,572,215	2,964,142	75,536,357	-	-	-
2,466,054	-	2,466,054	-	-	-
1,248,496	-	1,248,496	-	-	-
5,124,109	3,256,111	8,380,220	988,413	1,005,177	-
240,860	-	240,860	-	-	-
1,871,983	(1,871,983)	-	-	-	-
83,523,717	4,348,270	87,871,987	988,413	1,005,177	-
13,323,913	3,430,876	16,754,789	8,552,847	1,085,177	37,892
300,413,851	233,921,498	534,335,349	100,608,198	20,812,513	2,950,986
$ 313,737,764	$ 237,352,374	$ 551,090,138	$ 109,161,045	$ 21,897,690	$ 2,988,878

City of Cedar Rapids, Iowa
Balance Sheet
Governmental Funds
June 30, 2006

	General	Infrastructure Construction	Debt Service	Employee Benefits	Other Governmental Funds	Total
ASSETS						
Cash and investments	$ 183,363,124	$ 13,027,478	$ 445,652	$ -	$ 12,260,955	$ 209,097,209
Receivables:						
Taxes	39,623,757	-	9,326,093	14,141,604	14,422,490	77,513,944
Accounts and unbilled usage	486,560	13,393	-	221	583,101	1,083,275
Special assessments	113,651	1,881,365	-	-	-	1,995,016
Interest	1,205,736	-	-	-	38,921	1,244,657
Advance to other funds	200,000	-	-	-	-	200,000
Due from other funds	-	27,624,057	2,309,041	2,725,993	21,644,661	54,303,752
Due from other governments	431,648	1,632,783	-	-	3,018,064	5,082,495
Inventories	102,847	-	-	-	437	103,284
Prepaid items	99,449	-	-	-	26,948	126,397
Total assets	225,626,772	44,179,076	12,080,786	16,867,818	51,995,577	350,750,029
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	1,300,930	1,579,709	102	232,627	530,747	3,644,115
Contracts payable	-	497,700	-	-	59,077	556,777
Accrued expenditures	1,077,047	-	-	516,653	856,616	2,450,316
Revenues collected in advance	46,299	-	-	243	990,620	1,037,162
Deferred revenues	39,211,347	3,250,440	9,216,422	13,995,051	15,363,315	81,036,575
Due to other funds	126,627,976	-	-	-	586,298	127,214,274
Advance from other funds	-	-	-	-	774,516	774,516
Due to component unit	26,866,282	-	-	-	-	26,866,282
Due to general public	-	-	-	-	144,385	144,385
Due to employees	-	-	-	8,803	-	8,803
Due to other governments	918,579	-	-	-	160,715	1,079,294
Security deposits	1,187	-	-	-	200	1,387
Total liabilities	196,049,647	5,327,849	9,216,524	14,753,377	19,466,489	244,813,886
Fund balances:						
Reserved for:						
Prepaid items	99,449	-	-	-	26,948	126,397
Encumbrances	2,081,275	9,700,007	-	-	1,963,745	13,745,027
Inventories	102,847	-	-	-	437	103,284
Future construction	190,787	-	-	-	-	190,787
Advance from other funds	200,000	-	-	-	-	200,000
Employee retirement	-	-	-	2,114,441	6,328,674	8,443,115
Debt service	-	-	2,864,262	-	-	2,864,262
Unreserved, designated:						
Targeted fund balance	20,094,888	-	-	-	-	20,094,888
Unreserved, undesignated reported in:						
General fund	6,807,879	-	-	-	-	6,807,879
Special revenue funds	-	-	-	-	15,712,776	15,712,776
Capital projects funds	-	29,151,220	-	-	8,496,508	37,647,728
Total fund balances	29,577,125	38,851,227	2,864,262	2,114,441	32,529,088	105,936,143
Total liabilities and fund balances	$ 225,626,772	$ 44,179,076	$ 12,080,786	$ 16,867,818	$ 51,995,577	$ 350,750,029

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, 2006

Fund balances-total governmental funds		$ 105,936,143
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.		287,707,134
Other long-term assets not available to pay for current-period expenditures and, therefore, are deferred in the funds		4,365,499
Internal service funds:		
Capital assets	6,523,245	
Other current assets	2,332,824	
Internal balances	25,180,327	
Other current liabilities	(7,210,811)	
Noncurrent liabilities	(182,126)	26,643,459
Internal service funds allocated to business-type activities		(41,921)
Long-term liabilities, including bonds payable, are not due and payable in current period and therefore are not reported in the funds:		
Compensated absences	(4,554,669)	
Bonds payable	(106,212,574)	
Bond premium	(272,076)	
Accrued interest on long-term debt	(385,463)	
Deferred charges	552,232	(110,872,550)
Net assets of governmental activities		$ 313,737,764

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, 2006

	General	Infrastructure Construction	Debt Service	Employee Benefits	Other Governmental Funds	Total
Revenues:						
Property taxes	$ 38,763,864	$ -	$ 9,340,329	$ 12,361,286	$ 12,106,736	$ 72,572,215
Other taxes	1,248,496	-	-	-	2,301,475	3,549,971
Licenses and permits	2,342,472	-	-	-	23,171	2,365,643
Intergovernmental	392,566	3,993,094	-	-	20,311,580	24,697,240
Charges for services	2,706,552	203,692	-	-	12,424	2,922,668
Fines and forfeits	410,987	-	-	-	6,080	417,067
Use of money and property	1,277,559	1,308,707	323,303	100,678	1,196,007	4,206,254
Rents and royalties	457,956	56,083	-	-	294,252	808,291
Miscellaneous	1,448,959	689,737	46,750	-	1,113,392	3,298,838
Total revenues	49,049,411	6,251,313	9,710,382	12,461,964	37,365,117	114,838,187
Expenditures:						
Current:						
Public safety	37,484,965	-	-	36,353	845,138	38,366,456
Public works	15,652,386	149,329	-	-	-	15,801,715
Culture and recreation	10,457,389	-	-	-	1,309,821	11,767,210
Community and economic development	3,409,963	-	-	-	11,609,281	15,019,244
General government	6,737,389	-	741	-	649,568	7,387,698
Debt service:						
Principal	-	-	12,348,200	-	-	12,348,200
Interest	-	-	5,028,580	-	-	5,028,580
Bond issuance costs	-	31,229	-	-	5,867	37,096
Capital outlay	1,374,428	13,294,228	-	-	3,571,151	18,239,807
Total expenditures	75,116,520	13,474,786	17,377,521	36,353	17,990,826	123,996,006
Excess (deficiency) of revenues over (under) expenditures	(26,067,109)	(7,223,473)	(7,667,139)	12,425,611	19,374,291	(9,157,819)
Other Financing Sources (Uses):						
Long-term debt issued	-	12,282,400	-	-	2,382,600	14,665,000
Discount on bonds issued	-	(90,535)	-	-	(19,932)	(110,467)
Settlement reimbursement	4,046	-	-	-	-	4,046
Sale of capital assets	96,630	137,898	-	-	-	234,528
Transfers in	29,987,903	1,215,290	7,857,338	-	3,619,470	42,680,001
Transfers (out)	(2,717,897)	(979)	-	(12,333,838)	(25,110,838)	(40,163,552)
Total other financing sources (uses)	27,370,682	13,544,074	7,857,338	(12,333,838)	(19,128,700)	17,309,556
Net change in fund balances	1,303,573	6,320,601	190,199	91,773	245,591	8,151,737
Fund balances - July 1, 2005	28,273,552	32,530,626	2,674,063	2,022,668	32,283,497	97,784,406
Fund balances - June 30, 2006	$ 29,577,125	$ 38,851,227	$ 2,864,262	$ 2,114,441	$ 32,529,088	$ 105,936,143

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, 2006

Net change in fund balances-total governmental funds		$	8,151,737
Amounts reported for governmental activites 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	18,239,807		
Contributions of capital assets	2,881,107		
Depreciation expense	(13,611,604)		7,509,310
Governmental funds reported proceeds from sale of capital assets			(234,528)
Gain on sale of capital assets			240,860
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			(595,482)
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	12,348,200		
Issuance of debt	(14,665,000)		
Accrued interest	(2,642)		
Discount on bonds issued	110,467		
Bond issuance costs	37,096		
Amortization on premium	27,790		
Amortization on discount	(31,152)		(2,175,241)
Expenses reported in the statement of activities, such as compensated absenses, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(63,990)
Internal service funds net change reported in governmental activities			1,228,204
Change in net assets - governmental activities		$	14,060,870

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, 2006

	Business-type Activities - Enterprise Funds					
	Water	Water Pollution Control	Sanitary Sewer	Other	Total	Governmental Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	$ 11,379,520	$ 1,410,502	$ 4,683,560	$ 426,013	$ 17,899,595	$ 872,344
Receivables:						
Taxes	-	-	-	3,033,873	3,033,873	-
Accounts and unbilled usage, net $421,911 of allowance for doubtful accounts	2,122,353	3,616,342	223,396	1,712,025	7,674,116	266,739
Interest	14,615	-	-	280	14,895	4,654
Due from other funds	9,181,621	11,865,410	4,926,817	19,912,927	45,886,775	24,405,811
Advance to other funds	-	-	-	-	-	774,516
Due from other governments	12,582	-	4,002	441,206	457,790	30,787
Inventories	783,245	-	514	423,325	1,207,084	223,160
Prepaid items	5,754	20,980	1,000	83,890	111,624	935,140
Deferred charges	332,892	114,410	91,274	20,818	559,394	-
Restricted Assets:						
Due from other funds	-	-	-	3,178,096	3,178,096	-
Total current assets	23,832,582	17,027,644	9,930,563	29,232,453	80,023,242	27,513,151
Noncurrent assets:						
Land	437,328	1,355,790	334,703	10,101,717	12,229,538	1,016,663
Buildings and structures	54,946,619	98,036,067	-	64,825,157	217,807,843	7,721,516
Improvements other than buildings	98,013,605	42,293,817	89,857,981	18,922,675	249,088,078	1,413,549
Machinery and equipment	4,849,632	4,751,327	3,150,545	25,001,854	37,753,358	638,601
Accumulated depreciation	(51,493,593)	(73,465,370)	(36,156,080)	(54,167,382)	(215,282,425)	(4,326,491)
Construction in progress	797,122	8,312,718	28,833	1,881,089	11,019,762	59,407
Total noncurrent assets	107,550,713	81,284,349	57,215,982	66,565,110	312,616,154	6,523,245
Total assets	131,383,295	98,311,993	67,146,545	95,797,563	392,639,396	34,036,396
LIABILITIES						
Current liabilities:						
Vouchers payable	1,083,450	742,689	215,327	936,030	2,977,496	1,564,480
Claims and judgements payable	-	-	-	-	-	5,127,600
Contracts payable	189,245	336,231	158,557	6,891	690,924	14,357
Accrued expenses	117,083	91,043	24,359	258,875	491,360	35,664
Compensated absences	386,944	271,850	58,392	435,446	1,152,632	70,420
Revenues collected in advance	-	-	-	186,666	186,666	12,830
Deferred revenues	20,615	-	-	3,062,763	3,083,378	-
Due to other funds	-	-	-	560,160	560,160	-
Due to other governments	-	62,503	-	176,650	239,153	-
Advance from other funds	-	-	-	200,000	200,000	-
Post-employment liability	-	-	-	-	-	293,272
Security deposits	230,681	-	-	26,734	257,415	-
General obligation bonds payable	4,847,200	3,195,900	1,485,400	798,000	10,326,500	90,000
Unamortized bond premium	38,525	22,828	9,576	913	71,842	1,063
Matured bonds interest payable	216,156	173,609	79,968	52,339	522,072	1,125
Total current liabilities	7,129,899	4,896,653	2,031,579	6,701,467	20,759,598	7,210,811
Noncurrent liabilities:						
General obligation bonds payable	58,860,000	41,572,250	19,273,500	10,878,526	130,584,276	180,000
Unamortized bond premium	318,214	230,135	49,583	11,648	609,580	2,126
Compensated absences	113,937	45,444	6,145	31,867	197,393	-
Liabilities payable from restricted assets:						
Closure/post closure landfill	-	-	-	3,178,096	3,178,096	-
Total noncurrent liabilities	59,292,151	41,847,829	19,329,228	14,100,137	134,569,345	182,126
Total liabilities	66,422,050	46,744,482	21,360,807	20,801,604	155,328,943	7,392,937
NET ASSETS						
Invested in capital assets, net of related debt	43,819,666	36,377,646	36,489,197	54,896,841	171,583,350	6,523,245
Unrestricted	21,141,579	15,189,865	9,296,541	20,099,118	65,727,103	20,120,214
	$ 64,961,245	$ 51,567,511	$ 45,785,738	$ 74,995,959	$ 237,310,453	$ 26,643,459

Total enterprise fund net assets	$ 237,310,453
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	41,921
	$ 237,352,374

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, 2006

	Business-type Activities - Enterprise Funds		
	Water	Water Pollution Control	Sanitary Sewer
Operating revenues:			
Charges for services	$ 20,485,016	$ 20,673,192	$ 6,707,844
Fines and forfeits	-	-	-
Use of money and property	67,838	1,480	-
Rents and royalties	21,792	7,529	-
Miscellaneous	663,334	10,557	19,923
Total operating revenues	21,237,980	20,692,758	6,727,767
Operating expenses:			
Personal services	7,483,757	5,579,707	1,595,244
Purchased services	3,412,652	5,198,445	267,196
Supplies and materials	2,558,936	3,945,092	367,712
Other	246,922	81,723	204,848
Depreciation	3,928,791	6,529,435	1,943,099
Total operating expenses	17,631,058	21,334,402	4,378,099
Operating income (loss)	3,606,922	(641,644)	2,349,668
Nonoperating revenues (expenses):			
Intergovernmental	37,761	-	-
Investment earnings	1,039,863	768,104	559,729
Property tax revenue	-	-	-
Gain on sale of capital assets	-	7,011	25,779
Interest expense	(2,881,327)	(2,269,192)	(1,154,164)
Total nonoperating revenue (expenses)	(1,803,703)	(1,494,077)	(568,656)
Capital contributions	1,133,306	-	1,192,540
Income (loss) before transfers	2,936,525	(2,135,721)	2,973,552
Transfers:			
Transfers in	1,343	945	6,611
Transfers out	(314,450)	(437,472)	(158,055)
Change in net assets	2,623,418	(2,572,248)	2,822,108
Total net assets, beginning	62,337,827	54,139,759	42,963,630
Total net assets, ending	$ 64,961,245	$ 51,567,511	$ 45,785,738
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.

Other	Total	Governmental Activities - Internal Service Funds
$ 13,466,736	$ 61,332,788	$ 19,115,787
327,379	327,379	-
5,913	75,231	-
2,241,379	2,270,700	1,339,824
956,427	1,650,241	49,506
16,997,834	65,656,339	20,505,117
11,566,935	26,225,643	2,609,703
4,875,485	13,753,778	15,112,575
2,901,891	9,773,631	95,245
833,412	1,366,905	448,406
4,462,494	16,863,819	563,444
24,640,217	67,983,776	18,829,373
(7,642,383)	(2,327,437)	1,675,744
3,001,688	3,039,449	-
888,415	3,256,111	921,377
2,964,142	2,964,142	-
169,602	202,392	-
(654,964)	(6,959,647)	(16,562)
6,368,883	2,502,447	904,815
2,094,114	4,419,960	-
820,614	4,594,970	2,580,559
1,245,438	1,254,337	77,220
(2,216,343)	(3,126,320)	(721,686)
(150,291)	2,722,987	1,936,093
75,146,250	234,587,466	24,707,366
$ 74,995,959	$ 237,310,453	$ 26,643,459
	2,722,987	
	707,889	
	$ 3,430,876	

City of Cedar Rapids, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Water Pollution Control	Sanitary Sewer	Other	Total	
Cash flows from operating activities:						
Cash received from users	$ 21,272,804	$ 20,309,054	$ 6,729,903	$ 17,252,860	$ 65,564,621	$ 20,430,322
Cash paid to employees	(7,693,806)	(5,703,185)	(1,634,025)	(11,866,367)	(26,897,383)	(2,389,746)
Cash paid to suppliers	(5,557,746)	(8,813,165)	(689,183)	(8,530,808)	(23,590,902)	(16,697,124)
Net cash flows from operating activities	8,021,252	5,792,704	4,406,695	(3,144,315)	15,076,336	1,343,452
Cash flows from non-capital financing activities:						
Borrowing from other funds	10,482,713	8,641,706	4,781,799	8,830,786	32,737,004	1,986,154
Loans to other funds	(6,695,706)	(3,661,141)	(3,399,264)	(8,199,403)	(21,955,514)	(3,520,318)
Intergovernmental	37,761	-	-	3,001,688	3,039,449	-
Transfers in	1,343	945	6,611	1,245,438	1,254,337	77,220
Transfers out	(314,450)	(437,472)	(158,055)	(2,216,343)	(3,126,320)	(721,686)
Property taxes	-	-	-	2,552,925	2,552,925	-
Net cash flows from non-capital financing activities	3,511,661	4,544,038	1,231,091	5,215,091	14,501,881	(2,178,630)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(3,839,956)	(6,288,272)	(6,034,635)	(4,406,952)	(20,569,815)	(617,149)
Proceeds from disposition of property and equipment	-	5,407	25,779	169,602	200,788	-
Capital contributions	-	-	-	2,094,114	2,094,114	-
General obligation bonds issued	7,070,000	3,840,000	3,290,000	400,000	14,600,000	-
Discount on bonds	(50,844)	(29,601)	(22,583)	-	(103,028)	-
Principal paid	(8,269,400)	(4,936,000)	(4,382,000)	(683,000)	(18,270,400)	(90,000)
Issuance costs on issue	(17,409)	(9,456)	(8,101)	-	(34,966)	-
Interest paid	(2,873,708)	(2,276,497)	(1,145,604)	(657,174)	(6,952,983)	(18,000)
Net cash flows from capital and related financing activities	(7,981,317)	(9,694,419)	(8,277,144)	(3,083,410)	(29,036,290)	(725,149)
Cash flows from investing activities:						
Interest on investments	1,039,863	768,104	559,729	888,415	3,256,111	924,529
Net increase (decrease) in cash and cash equivalents	4,591,459	1,410,427	(2,079,629)	(124,219)	3,798,038	(635,798)
Cash and cash equivalents, July 1, 2005	6,788,061	75	6,763,189	550,232	14,101,557	1,508,142
Cash and cash equivalents, June 30, 2006	$ 11,379,520	$ 1,410,502	$ 4,683,560	$ 426,013	$ 17,899,595	$ 872,344
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	$ 3,606,922	$ (641,644)	$ 2,349,668	$ (7,642,383)	$ (2,327,437)	$ 1,675,744
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	3,928,791	6,529,435	1,943,099	4,462,494	16,863,819	563,444
Change in assets and liabilities:						
(Increase) decrease in prepaid items	31,404	(20,980)	(1,000)	(14,071)	(4,647)	14,783
Increase (decrease) in vouchers payable	740,422	433,075	152,087	39,729	1,365,313	355,826
Increase (decrease) in accrued expenses	(208,537)	(143,661)	(44,714)	(323,342)	(720,254)	(48,434)
Increase (decrease) in compensated absences	(1,512)	20,183	5,933	23,910	48,514	(24,881)
(Increase) decrease in accounts receivable	70,994	(446,541)	1,782	70,871	(302,894)	(59,603)
(Increase) (decrease) in inventories	(111,062)	-	(514)	54,322	(57,254)	(21,107)
(Increase) decrease in due from other governments	(12,582)	47,999	354	148,403	184,174	(9,023)
Increase (decrease) due to other governments	(71,667)	14,838	-	(1,036)	(57,865)	-
Increase (decrease) in revenues collected in advance	-	-	-	114,638	114,638	(6,169)
Increase (decrease) in security deposit	27,464	-	-	18,234	45,698	-
Increase (decrease) in deferred revenue	20,615	-	-	(96,084)	(75,469)	-
Increase in post-employment liability	-	-	-	-	-	293,272
(Decrease) in open claims payable	-	-	-	-	-	(1,390,400)
Net cash flows from operating activities	$ 8,021,252	$ 5,792,704	$ 4,406,695	$ (3,144,315)	$ 15,076,336	$ 1,343,452
Schedule of noncash capital and related financing activities:						
Acquisition of capital assets through contracts payable	$ (618,632)	$ (944,730)	$ (368,730)	$ (118,645)	$ (2,050,737)	$ 14,358
Acquisition of capital assets through private contributions	$ 1,133,306	$ -	$ 1,192,540	$ -	$ 2,325,846	$ -

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, 2006

	Agency Funds
ASSETS	
Due from other governments	646,183
Total assets	$ 646,183
LIABILITIES	
Vouchers payable	257
Due to other governments	292,263
Security deposits	353,663
Total liabilities	$ 646,183

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

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Cedar Rapids, incorporated in 1849, operates under the council-manager 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 1954 County Home Road, Marion, Iowa 52302 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

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:

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.

Employee Benefits

The Employee benefits fund accounts for the employment benefits provided to the City's employees in the general fund, which include FICA, health and dental insurance, retirement, workers comp, unemployment, life insurance, and long term disability.

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. The City has the following agency funds: developers security deposits, regional planning, contractors permit deposits, and area ambulance.

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 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 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, 2006, were due by July 1, 2005, with the first half installment being delinquent after September 30, 2005, and the second half installment being delinquent after March 31, 2006. 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 2006 levy certified on March 15, 2006, based on 2005 assessed valuations. As the levy is intended for use in the 2007 fiscal year, the revenue has been recorded as unearned 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. 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, 2006, 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
Infrastruture	10 to 70 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, 2006, are as follows:

Governmental	$ 13,287,323
Business-type	3,929,663
Subtotal	17,216,986
Component Units	474,623
Total	$ 17,691,609

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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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.

Net assets restricted through enabling legislation included $2,864,262 for debt service, $6,222,667 for library books, 7,606,780 for tax increment financing projects, $3,110,755 for road construction projects, $267,610 for Self-Supported Municipal Improvement District (SSMID) projects, and $2,114,441 for employee benefits.

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.

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

Fund receivables and payables at June 30, 2006, were:

	Receivables	Payables
Due to/from other funds:		
Governmental:		
General Fund	$ -	$ 126,627,976
Infrastructure Construction Fund	27,624,057	-
Debt Service Fund	2,309,041	-
Nonmajor Funds	24,370,654	586,298
Internal Service Funds	24,405,811	-
Total Governmental	78,709,563	127,214,274
Business-type:		
Water	9,181,621	-
Water Pollution Control	11,865,410	-
Sanitary Sewer	4,926,817	-
Other Business-Type Funds	23,091,023	560,160
Total Business-type	49,064,871	560,160
Total due to/from other funds	$ 127,774,434	$ 127,774,434

	Advances to	Advances from
Governmental:		
Internal Service Funds	$ 774,516	$ -
General Fund	200,000	-
Nonmajor Funds	-	774,516
Total Governmental	974,516	774,516
Business-type:		
Other Business-Type Funds	$ -	200,000
Total advance to/from other funds	$ 974,516	$ 974,516

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.

Primary government and component unit Receivables and Payables:

	Receivables	Payables
Governmental:		
General	$ -	$ 26,866,282
Component Unit:		
Airport - Unrestricted	26,866,282	-
Cedar Rapids Public Library Foundation	-	20,000
Total primary government and component unit	$ 26,866,282	$ 26,886,282

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, $20,000 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, 2006, were:

	Transfer In	Transfer Out
Governmental:		
General Fund	$ 29,987,903	$ 2,717,897
Infrastructure Construction Fund	1,215,290	979
Debt Service Fund	7,857,338	-
Nonmajor Funds	3,619,470	37,444,676
Internal Service Funds	77,220	721,686
Total Governmental	42,757,221	40,885,238
Business-type:		
Water Fund	1,343	314,450
Water Pollution Control Fund	945	437,472
Sanitary Sewer Fund	6,611	158,055
Other Business-Type Funds	1.245.438	2,216,343
Total Business-Type	1,254,337	3,126,320
Total	$ 44,011,558	$ 44,011,558

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.

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, 2006, between the district overlapping the Tax Incremental Financing District (TIF) and the district associated only to SSMID were as follows:

SSMID only	$	345,073
SSMID within TIF		152,229
	$	497,302

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, 2006 amounts to $14,829,922. Of these commitments, $3,653,934 will be funded by federal and state grants. The total outstanding construction commitments of the Airport, a component unit, at June 30, 2006 amounts to $5,111,678. Of these commitments, $4,575,710 will be funded by federal and state grants.

Note 6: Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds, where the resources have been pooled in order to maximize investment opportunities. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments". Investment income is allocated to the various funds based on a systematic allocation and in accordance with accounting principles generally accepted in the United States of America. In addition, some funds are required to maintain their investments separately and therefore are not included in the investment pool.

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; 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. However the City's investment policy additionally limits investments in commercial paper and other short-term corporate debt to obligations that matures within 270 days of purchase and is rated within the two highest classifications, established by at least one of the standard rating services approved by the superintendent of banking rules adopted pursuant to Chapter 17A, provided that at the time of purchase no more than 10% of the investment portfolio shall be invested in commercial paper or debt, no more than 5% of the investment portfolio shall be invested in securities of a single issuer, and no more than 5% of all amounts invested in commercial paper shall be invested in paper and debt rated in the second highest classification. It also limits investments in prime bankers' acceptances to those that mature within 270 days and that are eligible for purchase by a federal reserve bank, provided that at the time of purchase no more than 10% of the investment portfolio shall be invested in prime bankers' acceptances, and no more than 5% of the investment portfolio shall be invested in the securities of a single issuer.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy states that risks of market price volatility shall be controlled through maturity diversification so 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.

As of June 30, 2006, 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	$ 17,907,812	$ 12,924,062	$ 4,983,750	$ -	$ -	$ 17,907,812
U.S. Agencies	449,437	449,437	-	-	-	449,437
GNMA'S	4,199,074	-	-	-	4,199,074	4,199,074
COMMERICAL PAPER	14,723,688	14,723,688	-	-	-	14,723,688
IPAIT	2,708,901	2,708,901	-	-	-	2,708,901
Total	$ 39,988,912	$ 30,806,088	$ 4,983,750	$ -	$ 4,199,074	$ 39,988,912

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, 2006, the City had the following ratings:

	Moody's	Standard & Poor's
Investment Type:		
U.S. Agencies	AAA	AAA
Commercial Paper - Citigroup	P-1	A-1+
Commercial Paper – Grampian	P-1	A-1+
Commercial Paper – General Elec.	A-1	A-1+
Commercial Paper – FCAR	P-1	A-1+

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

Concentration of Credit Risk: The City's investment policy seeks diversification to reduce overall portfolio risk. Where possible, it is the policy of the City to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. The City's investment policy limits holding of securities by single issuer to no more than 5% of the investment portfolio and commercial paper, other short-term corporate debt, or bankers' prime acceptances to no more than 10% of the total investment portfolio for each class as mentioned above. The City's investments are in accordance with these policies regarding diversification.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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. 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, 2006, 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's investments are not exposed to custodial credit risk as of June 30, 2006.

The Cedar Rapids Public Library Foundation reports using the not-for-profit model, therefore, GASB Statements No. 3 and No. 40 are not applicable.

Note 7: Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 20,872,915	$ 3,088,003	$ -	$ 23,960,918
Construction in progress	3,541,068	795,898	(2,724,945)	1,612,021
Total capital assets, not being depreciated	24,413,983	3,883,901	(2,724,945)	25,572,939
Capital assets, being depreciated:				
Buildings and structures	67,011,962	1,224,806	-	68,236,768
Improvements other than buildings	280,396,733	16,755,666	-	297,152,399
Machinery and equipment	35,127,693	2,612,993	(1,116,497)	36,624,189
Total capital assets being depreciated	382,536,388	20,593,465	(1,116,497)	402,013,356
Less accumulated depreciation for:				
Buildings and structures	(20,468,458)	(1,884,924)	-	(22,353,382)
Improvements other than buildings	(78,345,394)	(9,787,073)	-	(88,132,467)
Machinery and equipment	(21,489,845)	(2,503,051)	1,122,829	(22,870,067)
Total accumulated depreciation	(120,303,697)	(14,175,048)	1,122,829	(133,355,916)
Total capital assets, being depreciated, net	262,232,692	6,418,417	6,332	268,657,440
Governmental activities capital assets, net	$ 286,646,674	$ 10,302,318	$ (2,718,613)	$ 294,230,379

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

Governmental activities:	
Public safety	$ 1,267,671
Public works	8,761,118
Culture and recreation	2,000,290
Community and economic development	112,562
General government	1,469,963
Internal service funds	563,444
Total depreciation expense - governmental activities	$ 14,175,048

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 10,993,390	$ 1,236,148	$ -	$ 12,229,538
Construction in progress	14,731,466	6,789,257	(10,500,961)	11,019,762
Total capital assets, not being depreciated	25,724,856	8,025,405	(10,500,961)	23,249,300
Capital assets, being depreciated:				
Buildings and structures	209,861,129	7,946,714	-	217,807,843
Improvements other than buildings	235,821,871	13,266,207	-	249,088,078
Machinery and equipment	37,009,161	2,107,555	(1,363,358)	37,753,358
Total capital assets being depreciated	482,692,161	23,320,476	(1,363,358)	504,649,279
Less accumulated depreciation for:				
Buildings and structures	(100,334,544)	(6,590,776)	-	(106,925,320)
Improvements other than buildings	(74,320,924)	(7,967,881)	-	(82,288,805)
Machinery and equipment	(25,128,100)	(2,305,162)	1,364,962	(26,068,300)
Total accumulated depreciation	(199,783,568)	(16,863,819)	1,364,962	(215,282,425)
Total capital assets, being depreciated, net	282,908,593	6,456,657	1,604	289,366,854
Business-type activities capital assets, net	$ 308,633,449	$ 14,482,062	$ (10,499,357)	$ 312,616,154

Business-type activities:	
Water	$ 3,928,791
Water Pollution Control	6,529,435
Sanitary Sewer	1,943,099
Other Business-Type Funds	4,462,494
Total depreciation expense - business-type activities	$ 16,863,819

Activity for the Airport for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: Airport				
Capital assets, not being depreciated:				
Land	$ 8,832,230	$ -	$ -	$ 8,832,230
Construction in progress	7,258,611	6,544,937	(11,667,291)	2,136,257
Total capital assets, not being depreciated	16,090,841	6,544,937	(11,667,291)	10,968,487
Capital assets, being depreciated:				
Buildings and structures	60,892,660	83,105	-	60,975,765
Improvements other than buildings	49,266,798	11,763,472	-	61,030,270
Machinery and equipment	3,510,410	292,579	(48,470)	3,754,519
Total capital assets being depreciated	113,669,868	12,139,156	(48,470)	125,760,554
Less accumulated depreciation for:				
Buildings and structures	(18,392,769)	(1,579,521)	-	(19,972,290)
Improvements other than buildings	(24,241,870)	(2,584,046)	-	(26,825,916)
Machinery and equipment	(2,343,691)	(247,728)	48,470	(2,542,949)
Total accumulated depreciation	(44,978,330)	(4,411,295)	48,470	(49,341,155)
Total capital assets, being depreciated, net	68,691,540	7,727,861	-	76,419,399
Airport capital assets, net	$ 84,782,379	$ 14,272,798	$ (11,667,291)	$ 87,387,886

Activity for Cedar Rapids/Linn County Solid Waste Agency for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: CRLCSWA				
Capital assets, not being depreciated:				
Land	$ 3,666,290	$ -	$ -	$ 3,666,290
Total capital assets, not being depreciated	3,666,290	-	-	3,666,290
Capital assets, being depreciated:				
Buildings and structures	1,225,699	367,700	(56,068)	1,537,331
Improvements other than buildings	4,292,316	2,002,065	(707,485)	5,586,896
Machinery and equipment	6,749,460	351,129	(372,348)	6,728,241
Total capital assets being depreciated	12,267,475	2,720,894	(1,135,901)	13,852,468
Less accumulated depreciation for:				
Buildings and structures	(540,460)	(52,949)	22,299	(571,110)
Improvements other than buildings	(2,488,476)	(458,185)	680,046	(2,266,615)
Machinery and equipment	(4,747,848)	(679,835)	362,944	(5,064,739)
Total accumulated depreciation	(7,776,784)	(1,190,969)	1,065,289	(7,902,464)
Total capital assets, being depreciated, net	4,490,691	1,529,925	(70,612)	5,950,004
CRLCSWA capital assets, net	$ 8,156,981	$ 1,529,925	$ (70,612)	$ 9,616,294

Activity for Cedar Rapids Public Library Foundation for the year ended June 30, 2006 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	(3,011)	(205)	-	(3,216)
Total capital assets, being depreciated, net	$ 205	$ (205)	$ -	$ -

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.

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, 2006, 2005, and 2004 were $2,639,937, $2,576,902, and $2,545,940, 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 28.21% of annual covered payroll. Contribution requirements are established by State statute. The City contributions to MFPRSI for the years ended June 30, 2006, 2005, and 2004 were $5,327,050, $4,371,403, and $3,472,585, respectively, equal to the required contributions for each year.

Note 9: Long-Term Debt
Bonded Debt

General Obligation Bonds
There were $252,140,000 of general obligation bonds outstanding as of June 30, 2006. Unmatured general obligation bonds to be paid by governmental funds totaled $106,482,574. General obligation bonds to be paid by enterprise revenue and therefore included as Enterprise Fund obligations total $140,910,776. General obligation bonds to be paid by Airport, a component unit, and therefore included in the Airport Fund obligations total $4,746,650. All the general obligation bonds bear interest rates ranging from 2.00% to 6.50% and mature in varying amounts ranging from $1,380,000 to $21,200,000 with the final payments due in the year ending June 30, 2025.

During the year ended June 30, 2006, the City issued $29,265,000 of general obligation bonds. These bonds were used to finance the opening, widening, 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; 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 11.853 years for the Series A and 7.439 years for the Series B. These bonds bear interest at 3.25% to 4.25% and mature in varying amounts ranging from $930,000 to $1,835,000 with the final payment due in the year ending June 30, 2025.

Changes in long-term liabilities

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

	Balance June 30, 2005	New Issues	Paid	Balance June 30, 2006
Primary government:				
General obligation				
Governmental	$ 104,255,774	$ 14,665,000	$ 12,438,200	$ 106,482,574
Business-type activities				
Water pollution control	45,864,150	3,840,000	4,936,000	44,768,150
Sanitary Sewer	21,850,900	3,290,000	4,382,000	20,758,900
Water	64,906,600	7,070,000	8,269,400	63,707,200
Other business-type funds	11,959,526	400,000	683,000	11,676,526
Total primary government	248,836,950	29,265,000	30,708,600	247,393,350
Component unit:				
General obligation abated by Airport	8,398,050	-	3,651,400	4,746,650
Total Bonded Debt	$ 257,235,000	$ 29,265,000	$ 34,360,000	$ 252,140,000

	Due within one year
Primary government:	
General obligation	
Governmental	$ 8,858,600
Business-type activities:	
Water pollution control	3,195,900
Sanitary Sewer	1,485,400
Water	4,847,200
Other business-type funds	798,000
Total primary government	19,185,100
Component unit:	
General obligation abated by Airport	604,900
Total Bonded Debt	$ 19,790,000

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, 2006, the general obligation debt issued by the City did not exceed its legal debt margin compiled as follows:

Total Estimated actual valuation - real property	$ 7,507,195,157
Debt limit - 5% of total valuation	$ 375,359,758
Debt applicable to debt limit:	
General obligation bonded debt outstanding	$ 252,140,000
Legal Debt Margin	$ 123,219,758

A summary of the bond principal and interest maturities by type of bond is as follows:

	Governmental General Obligation		Business-type activities General Obligation		General Obligation Totals	
Year Ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 8,858,600	$ 4,638,505	$ 10,326,500	$ 6,265,426	$ 19,185,100	$ 10,903,931
2008	8,944,950	4,275,552	10,300,200	5,855,156	19,245,150	10,130,708
2009	8,740,900	3,910,388	10,318,800	5,449,527	19,059,700	9,359,915
2010	8,776,150	3,543,400	11,940,450	5,023,291	20,716,600	8,566,691
2011	8,067,900	3,173,175	10,063,300	4,499,798	18,131,200	7,672,973
2012-2015	28,967,600	9,373,196	37,828,000	13,766,999	66,795,600	23,140,195
2016-2020	23,734,000	5,569,152	36,921,000	8,063,493	60,655,000	13,632,645
2021-2025	10,392,474	1,082,540	13,212,526	1,440,170	23,605,000	2,522,710
	$ 106,482,574	$ 35,565,909	$ 140,910,776	$ 50,363,859	$ 247,393,350	$ 85,929,768

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

	General Obligation Abated By Airport	
Year Ending June 30:	Principal	Interest
2007	$ 604,900	$ 228,660
2008	604,850	199,726
2009	605,300	170,793
2010	483,400	141,733
2011	488,800	118,812
2012-2015	934,400	289,766
2016-2020	625,000	196,563
2021-2025	400,000	41,911
	$ 4,746,650	$ 1,387,964

Changes in other long-term liabilities:

Other long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Claims and Judgments	$ 6,518,000	$ 343,800	$ 1,734,200	$ 5,127,600	$ 5,127,600
Compensated absences	4,585,980	63,991	24,882	4,625,089	4,008,947
Governmental activity Long-term liabilities	$ 11,103,980	$ 407,791	$ 1,759,082	$ 9,752,689	$ 9,136,547

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Business-type activities:					
Compensated absences	$ 1,301,511	$ 68,905	$ 20,391	$ 1,350,025	$ 1,152,632
Closure/post closure landfill	3,178,096	-	-	3,178,096	-
Business-type activity					
Long-term liabilities	$ 4,479,607	$ 68,905	$ 20,391	$ 4,528,121	$ 1,152,632
Component Units:					
Airport					
Compensated absences	$ 240,274	$ -	$ 21,666	$ 218,608	$ 217,665
CRLCSWA:					
Compensated absences	$ 112,843	$ 155,905	$ 160,504	$ 108,244	$ 108,244
Closure/post closure landfill	12,579,633	571,029	85,345	13,065,317	2,267,217
Long-term liabilities	$ 12,692,476	$ 726,934	$ 245,849	$ 13,173,561	$ 2,375,461

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, 2006, 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, 2006 due on bonds issued after July 1, 1995, is $90,560,000.

Note 10: Deficit Fund Equity

At June 30, 2006, individual fund with deficit fund balances was as follows:

Special Revenue:	
H.O.M.E.	$7,618

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, 2006. It is felt that this is a temporary deficit and will be rectified in the next fiscal year.

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 an airport liability policy and errors and employment practice liability policy. 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 2006 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 2006, 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 2006 was determined by an actuary at an 80% confidence level. A claims liability of $1,035,800 as of June 30, 2006, 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.

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

	Beginning Fiscal Year Liability	Claim Expenses	Claims Paid	Ending Fiscal Year Liability
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
7/05 – 6/06	$2,770,000	$716,155	($2,450,355)	$1,035,800

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 $2,000 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, 2006 claims liability of $2,934,900 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 Liability	Claim Expenses	Claims Paid	Ending Fiscal Year Liability
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
7/05 – 6/06	$2,854,000	$1,091,442	($1,010,542)	$2,934,900

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. Claims administration is provided by a third party administrator. The City did not purchase stop loss insurance from July 1, 2001 thru June 30, 2006. All City Departments and Enterprise Funds are charged a premium based on the number of single and family plans in place each month. Retirees and COBRA participants pay 102% 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, 2006 to be $1,121,000. Changes in the Health Fund's claims liability amount since January 1, 1992 are as follows:

	Beginning Fiscal Year Liability	Claim Expenses	Claims Paid	Ending Fiscal Year Liability
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	$11,156,688	($11,141,688)	$860,000
7/05 – 6/06	$860,000	$12,713,370	($12,452,370)	$1,121,000

Dental Care benefits for employees 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. Claims administration is provided by a third party administrator. 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. COBRA participants pay 102% 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, 2006 to be $35,900. Changes in the Dental Fund's claims liability amount since April 1, 1993 are as follows:

	Beginning Fiscal Year Liability	Claim Expenses	Claims Paid	Ending Fiscal Year Liability
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
7/05 – 6/06	$34,000	$782,716	($780,816)	$35,900

Note 13: Contingent Liabilities

The City is involved in a lawsuit as to whether the collection of certain franchise fees in excess of regulatory costs by the City in conjunction with its cable franchise constitutes an illegal tax under Iowa law. The probability of outcome of this case is not determinable at this time; therefore no accrual has been made to the financial statements.

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, 2006, is summarized below.

These amounts are based on what it would cost to perform all closure and postclosure care costs as of June 30, 2006. 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	$ 12,116,033	$ 6,420,235	$ 18,536,268
Care costs remaining to be recognized attributable to unutilized capacity	(35,136)	(2,257,719)	(2,292,855)
Liability retained by City/County	(3,178,096)	-	(3,178,096)
Care costs recognized attributable to utilized capacity	$ 8,902,801	4,162,516	$ 13,065,317
Capacity utilized	99.71%	80.30%	
Estimated remaining life	.1 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 2017 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
2007	$ 55,000
2008	57,292
2009	57,500
2010	57,500
2011	57,500
2012	57,500
2013-2017	299,792
Total lease payments	$ 642,084

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 May 2007 and January 2050.

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

Fiscal Year	Amount
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	$ 17,825,893

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, 2006 are summarized as follows:

Fiscal Year	Amount
2007	$ 55,730
2008	50,000
2009	50,000
2010	50,000
Total lease payments	$ 205,730

Note 16: Subsequent events – Bond issue

On September 1, 2006, the City issued $21,020,000 general obligation bonds to fund various construction projects. The bonds are due in serial installments of $550,000 to $1,595,000 through June 1, 2026 and bear interest at 4.00% to 4.50%.

Note 17: Other Post Employment Benefits (OPEB)

Plan Description and Funding Policy

The City sponsors a single-employer health care plan that provides medical benefits to employees and retirees participating in one of two retirement systems. Full-time fire fighters and police officers participate in MFPRSI and may retire after age 55 with 22 years of service or if disabled. All other full-time employees participate in the IPERS and may retire with health coverage after age 55 with 33 years of service, under the Rule of 88, at age 60 with 22 years of service or if disabled.

Employees pay a small (5% or less) share of the health insurance premium. The City pays the remainder of the health insurance premium for employees. Retirees are required to pay the same premiums as those charged to COBRA participants. These rates are calculated as 102% of the expected costs based on the entire

group of actives, COBRAs, and retirees. Retirees may elect to stay on the City's group health plan until they reach age 65.

The current funding policy of the City is to pay health claims as they occur through an internal allocated fund. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. The City establishes and amends contribution requirements.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2006, the City contributed $0. Retiree receiving benefits contributed $721,060 through their required contribution of $473.23 per month for retiree-only coverage and $1,124.04 for retiree and spouse coverage.

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the City's annual OPEB obligation:

Annual required contribution	$ 743,776
Interest on net OPEB obligation	44,626
Adjustment to annual required contribution	225,930
Annual OPEB cost (expense)	$ 1,014,332
Contributions made	(721,060)
Increase in net OPEB obligation	$ 293,272
Net OPEB obligation – July 1, 2005	-
Net OPEB obligation – June 30, 2006	$ 293,272

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for fiscal 2006 follows. This is the transition year of GABS Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/06	$1,014,332	71.1%	$293,272

Funded Status and Funding Progress

Post Employment Benefit Obligations Under GASB 45 as of July 1, 2006, the most recent actuarial valuation date:

Actuarial Accrued Liability	Total	Members
Actives not yet eligible to receive benefits	$ 4,460,440	1,198
Actives eligible to receive benefits	1,430,317	88
Retirees	1,903,245	73
Total Actuarial Accrued Liability (AAL)	7,794,002	
OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	7,794,002	

The covered payroll (annual payroll of active employees covered by the plan was $59,572,345 and the ratio of the UAAL to the covered payroll was 13.08%.

Actuarial Methods and Assumptions

The actuarial calculations were performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under GASB 45. The excess of the AAL over the actuarial value of plan assets is the Unfunded Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over a maximum 30 years in level dollar amounts on an open period amortization basis. The sum of the Normal Cost and the amortization of the Unfunded Actuarial Accrued Liability is the Annual Required Contribution, which with interest at the valuation rate, determines the Annual OPEB Cost.

Demographic Assumptions

Since benefits end at age 65, mortality is not a significant decrement. 1983 Group Annuity Mortality Table is used with males set back 1 year and females set back 6 years. Retirement rates are based on an analysis of census information and retirements provided by the City. Disability rates are modified from the 1987 Commissioner's Group Disability Table with 12-month elimination period, male and female. The City assumes no recovery from disability. 1983 Group Annuity Mortality Table is used with males set forward 9 years and females set forward 4 years. 80% of current actives who receive benefits in the future will be Retirees married but only 50% of their spouses will participate due to the "family rate" surcharge. 60% of future retirees and 100% of current retirees are expected to continue to participate in their current plans.

Economic Cost Assumptions

The rate at which projected cash flows are to be discounted should reflect rates of return on high-quality fixed-income investments currently available and expected to be available during the period in which the benefits are expected to be paid. Fiscal 2007 per capita health care costs for retirees were determined based on an analysis of the retiree's claims experience provided by the City over the prior five fiscal years. Per capita costs are adjusted for age, and illustrative costs are shown below:

Age	Monthly Per Capita Costs
57	$ 751.93
62	919.03

These costs are expected to increase at the Health Care Cost Trend.

Retiree required monthly contributions are equal to the COBRA rates. The rate of contribution for FY2006 is shown below and is assumed to increase by the HCCT shown below.

Category	Required Monthly Contributions
Single	$ 473.28
Family	1,124.04

Health care cost trend rates are used to anticipate increases in medical benefit costs expected to be experienced by the retiree health plan in each future year. The trend rates used are based on a long term general inflation assumption of 4.0%, and real economic growth of 1.5%.

Fiscal Year Beginning Change Over Prior	Medical Trend
2008	8.50%
2009	8.00%
2010	7.50%
2011	7.00%
2012	6.50%
2013+	6.00%

Actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Benefits are projected based on benefit levels and cost-sharing arrangements as of July 1, 2006 and do not explicitly reflect the potential effects of legal or contractual funding limitations.

Note 18: New Pronouncements

The City implemented the following new standards during the current fiscal year:

GASB Statement No. 42, *Accounting and Financial Reporting For Impairment of Capital Assets and for Insurance Recoveries* This Statement required governments to report the effects of capital asset impairment in their financial statements when it occurs and required all governments to account for insurance recoveries in the same manner. This Statement has no effect on the City in the current year.

GASB Statement No. 43, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans* This Statement established uniform financial reporting standards for other post-employment benefit plans (OPEB) and supercedes existing guidance. This Statement does not apply to the City and has no effect in the current year.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*
This Statement improved 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. This Statement modified the statistical section previously reported by the City.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* This Statement established standards for measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, and note disclosures in the financial reports. The effect of the adoption of this Statement on the City was to disclose a liability of $7,794,002. The current year required contribution was $259,800, which is recognized as a liability in the Risk Management Internal Service Fund.

GASB Statement No. 46, *Net Assets Restricted By Enabling Legislation* This Statement established and modified requirements related to restrictions of net assets resulting from enabling legislation. The effect of the adoption of this Statement on the City was to reclassify $22,186,515 previously reported as unrestricted to restricted net assets.

GASB Statement No. 47, *Accounting for Termination Benefits* This Statement established 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. This Statement had no effect on the City in the current year.

The GASB has issued the following statement:

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*s, issued September 2006, is effective for the City beginning with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition this Statement establishes accounting and financial report standards for intra-entity transfers of assets and future revenues. The City's management has not yet determined the effect, if any, this statement will have on the City's financial statements.

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, 2006

	Governmental Fund Types Actual Budgetary Basis	Proprietary Fund Types Actual Budgetary Basis	Discretely Presented Component Units Actual Budgetary Basis
Revenues:			
Property taxes	$ 63,296,321	$ 2,964,142	$ -
TIF revenues	9,275,896	-	-
Other taxes	3,549,971	-	-
Licenses and permits	2,365,644	-	1,141
Use of money and property	5,439,500	8,190,622	11,813,161
Intergovernmental	24,697,240	5,133,561	5,323,894
Charges for services	2,922,668	61,332,787	8,396,533
Special assessments	619,430	-	33,284
Miscellaneous	5,560,515	22,008,075	1,595,467
Total revenues	117,727,185	99,629,187	27,163,480
Expenditures:			
Current:			
Public safety	39,434,710	-	-
Public works	16,307,384	-	-
Culture and recreation	11,479,025	-	-
Community and economic development	15,866,502	-	-
General government	6,938,625	-	-
Debt service	17,377,520	-	-
Capital projects	19,712,094	-	-
Business-type	-	90,897,308	23,761,682
Total expenditures	127,115,860	90,897,308	23,761,682
Excess (deficiency) of revenues over (under) expenditures	(9,388,675)	8,731,879	3,401,798
Other financing sources, net	17,420,022	(12,012,732)	(22,424)
Extraordinary items	-	-	-
Net change in fund balances, net assets	8,031,347	(3,280,853)	3,379,374
Fund balances, budgetary basis net assets - July 1, 2005	97,671,370	259,352,353	121,420,711
Fund balances, budgetary basis net assets - June 30, 2006	105,702,717	256,071,500	124,800,085
Adjustments not budgeted:			
Other accrued liabilities	233,426	(22,554)	271
Sale of capital assets	-	(2,432)	-
Bond proceeds	-	(14,600,000)	-
Accrued bond interest	-	18,458,202	2,605,506
Capital outlay variance from depreciation	-	4,049,196	3,652,873
Fund balances, net assets - June 30, 2006 GAAP basis	$ 105,936,143	$ 263,953,912	$ 131,058,735

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

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance Positive (Negative)
$ 66,260,463	$ 63,241,261	$ 63,241,261	$ 3,019,202
9,275,896	9,644,275	9,644,275	(368,379)
3,549,971	5,420,428	5,445,428	(1,895,457)
2,366,785	2,099,232	2,080,164	286,621
25,443,283	16,838,772	17,931,796	7,511,487
35,154,695	43,051,336	37,770,211	(2,615,516)
72,651,988	70,569,341	72,438,883	213,105
652,714	1,225,018	1,286,653	(633,939)
29,164,057	31,912,279	29,648,751	(484,694)
244,519,852	244,001,942	239,487,422	5,032,430
39,434,710	38,098,454	40,351,007	916,297
16,307,384	16,709,502	17,290,912	983,528
11,479,025	11,704,819	11,963,294	484,269
15,866,502	16,599,626	19,045,808	3,179,306
6,938,625	8,262,570	9,002,371	2,063,746
17,377,520	14,924,722	17,475,292	97,772
19,712,094	40,087,589	39,414,002	19,701,908
114,658,990	146,126,627	154,086,655	39,427,665
241,774,850	292,513,909	308,629,341	66,854,491
2,745,002	(48,511,967)	(69,141,919)	71,886,921
5,384,866	28,701,220	29,325,000	(23,940,134)
-	-	-	-
8,129,868	(19,810,747)	(39,816,919)	47,946,787
478,444,434	415,780,096	386,428,325	92,016,109
$ 486,574,302	$ 395,969,349	$ 346,611,406	$ 139,962,896

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 increase budget disbursements by $16,115,432. 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.

City of Cedar Rapids, Iowa
Required Supplementary Information
Schedule of Funding Progress
City of Cedar Rapids, Iowa Retiree Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	$ -	$ 7,794,002	$ 7,794,002	0.00%	$ 59,572,345	13.08%

NOTE: Fiscal year 2006 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2006. Additional information follows:

a. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
b. There are no plan assets.
c. Economic assumptions are as follows: healthcare cost trend rates of 6.0-8.5%; discount rate of 6.0%
d. The amortization method is open period, level dollar.

City of Cedar Rapids, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	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	$ -	$ -	$ -	$ 52,246	$ -	$ 130,396
Receivables:						
Taxes	-	-	-	10,858,295	-	-
Accounts and unbilled usage, net	33,418	100,695	-	-	-	184,250
Interest	-	-	-	-	-	-
Due from other funds	44,555	96,862	842,987	7,467,097	1,443,886	624,998
Due from other governments	45,004	177,478	660,571	-	1,666,869	196,670
Inventories	-	-	-	-	-	-
Prepaid items	-	-	475	-	-	-
Total assets	122,977	375,035	1,504,033	18,377,638	3,110,755	1,136,314
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Vouchers payable	37,675	24,329	2,047	7,923	-	13,947
Contracts payable	-	-	-	-	-	-
Accrued expenditures	4,345	947	-	-	-	13,273
Revenues collected in advance	-	-	-	-	-	884,093
Deferred revenues	50,232	196,662	660,571	10,762,935	-	-
Advance from other funds	-	-	774,516	-	-	-
Due to other funds	-	-	-	-	-	-
Due to general public	-	-	-	-	-	144,385
Due to employees	-	-	-	-	-	-
Due to other governments	-	160,715	-	-	-	-
Security deposits	-	-	-	-	-	-
Total liabilities	92,252	382,653	1,437,134	10,770,858	-	1,055,698
Fund balances (deficits):						
Reserved for:						
Inventories	-	-	-	-	-	-
Prepaid items	-	-	475	-	-	-
Encumbrances	531,190	1,026,969	-	-	-	1,800
Employee retirement	-	-	-	-	-	-
Unreserved, reported in:						
Capital projects funds	-	-	-	-	-	-
Special revenue funds	(500,465)	(1,034,587)	66,424	7,606,780	3,110,755	78,816
Total fund balances (deficits)	30,725	(7,618)	66,899	7,606,780	3,110,755	80,616
Total liabilities and fund balances	$ 122,977	$ 375,035	$ 1,504,033	$ 18,377,638	$ 3,110,755	$ 1,136,314

SSMID	Fire Retirement	Police Retirement	Other	Total	Capital Projects Other Construction	Total Nonmajor Governmental Funds
$ -	$ 1,926,456	$ 5,791,766	$ 1,246,428	$ 9,147,292	$ 3,113,663	$ 12,260,955
311,328	1,530,892	1,530,809	191,166	14,422,490	-	14,422,490
-	-	-	240,124	558,487	24,614	583,101
-	214	32,626	6,081	38,921	-	38,921
286,528	-	-	4,935,733	15,742,646	5,902,015	21,644,661
-	-	-	248,415	2,995,007	23,057	3,018,064
-	-	-	437	437	-	437
-	-	-	2,500	2,975	23,973	26,948
597,856	3,457,562	7,355,201	6,870,884	42,908,255	9,087,322	51,995,577
20,620	2,245	28,410	206,012	343,208	187,539	530,747
-	-	-	4,754	4,754	54,323	59,077
859	832,692	-	4,500	856,616	-	856,616
-	-	-	106,527	990,620	-	990,620
308,767	1,517,222	1,517,222	326,424	15,340,035	23,280	15,363,315
-	-	-	-	774,516	-	774,516
-	152,627	433,671	-	586,298	-	586,298
-	-	-	-	144,385	-	144,385
-	-	-	-	-	-	-
-	-	-	-	160,715	-	160,715
-	-	-	-	-	200	200
330,246	2,504,786	1,979,303	648,217	19,201,147	265,342	19,466,489
-	-	-	437	437	-	437
-	-	-	2,500	2,975	23,973	26,948
-	-	-	102,287	1,662,246	301,499	1,963,745
-	952,776	5,375,898	-	6,328,674	-	6,328,674
-	-	-	-	-	8,496,508	8,496,508
267,610	-	-	6,117,443	15,712,776	-	15,712,776
267,610	952,776	5,375,898	6,222,667	23,707,108	8,821,980	32,529,088
$ 597,856	$ 3,457,562	$ 7,355,201	$ 6,870,884	$ 42,908,255	$ 9,087,322	$ 51,995,577

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, 2006

	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	$ -	$ -	$ -	$ 9,275,896	$ -	$ -
Other taxes	-	-	2,301,475	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,368,585	629,301	-	400,000	10,186,326	5,109,597
Charges for services	2,025	633	-	-	-	941
Fines and forfeits	-	-	-	-	-	-
Use of money and property	-	-	22,652	237,114	63,140	2,509
Rents and royalties	-	-	-	-	-	-
Miscellaneous	134,899	114,596	-	-	-	94,512
Total revenues	1,505,509	744,530	2,324,127	9,913,010	10,249,466	5,207,559
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	1,499,247	584,239	1,202,340	2,332,242	-	5,185,056
General government	-	-	-	-	-	-
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	833,690	-	-
Total expenditures	1,499,247	584,239	1,202,340	3,165,932	-	5,185,056
Excess (deficiency) of revenues over (under) expenditures	6,262	160,291	1,121,787	6,747,078	10,249,466	22,503
Other Financing Sources (Uses):						
Long-term debt issued	-	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-
Transfers in	-	-	-	382,655	-	-
Transfers (out)	-	-	(703,500)	(6,009,563)	(10,406,024)	-
Total other financing sources (uses)	-	-	(703,500)	(5,626,908)	(10,406,024)	-
Net change in fund balances	6,262	160,291	418,287	1,120,170	(156,558)	22,503
Fund balances (deficits) - July 1, 2005	24,463	(167,909)	(351,388)	6,486,610	3,267,313	58,113
Fund balances (deficits) - June 30, 2006	$ 30,725	$ (7,618)	$ 66,899	$ 7,606,780	$ 3,110,755	$ 80,616

SSMID	Fire Retirement	Police Retirement	Other	Total	Capital Projects Other Construction	Total Nonmajor Governmental Funds
$ 345,073	$ 1,153,050	$ 1,145,994	$ 186,723	$ 12,106,736	$ -	$ 12,106,736
-	-	-	-	2,301,475	-	2,301,475
-	-	-	23,171	23,171	-	23,171
-	-	-	2,490,486	20,184,295	127,285	20,311,580
-	-	-	8,825	12,424	-	12,424
-	-	-	6,080	6,080	-	6,080
4,777	93,040	162,347	250,544	836,123	359,884	1,196,007
-	-	-	294,252	294,252	-	294,252
-	-	-	618,337	962,344	151,048	1,113,392
349,850	1,246,090	1,308,341	3,878,418	36,726,900	638,217	37,365,117
-	84,212	187,707	534,550	806,469	38,669	845,138
-	-	-	948,542	948,542	361,279	1,309,821
226,916	-	-	553,407	11,583,447	25,834	11,609,281
-	-	-	118,444	118,444	531,124	649,568
			-			
-	-	-	-	-	5,867	5,867
-	-	-	454,500	1,288,190	2,282,961	3,571,151
226,916	84,212	187,707	2,609,443	14,745,092	3,245,734	17,990,826
122,934	1,161,878	1,120,634	1,268,975	21,981,808	(2,607,517)	19,374,291
-	-	-	-	-	2,382,600	2,382,600
-	-	-	-	-	(19,932)	(19,932)
192,229	-	-	1,314,452	1,889,336	1,730,134	3,619,470
(89,000)	(2,359,558)	(3,240,291)	(2,164,025)	(24,971,961)	(138,877)	(25,110,838)
103,229	(2,359,558)	(3,240,291)	(849,573)	(23,082,625)	3,953,925	(19,128,700)
226,163	(1,197,680)	(2,119,657)	419,402	(1,100,817)	1,346,408	245,591
41,447	2,150,456	7,495,555	5,803,265	24,807,925	7,475,572	32,283,497
$ 267,610	$ 952,776	$ 5,375,898	$ 6,222,667	$ 23,707,108	$ 8,821,980	$ 32,529,088

City of Cedar Rapids, Iowa
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2006

	Business-type Activities - Other Enterprise Funds			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
ASSETS				
Current assets:				
Cash and investments	$ 3,600	$ 4,488	$ 100	$ 3,650
Receivables:				
Taxes	3,033,873	-	-	-
Accounts and unbilled usage, net $167,893 of allowance for doubtful accounts	106,163	150,617	1,003,204	1,796
Interest	-	280	-	-
Due from other funds	831,811	2,547,441	14,411,901	863,575
Due from other governments	344,138	9,790	2,633	-
Inventories	315,353	38	2,977	104,957
Prepaid items	3,582	-	-	18,548
Deferred charges	-	-	-	10,986
Restricted assets:				
Due from other funds	-	-	3,178,096	-
Total current assets	4,638,520	2,712,654	18,598,911	1,003,512
Noncurrent assets:				
Land	2,445,367	5,910,123	27,229	602,967
Buildings and structures	12,987,039	22,501,195	214,837	1,266,787
Improvements other than buildings	7,360,826	4,628,084	-	6,092,068
Machinery and equipment	14,315,247	769,567	5,280,289	1,549,664
Accumulated depreciation	(22,111,162)	(14,372,263)	(3,137,582)	(3,397,288)
Construction in progress	1,849,914	29,874	-	-
Total noncurrent assets	16,847,231	19,466,580	2,384,773	6,114,198
Total assets	21,485,751	22,179,234	20,983,684	7,117,710
LIABILITIES				
Current liabilities:				
Vouchers payable	208,305	67,780	362,178	102,193
Contracts payable	2,131	-	-	-
Accrued expenses	61,667	2,968	42,700	53,019
Compensated absences	193,919	64,285	91,882	85,360
Revenues collected in advance	1,543	9,790	-	-
Deferred revenues	2,998,731	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	16,175
Security deposits	1,000	-	-	-
Advance from other funds	-	-	-	-
General obligation bonds payable	-	-	-	250,000
Unamortized bond premium	-	-	-	913
Matured bonds interest payable	-	-	-	14,477
Total current liabilities	3,467,296	144,823	496,760	522,137
Noncurrent liabilities:				
General obligation bonds payable	-	-	-	3,500,000
Unamortized bond premium	-	-	-	11,648
Compensated absences	30,378	1,489	-	-
Liabilities payable from restricted assets:				
Closure/post closure landfill	-	-	3,178,096	-
Total noncurrent liabilities	30,378	1,489	3,178,096	3,511,648
Total liabilities	3,497,674	146,312	3,674,856	4,033,785
NET ASSETS				
Invested in capital assets, net of related debt	16,847,231	19,466,580	2,384,773	2,362,623
Unrestricted (deficit)	1,140,846	2,566,342	14,924,055	721,302
	$ 17,988,077	$ 22,032,922	$ 17,308,828	$ 3,083,925

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
$ 282,603	$ -	$ 131,572	$ 426,013
-	-	-	3,033,873
263,234	-	187,011	1,712,025
-	-	-	280
1,232,042	-	26,157	19,912,927
-	84,645	-	441,206
-	-	-	423,325
49,108	-	12,652	83,890
-	9,832	-	20,818
-	-	-	3,178,096
1,826,987	94,477	357,392	29,232,453
807,500	308,531	-	10,101,717
10,118,154	8,337,578	9,399,567	64,825,157
687,265	56,119	98,313	18,922,675
943,625	256,202	1,887,260	25,001,854
(7,590,474)	(1,237,666)	(2,320,947)	(54,167,382)
1,169	-	132	1,881,089
4,967,239	7,720,764	9,064,325	66,565,110
6,794,226	7,815,241	9,421,717	95,797,563
159,677	4,700	31,197	936,030
4,760	-	-	6,891
93,273	-	5,248	258,875
-	-	-	435,446
175,333	-	-	186,666
55,086	-	8,946	3,062,763
-	560,160	-	560,160
92,065	-	68,410	176,650
25,734	-	-	26,734
200,000	-	-	200,000
35,000	223,000	290,000	798,000
-	-	-	913
1,075	7,141	29,646	52,339
842,003	795,001	433,447	6,701,467
330,000	1,828,526	5,220,000	10,878,526
-	-	-	11,648
-	-	-	31,867
-	-	-	3,178,096
330,000	1,828,526	5,220,000	14,100,137
1,172,003	2,623,527	5,653,447	20,801,604
4,602,239	5,679,070	3,554,325	54,896,841
1,019,984	(487,356)	213,945	20,099,118
$ 5,622,223	$ 5,191,714	$ 3,768,270	$ 74,995,959

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, 2006

	Business-type Activities - Other Enterprise Funds			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
Operating revenues:				
Charges for services	$ 743,249	$ 2,564,596	$ 6,719,667	$ 1,905,199
Fines and forfeits	327	327,052	-	-
Use of money and property	-	5,913	-	-
Rents and royalties	114,380	1,440	-	499,096
Miscellaneous	297,751	36,888	5,219	251,987
Total operating revenues	1,155,707	2,935,889	6,724,886	2,656,282
Operating expenses:				
Personal services	4,039,270	1,737,523	2,917,636	1,394,290
Purchased services	720,686	637,549	1,531,349	313,801
Supplies and materials	1,374,423	135,945	670,692	526,876
Other	762,317	16,357	13,945	23,245
Depreciation	1,816,541	1,064,060	513,487	346,853
Total operating expenses	8,713,237	3,591,434	5,647,109	2,605,065
Operating income (loss)	(7,557,530)	(655,545)	1,077,777	51,217
Nonoperating revenues (expenses):				
Intergovernmental	2,947,652	-	49,417	4,619
Investment income	14,707	96,981	717,481	37,647
Property tax revenue	2,964,142	-	-	-
Gain on sale of capital assets	-	694	161,000	7,798
Interest expense	-	-	-	(182,484)
Total nonoperating revenue (expenses)	5,926,501	97,675	927,898	(132,420)
Capital contributions	1,637,058	457,056	-	-
Income (loss) before transfers	6,029	(100,814)	2,005,675	(81,203)
Transfers in	-	30,021	2,690	1,500
Transfers out	(127,500)	(326,389)	(1,702,394)	(60,060)
Change in net assets	(121,471)	(397,182)	305,971	(139,763)
Total net assets, beginning	18,109,548	22,430,104	17,002,857	3,223,688
Total net assets, ending	$ 17,988,077	$ 22,032,922	$ 17,308,828	$ 3,083,925

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
$ 598,897	$ 168,389	$ 766,739	$ 13,466,736
-	-	-	327,379
-	-	-	5,913
1,072,562	317,374	236,527	2,241,379
151,472	129,221	83,889	956,427
1,822,931	614,984	1,087,155	16,997,834
698,053	385,786	394,377	11,566,935
908,741	270,020	493,339	4,875,485
93,729	12,600	87,626	2,901,891
15,069	-	2,479	833,412
268,629	47,118	405,806	4,462,494
1,984,221	715,524	1,383,627	24,640,217
(161,290)	(100,540)	(296,472)	(7,642,383)
-	-	-	3,001,688
16,870	(3,575)	8,304	888,415
-	-	-	2,964,142
25	-	85	169,602
(11,603)	(89,497)	(371,380)	(654,964)
5,292	(93,072)	(362,991)	6,368,883
-	-	-	2,094,114
(155,998)	(193,612)	(659,463)	820,614
345,528	213,369	652,330	1,245,438
-	-	-	(2,216,343)
189,530	19,757	(7,133)	(150,291)
5,432,693	5,171,957	3,775,403	75,146,250
$ 5,622,223	$ 5,191,714	$ 3,768,270	$ 74,995,959

City of Cedar Rapids, Iowa
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006

	Business-type Activities -			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
Cash flows from operating activities:				
Cash received from users	$ 1,286,781	$ 2,952,774	$ 6,789,902	$ 2,653,185
Cash paid to employees	(4,146,060)	(1,804,975)	(2,977,888)	(1,415,920)
Cash paid to suppliers	(2,767,624)	(805,647)	(2,033,143)	(847,309)
Net cash flows from operating activities	(5,626,903)	342,152	1,778,871	389,956
Cash flows from non-capital financing activities:				
Borrowing from other funds	4,084,258	750,686	1,557,680	801,961
Loans to other funds	(3,500,721)	(719,645)	(1,284,077)	(751,409)
Intergovernmental	2,947,652	-	49,417	4,619
Transfers in	-	30,021	2,690	1,500
Transfers out	(127,500)	(326,389)	(1,702,394)	(60,060)
Property taxes	2,552,925	-	-	-
Net cash flows from non-capital financing activities	5,956,614	(265,327)	(1,376,684)	(3,389)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,980,876)	(632,180)	(1,280,668)	(17,002)
Proceeds from disposition of property and equipment	-	694	161,000	7,798
Capital contributions	1,637,058	457,056	-	-
General obligation bonds issued	-	-	-	-
Principal paid	-	-	-	(250,000)
Interest paid	-	-	-	(183,475)
Net cash flows from capital and related financing activities	(343,818)	(174,430)	(1,119,668)	(442,679)
Cash flows from investing activities:				
Interest on investments	14,707	96,981	717,481	37,647
Net decrease in cash and cash equivalents	600	(624)	-	(18,465)
Cash and cash equivalents, July 1, 2005	3,000	5,112	100	22,115
Cash and cash equivalents, June 30, 2006	$ 3,600	$ 4,488	$ 100	$ 3,650
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (7,557,530)	$ (655,545)	$ 1,077,777	$ 51,217
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	1,816,541	1,064,060	513,487	346,853
Change in assets and liabilities:				
(Increase) decrease in prepaid items	(582)	-	-	(17,343)
Increase (decrease) in vouchers payable	48,013	(15,758)	185,820	18,990
(Increase) decrease in accrued expenses	(119,036)	(65,899)	(70,573)	(24,526)
Increase (decrease) in compensated absences	12,246	(1,553)	10,321	2,896
(Increase) decrease in accounts receivable	(14,767)	20,062	65,016	1,383
(Increase) decrease in inventories	42,371	(38)	(2,977)	14,966
Decrease in due from other governments	145,841	1	57	2,504
Increase (decrease) due to other governments	-	-	(57)	(6,984)
Increase (decrease) in revenues collected in advance	-	(3,178)	-	-
Increase (decrease) in security deposit	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Net cash flows from operating activities	$ (5,626,903)	$ 342,152	$ 1,778,871	$ 389,956
Schedule of noncash capital and related financing activities:				
Acquisition of capital assets through contracts payable	$ (73,849)	$ (40,076)	$ -	$ -

Other Enterprise Funds			
U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
$ 1,891,130	$ 585,582	$ 1,093,506	$ 17,252,860
(730,183)	(394,768)	(396,573)	(11,866,367)
(1,207,526)	(267,619)	(601,940)	(8,530,808)
(46,579)	(76,805)	94,993	(3,144,315)
471,779	625,538	538,884	8,830,786
(905,938)	(505,448)	(532,165)	(8,199,403)
-	-	-	3,001,688
345,528	213,369	652,330	1,245,438
-	-	-	(2,216,343)
-	-	-	2,552,925
(88,631)	333,459	659,049	5,215,091
(408,640)	(87,454)	(132)	(4,406,952)
25	-	85	169,602
-	-	-	2,094,114
400,000	-	-	400,000
(35,000)	(123,000)	(275,000)	(683,000)
(10,528)	(90,370)	(372,801)	(657,174)
(54,143)	(300,824)	(647,848)	(3,083,410)
16,870	(3,575)	8,304	888,415
(172,483)	(47,745)	114,498	(124,219)
455,086	47,745	17,074	550,232
$ 282,603	$ -	$ 131,572	$ 426,013
$ (161,290)	$ (100,540)	$ (296,472)	$ (7,642,383)
268,629	47,118	405,806	4,462,494
(11,049)	17,069	(2,166)	(14,071)
(178,938)	(2,068)	(16,330)	39,729
(32,130)	(8,982)	(2,196)	(323,342)
-	-	-	23,910
(21,643)	18,845	1,975	70,871
-	-	-	54,322
-	-	-	148,403
7,420	(502)	(913)	(1,036)
165,561	(47,745)	-	114,638
18,234	-	-	18,234
(101,373)		5,289	(96,084)
$ (46,579)	$ (76,805)	$ 94,993	$ (3,144,315)
$ 4,760	$ (9,480)	$ -	$ (118,645)

City of Cedar Rapids, Iowa
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

	Public Works Facility	Joint Communications	Risk Management	Total
ASSETS				
Current assets:				
Cash and investments	$ -	$ -	$ 872,344	$ 872,344
Receivables:				
Accounts and unbilled usage, net	255,786	9,910	1,043	266,739
Interest	-	-	4,654	4,654
Due from other funds	1,369,366	648,945	22,387,500	24,405,811
Advance to other funds	-	-	774,516	774,516
Due from other governments	30,787	-	-	30,787
Inventories	223,160	-	-	223,160
Prepaid items	(620)	-	935,760	935,140
Total current assets	1,878,479	658,855	24,975,817	27,513,151
Noncurrent assets:				
Land	1,016,663	-	-	1,016,663
Buildings and structures	7,721,516	-	-	7,721,516
Improvements other than buildings	1,413,549	-	-	1,413,549
Machinery and equipment	160,332	478,269	-	638,601
Accumulated depreciation	(4,011,322)	(315,169)	-	(4,326,491)
Construction in progress	-	59,407	-	59,407
Total noncurrent assets	6,300,738	222,507	-	6,523,245
Total assets	8,179,217	881,362	24,975,817	34,036,396
LIABILITIES				
Current liabilities:				
Vouchers payable	329,703	149,263	1,085,514	1,564,480
Claims and judgments payable	-	-	5,127,600	5,127,600
Contracts payable	14,357	-	-	14,357
Accrued expenses	9,503	26,161	-	35,664
Compensated absences	17,276	53,144	-	70,420
Revenues collected in advance	-	-	12,830	12,830
Post-employment liability	-	-	293,272	293,272
General obligation bonds payable	-	-	90,000	90,000
Unamortized bond premium	-	-	1,063	1,063
Matured bonds interest payable	-	-	1,125	1,125
Total current liabilities	370,839	228,568	6,611,404	7,210,811
Noncurrent liabilities:				
General obligation bonds payable	-	-	180,000	180,000
Unamortized bond premium	-	-	2,126	2,126
Compensated absences	-	-	-	-
Total noncurrent liabilities	-	-	182,126	182,126
Total liabilities	370,839	228,568	6,793,530	7,392,937
NET ASSETS				
Invested in capital assets, net of related debt	6,300,738	222,507	-	6,523,245
Unrestricted	1,507,640	430,287	18,182,287	20,120,214
	$ 7,808,378	$ 652,794	$ 18,182,287	$ 26,643,459

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, 2006

	Public Works Facility	Joint Communications	Risk Management	Total
Operating revenues:				
Charges for services	$ -	$ 2,075,822	$ 17,039,965	$ 19,115,787
Rents and royalties	1,339,824	-	-	1,339,824
Miscellaneous	49,506	-	-	49,506
Total operating revenues	1,389,330	2,075,822	17,039,965	20,505,117
Operating expenses:				
Personal services	599,223	1,283,776	726,704	2,609,703
Purchased services	363,815	612,545	14,136,215	15,112,575
Supplies and materials	57,925	32,055	5,265	95,245
Other	(387)	13,293	435,500	448,406
Depreciation	471,500	91,944	-	563,444
Total operating expenses	1,492,076	2,033,613	15,303,684	18,829,373
Operating income (loss)	(102,746)	42,209	1,736,281	1,675,744
Nonoperating revenues (expenses):				
Investment earnings	57,319	16,194	847,864	921,377
Interest expense	-	-	(16,562)	(16,562)
Total nonoperating revenue (expenses)	57,319	16,194	831,302	904,815
Income (loss) before transfers	(45,427)	58,403	2,567,583	2,580,559
Transfers in	-	-	77,220	77,220
Transfers out	(27,719)	-	(693,967)	(721,686)
Change in net assets	(73,146)	58,403	1,950,836	1,936,093
Total net assets, beginning	7,881,524	594,391	16,231,451	24,707,366
Total net assets, ending	$ 7,808,378	$ 652,794	$ 18,182,287	$ 26,643,459

City of Cedar Rapids, Iowa
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2006

	Public Works Facility	Joint Communications	Risk Management	Total
Cash flows from operating activities:				
Cash received from users	$ 1,321,274	$ 2,076,150	$ 17,032,898	$ 20,430,322
Cash paid to employees	(617,453)	(1,337,880)	(434,413)	(2,389,746)
Cash paid to suppliers	(234,806)	(599,823)	(15,862,495)	(16,697,124)
Net cash flows from operating activities	469,015	138,447	735,990	1,343,452
Cash flows from non-capital financing activities:				
Borrowing from other funds	432,450	246,968	1,306,736	1,986,154
Loans to other funds	(313,915)	(401,609)	(2,804,794)	(3,520,318)
Transfers in	-	-	77,220	77,220
Transfers out	(27,719)	-	(693,967)	(721,686)
Net cash flows from non-capital financing activities	90,816	(154,641)	(2,114,805)	(2,178,630)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(617,149)	-	-	(617,149)
Principal paid	-	-	(90,000)	(90,000)
Interest paid	-	-	(18,000)	(18,000)
Net cash flows from capital and related financing activities	(617,149)	-	(108,000)	(725,149)
Cash flows from investing activities:				
Interest on investments	57,318	16,194	851,017	924,529
Net decrease in cash and cash equivalents	-	-	(635,798)	(635,798)
Cash and cash equivalents, July 1, 2005	-	-	1,508,142	1,508,142
Cash and cash equivalents, June 30, 2006	$ -	$ -	$ 872,344	$ 872,344
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (102,746)	$ 42,209	$ 1,736,281	$ 1,675,744
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	471,500	91,944	-	563,444
Change in assets and liabilities:				
Decrease in prepaid items	3,060	-	11,723	14,783
Increase (decrease) in vouchers payable	204,594	58,070	93,162	355,826
Increase (decrease) in accrued expenses	(15,986)	(31,467)	(981)	(48,434)
Increase (decrease) in compensated absences	(2,244)	(22,637)	-	(24,881)
(Increase) decrease in accounts receivable	(59,033)	328	(898)	(59,603)
(Increase) in inventories	(21,107)	-	-	(21,107)
(Increase) in due from other governments	(9,023)	-	-	(9,023)
(Decrease) in revenues collected in advance	-	-	(6,169)	(6,169)
Increase post-employment liability	-	-	293,272	293,272
(Decrease) in open claims payable	-	-	(1,390,400)	(1,390,400)
Net cash flows from operating activities	$ 469,015	$ 138,447	$ 735,990	$ 1,343,452
Schedule of noncash capital and related financing activities:				
Acquisition of capital assets through contracts payable	$ 14,358	$ -	$ -	$ 14,358

City of Cedar Rapids, Iowa
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2006

	Developers Security Deposit	Contractors Permit Deposit	Regional Planning	Area Ambulance	Total
ASSETS					
Receivables:					
Due from other governments	$ 305,253	$ 48,471	$ 187,642	$ 104,817	$ 646,183
Total Assets	$ 305,253	$ 48,471	$ 187,642	$ 104,817	$ 646,183
LIABILITIES					
Vouchers payable	$ -	$ 61	$ 196	$ -	$ 257
Due to other governments	-	-	187,446	104,817	292,263
Security deposits	305,253	48,410	-	-	353,663
Total liabilities	$ 305,253	$ 48,471	$ 187,642	$ 104,817	$ 646,183

CITY OF CEDAR RAPIDS, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Developers Security Deposit				
Assets:				
Due from other governments	$ 297,158	$ 16,510	$ 8,415	$ 305,253
Liabilities:				
Security deposits	$ 297,158	$ 16,510	$ 8,415	$ 305,253
Contractors Permit Deposit				
Assets:				
Due from other governments	$ 59,496	$ 239,877	$ 250,902	$ 48,471
Liabilities:				
Vouchers payable	$ 61	$ 1,919	$ 1,919	$ 61
Security deposits	59,435	239,766	250,791	48,410
Total liabilities	$ 59,496	$ 241,685	$ 252,710	$ 48,471
Regional Planning				
Assets:				
Accounts and unbilled usage	$ 109.00	$ -	$ 109.00	$ -
Due from other governments	178,669	238,731	229,758	187,642
Total Assets	$ 178,778	$ 238,731	$ 229,867	$ 187,642
Liabilities:				
Vouchers payable	$ 2,543	$ 17,480	$ 19,827	$ 196
Due to other governments	176,235	11,211	-	187,446
Total liabilities	$ 178,778	$ 28,691	$ 19,827	$ 187,642
Area Ambulance				
Assets:				
Due from other governments	$ 225,227	$ 234,777	$ 355,187	$ 104,817
Liabilities:				
Vouchers payable	$ -	$ 81,532	$ 81,532	$ -
Due to other governments	225,227	-	120,410	104,817
Total liabilities	$ 225,227	$ 81,532	$ 201,942	$ 104,817
Total				
Assets:				
Accounts and unbilled usage	$ 109.00	$ -	$ 109.00	$ -
Due from other governments	760,550	729,895	844,262	646,183
	$ 760,659	$ 729,895	$ 844,371	$ 646,183
Liabilities:				
Vouchers payable	$ 2,604	$ 100,931	$ 103,278	$ 257
Due to other governments	401,462	11,211	120,410	292,263
Security deposits	356,593	256,276	259,206	353,663
Total liabilities	$ 760,659	$ 368,418	$ 482,894	$ 646,183

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, 2006

	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
Operating revenues:			
Charges for services	$ 3,177,697	$ 5,218,836	$ -
Licenses and permits	1,411	-	-
Use of money and property	-	122,425	125,843
Rents and royalties	9,693,995	3,151	-
Miscellaneous	99,527	1,529,224	-
Total operating revenues	12,972,630	6,873,636	125,843
Operating expenses:			
Personal services	2,859,529	1,957,257	-
Purchased services	2,350,148	1,914,736	41,053
Supplies and materials	419,506	1,168,888	46,693
Other	132,167	688,045	-
Depreciation	4,411,295	1,190,969	205
Total operating expenses	10,172,645	6,919,895	87,951
Operating income (loss)	2,799,985	(46,259)	37,892
Nonoperating revenues (expenses):			
Intergovernmental	20,689	153,308	-
Investment income	988,413	1,005,177	-
Gain (loss) on sale of assets	4,625	(27,049)	-
Interest expense	(410,762)	-	-
Total nonoperating revenue (expenses)	602,965	1,131,436	-
Capital contributions	5,149,897	-	-
Change in net assets	8,552,847	1,085,177	37,892
Total net assets, beginning	100,608,198	20,812,513	2,950,986
Total net assets, ending	$ 109,161,045	$ 21,897,690	$ 2,988,878

City of Cedar Rapids, Iowa
Statements of Cash Flows
Discretely Presented Component Units
For the Year Ended June 30, 2006

	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
Cash flows from operating activities:			
Cash received from users	$ 13,336,271	$ 7,001,380	$ 104,595
Cash paid to employees	(2,961,353)	(1,970,150)	-
Cash paid to suppliers	(1,795,046)	(3,050,949)	(155,083)
Net cash flows from operating activities	8,579,872	1,980,281	(50,488)
Cash flows from non-capital financing activities:			
Borrowing from other funds	3,799,871	-	-
Loans to other funds	(6,587,938)	-	-
Intergovernmental	20,689	153,308	-
Net cash flows from non-capital financing activities	(2,767,378)	153,308	-
Cash flows from capital and related financing activities:			
Purchase of capital assets	(7,891,794)	(2,720,894)	-
Capital contributions	5,149,897	-	-
Proceeds from disposition of property and equipment	4,625	43,563	-
Principal paid	(3,651,400)	-	-
Issuance costs and deferred charges	-	-	-
Interest paid	(412,235)	-	-
Permanently retricted contributions	-	-	-
Net cash flows from capital and related financing activities	(6,800,907)	(2,677,331)	-
Cash flows from investing activities:			
Interest on investments	988,413	725,164	-
Proceeds from sale and maturities of investment securities	-	-	818,811
Purchase of investment securites	-	-	(792,215)
Net cash flows from investing activities	988,413	725,164	26,596
Net decrease in cash and cash equivalents	-	181,422	(23,892)
Cash and cash equivalents, July 1, 2005	200	24,531,065	419,836
Cash and cash equivalents, June 30, 2006	$ 200	$ 24,712,487	$ 395,944
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	$ 2,799,985	$ (46,259)	$ 37,892
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	4,411,295	1,190,969	205
Net depreciation in fair value of investments	-	-	(21,238)
Change in assets and liabilities:			
(Increase) decrease in prepaid items	(1,292)	(91,151)	-
Increase (decrease) in vouchers payable	1,108,067	331,850	(67,337)
(Decrease) in compensated absences	(21,728)	(4,599)	-
(Decrease) in accrued expenses	(80,096)	(8,294)	-
(Increase) decrease in accounts receivable	156,307	220,746	(10)
(Increase) in notes receivable	-	(10,783)	-
Decrease in inventories	-	(5,663)	-
(Increase) decrease in due from other governments	207,334	(106,013)	-
Increase in due to other governments	-	33,809	-
Increase in security deposits	-	500	-
(Decrease) in revenues collected in advance	-	(10,515)	-
Increase in closure/postclosure payable	-	485,684	-
Net cash flows from operating activities	$ 8,579,872	$ 1,980,281	$ (50,488)
Reconciliation of cash and cash equivalents to specific assets on statement of net assets:			
Cash and investments	$ 200	$ 24,712,487	$ 3,024,724
Less: Items not meeting the definition of cash and cash equivalents	-	-	2,628,780
	$ 200	$ 24,712,487	$ 395,944
Schedule of noncash capital and related financing activities:			
Acquisition of assets through prior year contracts paid	$ (874,992)	$ -	$ -
Schedule of noncash investing activities net depreciation of fair value of investments	$ -	$ 69,843	$ -

City of Cedar Rapids, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2006

Governmental funds capital assets:		
Land	$	22,944,255
Building		60,515,252
Improvements other than Building		295,738,850
Machinery and equipment		35,985,588
Construction in progress		1,552,614
Total governmental funds capital assets	$	416,736,559

Investments in governmental funds capital assets by source:		
General fund	$	46,855,985
Special revenue funds		17,866,019
Capital projects funds		335,889,529
Donations		16,125,026
Total governmental funds capital assets	$	416,736,559

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, 2006

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
Public Safety:						
Police	$ 1,057,051	$ 12,108,582	$ 515,143	$ 4,490,812	$ 82,122	$ 18,253,710
Flood Control			10,616			10,616
Fire	459,525	5,994,650	62,270	5,807,166	266,653	12,590,264
Building Inspections		266,930		190,960		457,890
Animal Control		226,710	28,381	171,979		427,070
Total Public Safety	1,516,576	18,596,872	616,410	10,660,917	348,775	31,739,550
Public Works:						
Roads, Bridges, Sidewalks	11,592,824		216,151,318	623,442	6,617	228,374,201
Traffic Control and Safety	12,477	9,739	9,937,650	1,204,694	370,402	11,534,962
Street Cleaning	-	70,316	-	10,615,634	308,714	10,994,664
Other Public Works	1,013		39,538,313	386,105		39,925,431
Total Public Works	11,606,314	80,055	265,627,281	12,829,875	685,733	290,829,258
Culture & Recreation:						
Library Services	1,397,574	8,427,547	34,377	1,044,511	14,571	10,918,580
Museum, Band, Theater				13,010		13,010
Parks	4,921,618	3,731,207	13,153,174	3,440,096	132,413	25,378,508
Recreation	63,286	8,553,323	6,175,979	4,531,081		19,323,669
Other Culture and Recreation	-	252,481	24,933	67,998		345,412
Total Culture and Recreation	6,382,478	20,964,558	19,388,463	9,096,696	146,984	55,979,179
Community & Economic Development:						
Community Beautification	10,500	120,865		925,816		1,057,181
Economic Development	1,308,000		68,115	103,003	120,782	1,599,900
Housing and Urban Renewal	28,445			186,588		215,033
Other Community and Economic Development	833,690			30,317		864,007
Total Community and Economic Development	2,180,635	120,865	68,115	1,245,724	120,782	3,736,121
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	2,518,757	5,026,168	1,094,160	14,562	9,826,799
Total General Government	1,258,252	20,752,902	10,038,581	2,152,376	250,340	34,452,451
Total governmental funds capital assets	$ 22,944,255	$ 60,515,252	$ 295,738,850	$ 35,985,588	$ 1,552,614	$ 416,736,559

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, 2006

Function and Activity	Governmental Funds Capital Assets July 1, 2005	Additions	Deletions	Governmental Funds Capital Assets June 30, 2006
Public Safety:				
Police	$ 18,246,801	$ 542,213	$ (535,304)	$ 18,253,710
Flood Control	10,616	-	-	10,616
Fire	12,257,284	923,433	(590,453)	12,590,264
Building Inspections	464,036	11,343	(17,489)	457,890
Animal Control	384,362	50,388	(7,680)	427,070
Total Public Safety	31,363,099	1,527,377	(1,150,926)	31,739,550
Public Works:				
Roads, Bridges, Sidewalks	212,212,822	16,204,045	(42,666)	228,374,201
Traffic Control and Safety	11,372,209	162,753	-	11,534,962
Street Cleaning	10,622,109	661,740	(289,185)	10,994,664
Other Public Works	39,925,431	-	-	39,925,431
Total Public Works	274,132,571	17,028,538	(331,851)	290,829,258
Culture & Recreation:				
Library Services	10,856,109	62,471		10,918,580
Museum, Band, Theater	13,010			13,010
Parks	22,781,172	2,650,333	(52,997)	25,378,508
Recreation	19,316,485	2,227,339	(2,220,155)	19,323,669
Other Culture and Recreation	2,332,761	8,320	(1,995,669)	345,412
Total Culture and Recreation	55,299,537	4,948,463	(4,268,821)	55,979,179
Community & Economic Development:				
Community Beautification	1,065,979	14,238	(23,036)	1,057,181
Economic Development	189,380	1,410,520		1,599,900
Housing and Urban Renewal	203,690	11,343		215,033
Other Community and Economic Development	30,317	833,690		864,007
Total Community and Economic Development	1,489,366	2,269,791	(23,036)	3,736,121
General Government:				
Mayor and council	15,892			15,892
Clerk, Treasurer, Finance	2,204,626			2,204,626
City Attorney	6,048			6,048
City Hall and Other Buildings	22,399,086			22,399,086
Other General Government	9,821,915	57,840	(52,956)	9,826,799
Total General Government	34,447,567	57,840	(52,956)	34,452,451
Total governmental funds capital assets	$ 396,732,140	$ 25,832,009	$ (5,827,590)	$ 416,736,559

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

STATISTICAL SECTION

The statistical section of the City of Cedar Rapids' comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	90
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	96
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	112
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	115

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

CEDAR RAPIDS®

City of Five Seasons

City of Cedar Rapids, Iowa

Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	**2006**
Governmental activities:				
Invested in capital assets, net of related debt	$ 170,293,419	$ 180,212,606	$ 182,522,603	$ 188,024,772
Restricted			22,186,515	22,186,515
Unrestricted	120,141,715	110,680,666	95,704,733	103,526,477
Total governmental activities net assets	290,435,134	290,893,272	300,413,851	313,737,764
Business-type activities:				
Invested in capital assets, net of related debt	155,123,651	163,871,381	163,821,373	171,583,350
Restricted	-	-	-	-
Unrestricted	87,386,137	72,525,516	70,100,125	65,769,024
Total business-type activites net assets	242,509,788	236,396,897	233,921,498	237,352,374
Primary government:				
Invested in capital assets, net of related debt	325,417,070	344,083,987	346,343,976	359,608,122
Restricted	-	-	22,186,515	22,186,515
Unrestricted	207,527,852	183,206,182	165,804,858	169,295,501
Total primary government assets net assets	$ 532,944,922	$ 527,290,169	$ 534,335,349	$ 551,090,138

GASB Statement No. 34 Implemented in Fiscal Year 2003

City of Cedar Rapids, Iowa

Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	**2006**
Expenses:				
Governmental activites:				
Public safety	$ 42,461,754	$ 40,513,052	$ 36,598,588	$ 39,604,205
Public Works	22,539,198	24,546,647	23,476,595	24,486,391
Culture and recreation	11,984,656	15,340,165	14,448,265	14,403,753
Community and economic development	15,375,249	17,658,329	17,737,847	15,124,554
General government	7,800,987	7,837,144	9,620,708	8,470,505
Interest on long-term debt	5,253,908	5,523,401	4,736,327	5,051,146
Total governmental activities expenses	105,415,752	111,418,738	106,618,330	107,140,554
Business -type activites:				
Water	18,271,399	20,146,454	20,183,395	20,292,696
Water pollution control	20,786,914	21,474,470	21,155,005	23,457,134
Sanitary sewer	4,810,188	5,574,981	5,212,436	5,483,443
Ground transportation system	3,568,144	7,663,828	7,941,027	8,591,187
Parking system	7,599,819	3,565,956	4,028,604	3,542,614
Solid waste management	5,100,289	5,138,653	5,381,234	5,549,469
Golf	2,551,173	2,877,597	2,765,321	2,763,139
U.S. Cellular center	3,244,067	2,769,182	2,322,972	1,995,824
Paramount theatre	907,611	849,346	835,535	805,021
Ice arena	2,123,700	2,019,690	1,785,060	1,755,007
Total business-type activities expenses	68,963,304	72,080,157	71,610,589	74,235,534
Total primary government expenses	174,379,056	183,498,895	178,228,919	181,376,088
Program revenue:				
Governmental activities:				
Charges for services:				
Public safety	2,265,967	2,832,903	2,680,541	2,890,022
Public works	1,589,680	524,970	1,224,718	2,268,030
Culture and recreation	2,747,057	2,999,278	2,798,179	2,816,206
Community and economic development	617,896	815,056	905,983	922,365
General government	5,206,303	5,796,903	1,915,122	2,220,615
Operating grants and contributions:				
Public safety	203,508	392,858	809,715	1,061,761
Public works	329,782	180,961	10,417,038	10,030,359
Culture and recreation	1,082,402	699,075	796,327	767,141
Community development	8,686,198	10,964,745	10,606,097	5,759,726
General government	270,070	5,021	150,078	397,655
Capital grants and contributions				
Public safety	90,090	330,515	34,795	57,070
Public works	7,436,448	8,943,185	6,747,161	7,153,621
Culture and recreation	179,104	333,811	1,017,806	238,773
Community and economic development	-	32,500	10,987	303,597
General government	-	222,078	40,518	53,809
Total governmental activities program revenue	30,704,505	35,073,859	40,155,065	36,940,750
Business-type activities:				
Charges for services:				
Water	18,602,903	19,385,375	20,062,822	21,237,980
Water pollution control	15,901,594	16,221,332	17,614,839	20,692,758
Sanitary sewer	5,963,162	5,690,924	6,211,361	6,727,767
Ground transportation system	2,832,670	999,253	1,055,043	1,155,707
Parking system	917,935	2,913,465	2,989,577	2,935,889
Solid waste management	6,125,152	6,339,836	6,544,751	6,724,886
Golf	2,117,423	2,492,765	2,550,384	2,656,282
U.S. Cellular center	2,722,636	2,206,412	2,145,149	1,822,931
Paramount theatre	693,800	472,227	1,182,730	614,984
Ice arena	1,292,572	1,284,726	1,085,718	1,087,155

	Fiscal Year			
	2003	2004	2005	**2006**
Operating grants and contributions:				
Water	229,947	16,021	-	37,761
Water pollution control	8,033	-	-	-
Sanitary sewer	23,311	60	-	-
Ground transportation system	2,759,884	2,529,406	2,115,981	2,947,652
Parking system	7,560	3,021	-	-
Solid waste management	43,747	38,825	48,564	49,417
Golf	2,390	14,118	3,175	4,619
U.S. Cellular center	-	-	-	-
Paramount theatre	-	27,226	-	-
Ice arena	-	-	-	-
Capital grants and contributions				
Water	964,537	1,054,631	766,990	1,133,306
Water pollution control	402,939	-	2,628	7,011
Sanitary sewer	1,555,210	1,116,109	962,370	1,218,319
Ground transportation system	-	3,413	850,198	1,637,058
Parking system	-	4,142	12,613	457,750
Solid waste management	-	57,879	25,185	161,000
Golf	-	21,321	3,926	7,798
U.S. Cellular center	-	-	12,071	25
Paramount theatre	697,144	681,322	-	-
Ice arena	-	21,350	-	85
Total business-type activities program revenues	63,864,549	63,595,159	66,246,075	73,318,140
Total primary government program revenues	94,569,054	98,669,018	106,401,140	110,258,890
Net (expense) revenue				
Governmental activites	(74,711,247)	(76,344,879)	(66,463,265)	(70,199,804)
Business-type activities	(5,098,755)	(8,484,998)	(5,364,514)	(917,394)
Total primary government net expense	(79,810,002)	(84,829,877)	(71,827,779)	(71,117,198)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	61,937,376	62,981,585	67,750,613	72,572,215
Franchise taxes	1,139,903	1,107,784	1,190,521	1,248,496
Other taxes	13,754,156	2,023,758	2,044,472	2,466,054
Road use tax	9,824,910	10,230,803	-	-
State replacement tax	2,264,670	21,816	-	-
Gain on sale of capital assets	272,088	113,855	366,958	240,860
Investment Earnings	4,571,055	1,086,954	2,881,115	5,124,109
Transfers	477,955	(763,538)	1,750,165	1,871,983
Total governmental activities	94,242,113	76,803,017	75,983,844	83,523,717
Business-type activities				
Taxes:				
Property taxes	2,889,721	2,995,517	2,960,123	2,964,142
Gain on sale of capital assets	123,486	-	-	-
Investment earnings	2,868,785	781,719	1,817,105	3,256,111
Retirement employee payouts	13,745,119	(2,168,667)	(137,948)	-
State retirement system payment	(8,879,964)	-	-	-
Transfers	(477,955)	763,538	(1,750,165)	(1,871,983)
Total business-type activities	10,269,192	2,372,107	2,889,115	4,348,270
Total primary government	104,511,305	79,175,124	78,872,959	87,871,987
Changes in net assets:				
Governmental activities	19,530,866	458,138	9,520,579	13,323,913
Business-type activities	5,170,437	(6,112,891)	(2,475,399)	3,430,876
Total primary government	$ 24,701,303	$ (5,654,753)	$ 7,045,180	$ 16,754,789

City of Cedar Rapids, Iowa

Program Revenues by Function/Program
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

Function/Program	Fiscal Year 2003	2004	2005	**2006**
Governmental activities:				
Public safety	$ 2,559,565	$ 3,556,276	$ 3,525,051	$ 4,008,853
Public works	9,355,910	9,649,116	18,388,917	19,452,010
Culture and recreation	4,008,563	4,032,164	4,612,312	3,822,120
Community and economic development	9,304,094	11,812,301	11,523,067	6,985,688
General government	5,476,373	6,024,002	2,105,718	2,672,079
Total governmental activities	30,704,505	35,073,859	40,155,065	36,940,750
Business-type activities:				
Water	19,797,387	20,456,027	20,829,812	22,409,047
Water pollution control	16,312,566	16,221,332	17,617,467	20,699,769
Sanitary sewer	7,541,683	6,807,093	7,173,731	7,946,086
Ground transportation system	3,677,819	2,920,628	3,002,190	5,740,417
Parking system	2,840,230	3,532,072	4,021,222	3,393,639
Solid waste management	6,168,899	6,436,540	6,618,500	6,935,303
Golf	2,119,813	2,528,204	2,557,485	2,668,699
U.S. Cellular center	2,722,636	2,206,412	2,157,220	1,822,956
Paramount theatre	1,390,944	1,180,775	1,182,730	614,984
Ice arena	1,292,572	1,306,076	1,085,718	1,087,240
Total business-type activities	63,864,549	63,595,159	66,246,075	73,318,140
Total primary government	$ 94,569,054	$ 98,669,018	$ 106,401,140	$ 110,258,890

GASB Statement No. 34 implemented in fiscal year 2003

City of Cedar Rapids, Iowa

Fund Balances, Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	**2006**
General Fund:				
Reserved	$ 2,205,075	$ 1,541,243	$ 3,760,070	$ 2,674,358
Unreserved	24,155,537	24,910,214	24,513,482	26,902,767
Total General Fund	26,360,612	26,451,457	28,273,552	29,577,125
All Other Government Funds:				
Reserved	76,762,071	26,321,516	26,949,343	22,998,514
Unreserved, reported in:				
Special revenue funds	12,642,715	13,346,265	14,021,295	15,712,776
Capital projects funds	32,284,449	23,742,869	28,540,216	37,647,728
Total all other government funds	$ 121,689,235	$ 63,410,650	$ 69,510,854	$ 76,359,018

City of Cedar Rapids, Iowa

Changes in Fund Balances, Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	**2006**
Revenues:				
Taxes	$ 76,789,145	$ 66,049,790	$ 70,985,606	$ 76,122,186
License and permits	1,736,776	2,082,612	2,169,195	2,365,643
Intergovernmental	27,025,024	26,254,436	26,966,644	24,697,240
Charges for services	2,103,162	2,367,695	2,710,165	2,922,668
Fines and forfeitures	361,697	318,835	397,022	417,067
Use of money and property	3,507,728	904,832	2,269,737	4,206,254
Rents and royalties	608,421	744,593	834,707	808,291
Miscellaneous	5,465,462	3,650,211	3,353,405	3,298,838
Total revenues	117,597,415	102,373,004	109,686,481	114,838,187
Expenditures:				
General government	7,661,358	7,200,832	7,453,065	7,387,698
Public safety	31,678,791	33,294,259	35,398,887	38,366,456
Public works	16,566,085	16,001,042	15,669,418	15,801,715
Culture and recreation	11,511,611	11,456,458	11,812,858	11,767,210
Community and economic development	15,454,478	16,913,202	17,617,700	15,019,244
Capital outlay	26,306,908	21,112,653	18,232,349	18,239,807
Debt service:				
Principal	15,561,291	8,997,284	10,314,806	12,348,200
Bond issuance costs	50,741	25,217	36,019	37,096
Interest	4,933,212	4,759,713	4,870,749	5,028,580
Total expenditures	129,724,475	119,760,660	121,405,851	123,996,006
Excess of revenues (under) expenditures	(12,127,060)	(17,387,656)	(11,719,370)	(9,157,819)
Other financing sources (uses):				
Transfers in	45,476,325	31,775,714	36,651,734	42,680,001
Transfers out	(44,582,929)	(31,973,891)	(34,367,483)	(40,163,552)
Issuance of long-term debt	28,465,850	9,914,474	17,055,000	14,665,000
Reimbursemnt of escrow	(16,101,147)	-	7,150	-
Settlement reimbursement	-	-	246	4,046
Premium (discount) on long-term debt	159,293	(72,902)	(99,190)	(110,467)
Proceeds from sale of capital assets	374,323	143,061	394,212	234,528
Total other financing sources (uses)	13,791,715	9,786,456	19,641,669	17,309,556
Net changes in fund balance	$ 97,463,307	$ 89,862,107	$ 97,784,406	$ 105,936,143
Debt service as a percentage of noncapital expenditures	24.79%	16.24%	17.31%	19.71%

City of Cedar Rapids, Iowa

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property	Local Option Sales Tax	Utility Replacement Excise Tax	Other Tax	Total
1997	$ 42,232,775	$ -	$ -	$ 1,762,057	$ 43,994,832
1998	44,555,350	-	-	1,849,734	46,405,084
1999	48,705,374	-	-	1,073,071	49,778,445
2000	54,717,670	-	-	1,003,537	55,721,207
2001	52,647,026	-	3,645,155	1,031,467	57,323,648
2002	59,282,804	3,452,753	3,736,038	1,111,985	64,130,827
2003	72,048,731	11,675,380	3,600,511	1,139,903	76,789,145
2004	61,183,311	-	3,758,695	1,107,784	66,049,790
2005	64,514,591	-	3,236,022	3,234,993	70,985,606
2006	70,857,871	-	3,284,315	1,980,000	76,122,186
Change 1997-2006	$ 28,625,096	$ -	$ 3,284,315	$ 217,943	$ 32,127,354

City of Cedar Rapids, Iowa

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Utilities	Military Exemptions
1997	$ 1,702,031,353	$ 1,124,620,271	$ 251,713,581	$ 328,185,582	$ (17,059,811)
1998	1,726,800,191	1,211,305,304	293,252,939	351,889,964	(16,728,324)
1999	1,782,642,316	1,315,966,352	290,395,281	386,464,830	(16,693,132)
2000	1,876,409,621	1,394,198,410	296,158,263	385,812,749	(16,568,745)
2001	1,866,908,168	1,396,340,206	323,807,881	369,867,526	(16,240,318)
2002	1,980,581,516	1,457,808,000	327,803,496	360,617,572	(16,202,352)
2003	2,127,382,035	1,600,823,093	329,822,614	362,351,883	(15,956,832)
2004	2,146,087,222	1,733,645,880	364,594,542	370,701,611	(15,673,469)
2005	2,144,980,591	1,847,552,322	376,596,355	320,981,972	(15,364,192)
2006	2,180,463,141	1,848,668,075	376,992,223	309,661,130	(15,036,757)

Source: Linn County Auditor's Office

Note: There is no personal property tax (on cars or jewelry). The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Value
$ 3,389,490,976	-	12.07	$ 4,867,863,757	69.63%
3,566,520,074	5.22%	12.07	5,021,704,294	71.02%
3,758,775,647	5.39%	12.32	5,483,409,043	68.55%
3,936,010,298	4.72%	12.40	5,608,705,402	70.18%
3,940,683,463	0.12%	12.74	5,710,593,727	69.01%
4,110,608,232	4.31%	13.04	5,790,526,702	70.99%
4,404,422,793	7.15%	12.83	6,500,731,601	67.75%
4,599,355,786	4.43%	13.07	6,645,938,634	69.21%
4,674,747,048	1.64%	13.12	7,067,763,823	66.14%
4,700,747,812	0.56%	13.99	7,522,231,914	62.49%

City of Cedar Rapids, Iowa

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	City Direct Rates						
Tax Year Levied	General Levy	Band	Library Book Levy	Memorial Fund	FICA/ IPERS	Fire & Police Pension Fund	Other Benefits
1997	8.10000	0.01713	0.04000	0.15763	0.67073	0.05679	0.95267
1998	8.10000	0.01713	0.04000	0.15763	0.65126	0.10261	0.92504
1999	8.10000	0.01713	0.04000	0.15763	0.68736	0.10261	1.05073
2000	8.10000	0.01713	0.04000	0.30897	0.68788	0.10261	0.92592
2001	8.10000	0.01713	0.04000	0.30897	0.68819	0.10261	1.18022
2002	8.10000	0.01615	0.04000	0.50897	0.70434	0.10261	1.18916
2003	8.10000	0.01615	0.04000	0.41432	0.70434	0.14237	1.03475
2004	8.10000	0.01569	0.04000	0.45278	0.72388	0.24237	1.12145
2005	8.10000	0.01459	0.03999	0.44422	0.72545	0.34237	1.07386
2006	8.10000	0.01459	0.03999	0.24249	0.85847	0.57237	1.64625

Source: Linn County Auditor's Office

Note: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners, although the County property tax rates apply to all City property owners.

City Direct Rates			Overlapping rates			
Debt Levy	Bus	Total Direct	C.R. Community School	College Community Schools	Linn Mar Community Schools	Marion Independent Schools
1.30883	0.63139	11.93517	12.83200	12.66900	14.31500	14.69200
1.30888	0.63139	11.93394	12.50200	12.70700	16.05900	14.63100
1.43888	0.65893	12.25327	12.48800	12.96000	16.25300	17.24500
1.48060	0.65893	12.32204	11.88400	12.94500	15.94600	16.71100
1.41986	0.65893	12.51591	12.40900	12.92700	15.93000	17.93200
1.69079	0.65893	13.01095	12.94700	13.72400	16.52000	17.98000
1.73214	0.64563	12.82970	15.35900	14.40000	16.90700	17.93500
1.70746	0.66414	13.06777	15.36800	14.73100	16.89600	17.81100
1.74268	0.63481	13.11797	15.74800	15.11400	17.76800	16.82000
1.88100	0.63481	13.98997	14.90212	17.33321	18.81657	16.80183

CEDAR RAPIDS®

City of Five Seasons

City of Cedar Rapids, Iowa

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

	2006			1997		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Estimated Actual Valuation	Taxable Assessed Value	Rank	Percentage of Total Estimated Actual Valuation
ADM Corn Processing	143,633,696	1	33.61%			
Weyerhauser Company	49,717,389	2	11.63%			
Rockwell International	49,370,679	3	11.55%	110,940,958	1	20.61%
Aegon USA	36,267,628	4	8.49%	38,597,403	8	7.17%
SDG Macerich Properties (Lindale Mall)	35,141,019	5	8.22%			
McLeod USA	34,768,633	6	8.14%			
PMX Industries, Inc.	22,063,635	7	5.16%	72,391,741	3	13.45%
Westdale Investments	21,371,989	8	5.00%			
Iowa Land and Building	17,681,548	9	4.14%			
Hy-Vee	17,366,637	10	4.06%			
Corn Sweeteners, Inc				97,151,232	2	18.05%
HNW Associates				43,278,548	4	8.04%
Rockwell International (Graphics Division)				39,540,581	5	7.35%
General Mills				39,191,767	6	7.28%
Cargill, Inc				38,658,983	7	7.18%
Penford Products				30,458,478	9	5.66%
Equitable Life				28,038,355	10	5.21%
Total	$ 427,382,853		100.00%	$ 316,317,944		100.00%

Souce: Office of City Assessor

City of Cedar Rapids, Iowa

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
1997	1996	$ 45,534,042	$ 44,994,059	98.81%
1998	1997	47,209,911	47,187,591	99.95%
1999	1998	51,282,593	50,952,505	99.36%
2000	1999	55,423,351	55,128,460	99.47%
2001	2000	57,265,686	54,882,721	95.84%
2002	2001	60,486,677	60,358,411	99.79%
2003	2002	64,282,163	64,583,754	100.47%
2004	2003	66,627,836	64,146,360	96.28%
2005	2004	69,200,064	68,926,266	99.60%
2006	2005	76,325,964	74,595,380	97.73%

Source: Linn County Auditor's Office

Note: There is no personal property tax (on cars or jewelry). The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
$ 281,670	$ 45,275,729	99.43%
301,074	47,488,665	100.59%
127,853	51,080,358	99.61%
250,611	55,379,071	99.92%
33,698	54,916,419	95.90%
69,020	60,427,431	99.90%
275,832	64,859,586	100.90%
268,380	64,414,740	96.68%
591,134	69,517,400	100.46%
(81,784)	74,513,596	97.63%

City of Cedar Rapids, Iowa

Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	Percentage of Actual Property Value[1]	Debt Per Capita[2]
1997	56,782,565	3,322,916	53,459,649	1.10%	491
1998	71,322,667	2,662,550	68,660,117	1.37%	631
1999	89,537,804	10,109,927	79,427,877	1.45%	730
2000	82,558,602	10,456,717	72,101,885	1.29%	663
2001	89,831,700	9,964,200	79,867,500	1.40%	661
2002	98,931,919	9,675,819	89,256,100	1.54%	739
2003	96,778,390	3,296,032	93,482,358	1.44%	774
2004	97,605,580	3,017,892	94,587,688	1.42%	783
2005	104,255,774	2,674,063	101,581,711	1.44%	841
2006	106,482,574	2,864,262	103,618,312	1.47%	858

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

[1] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

[2] Population data can be found in the Schedule of Demographic and Economic Statistics

Business-type Activites				
General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Per Capital	Per Capita
91,262,435	2,935,000	147,657,084	0.07%	108,772
105,965,637	2,615,000	177,240,754	0.06%	108,772
120,263,183	2,280,000	201,971,060	0.05%	108,772
114,503,360	1,925,000	188,530,245	0.06%	108,772
117,226,236	1,575,000	198,668,736	0.06%	120,758
134,278,081	1,205,000	224,739,181	0.05%	120,758
143,126,010	820,000	237,428,368	0.05%	120,758
143,195,420	-	237,783,108	0.05%	120,758
144,581,176	-	246,162,887	0.05%	120,758
140,910,776	-	244,529,088	0.05%	120,758

CEDAR RAPIDS®

City of Five Seasons

City of Cedar Rapids, Iowa

Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2006
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cedar Rapids Community School District	$ 39,325,000	83.32%	$ 32,765,590
College Community School District	60,755,000	69.17%	42,024,234
Kirkwood Community College	51,580,000	30.50%	15,731,900
Linn Mar Community School District	62,425,000	43.04%	26,867,720
Linn County	3,445,000	64.95%	2,237,528
Marion Community School District	4,840,000	6.25%	302,500
Subtotal, overlapping debt	222,370,000		119,929,472
City Direct Debt	106,482,574	100.00%	106,482,574
Total direct and overlapping debt	$ 328,852,574		$ 226,412,046

Source: Linn County Auditor's Office

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

City of Cedar Rapids, Iowa

Legal Debt Margin Information (in millions)
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	1997	1998	1999	2000
Debt limit	259,906,493	259,906,493	284,799,660	291,013,644
Total net debt applicable to limit	162,675,000	191,860,000	227,458,192	212,821,813
Legal debt margin	97,231,493	68,046,493	57,341,468	78,191,831
Total net debt applicable to the limit as a percentage of debt limit	62.59%	73.82%	79.87%	73.13%

Legal Debt Margin Calculation for Fiscal Year 2006	
Assessed value	7,507,195,157
Debt limit (5% of assessed value)	375,359,758
Debt applicable to limit:	
General obligation bonds	286,500,000
Less amount set aside for repayment of general obligation debt	34,360,000
Total net debt applicable to limit	252,140,000
Legal debt margin	$ 123,219,758

2001	2002	2003	2004	2005	**2006**
294,628,757	300,079,662	338,393,048	343,152,268	367,235,948	375,359,758
220,553,900	244,525,000	249,510,000	250,985,000	257,235,000	252,140,000
74,074,857	55,554,662	88,883,048	92,167,268	110,000,948	123,219,758
74.86%	81.49%	73.73%	73.14%	70.05%	67.17%

City of Cedar Rapids, Iowa

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

	Parking Revenue Bonds					
Fiscal Year	Parking Charges	Less Operating Expense	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1997	$ 3,044,516	$ 1,893,437	$ 1,151,079	$ -	$ -	1,151,079
1998	3,060,291	1,967,995	1,092,296	320,000	139,972	632,324
1999	3,225,744	2,306,645	919,099	335,000	125,872	458,227
2000	3,183,580	2,270,651	912,929	355,000	113,263	444,666
2001	3,160,130	2,237,539	922,591	350,000	96,934	475,657
2002	3,018,627	3,313,717	(295,090)	370,000	80,484	(745,574)
2003	2,832,670	3,488,193	(655,523)	385,000	60,285	(1,100,808)
2004	2,913,465	3,510,880	(597,415)	820,000	20,711	(1,438,126)

City of Cedar Rapids, Iowa

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Population (1)	Per Household Income (2)	Per Capita Income (2)	Median Age (2)	School Enrollment (3) Public	School Enrollment (3) Private	Unemployment Rate (4)
1997	108,772	$ 59,859	$ 24,857	35.2	17,733	2,607	2.6
1998	108,772	72,504	27,621	35.9	17,815	2,671	2.3
1999	108,772	73,449	28,873	36.2	17,827	2,718	2.1
2000	108,772	69,375	30,297	35.2	18,146	2,748	1.4
2001	120,758	71,863	32,393	35.5	17,959	2,319	1.8
2002	120,758	69,700	31,650	35.6	17,729	2,784	3.8
2003	120,758	70,115	32,559	35.8	17,247	2,810	4.0
2004	120,758	70,567	33,529	36.7	17,125	2,757	4.2
2005	120,758	68,495	33,405	37.0	17,051	2,905	4.9
2006	120,758	69,237	33,437	37.4	17,237	2,956	3.6

Note: The deompgraphic statistic is being added to the report

Sources:
1. U.S. Department of Commerce, Bureau of Census
2. Cedar Rapids Chamber of Commerce
3. Grant Wood Education Center
4. Data presented to Cedar Rapids Metropolitan Statistical Area (Linn County, Iowa) which encompasses geographic boundaries of reporting entity as reported by Workforce Development Area.

CEDAR RAPIDS®

City of Five Seasons

City of Cedar Rapids, Iowa

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2006			1997		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockwell Collins Inc.	7,000	1	4.21%	6,800	1	4.43%
Mercy Medical Center	2,862	2	1.72%	1,700	9	1.11%
Cedar Rapids Community Schools	2,860	3	1.72%	2,537	3	1.65%
AEGON USA, Inc.	2,632	4	1.58%			
St. Luke's Hospital	2,400	5	1.44%	2,155	6	1.40%
Maytag Appliances, Amana Refrigeration Products	2,300	6	1.38%	2,578	2	1.68%
MCI Worldcom, Inc	1,880	7	1.13%	2,500	4	1.63%
City of Cedar Rapids	1,700	8	1.02%	1,294	10	0.84%
Hy-Vee Food Stores	1,691	9	1.02%	1,950	7	1.27%
Alliant Energy-Interstate Power and Light	1,650	10	0.99%	2,282	5	1.49%
McLeodUSA				1,830	8	1.19%

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

Note: Total employment encompasses the Cedar Rapids Metropolitan Statistical Area

City of Cedar Rapids, Iowa

Full-Time Equivalent City Government Employees by Functions/Programs
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees as of June 30				
	2006	2005	2004	2003	2002
Functions/Program					
General Government:					
Animal Control	10.00	10.00	10.00	10.00	10.00
Aquatics	41.36	41.36	32.29	18.15	18.15
Attorney	6.00	6.00	6.00	6.00	6.00
Aviation	3.00	3.00	3.00	3.00	2.00
Building Department	23.00	24.00	24.00	25.00	25.00
Civil Rights	5.00	5.00	5.00	5.00	5.00
Clerk	6.00	6.00	6.00	6.00	6.00
Controller-Auditor	13.00	13.00	14.00	14.00	14.00
Council and Mayor	13.10	13.10	13.10	13.10	12.10
Department of Development	13.75	14.25	14.25	14.25	14.25
Engineering	37.00	39.00	41.50	43.50	44.00
Fire Department	153.00	154.00	155.00	155.00	153.00
Forestry	16.36	17.36	18.36	19.35	19.36
Housing Services	7.00	7.00	7.00	7.00	7.00
Human Resource	14.75	15.00	16.00	16.50	17.50
Information Technology	13.00	14.00	15.00	13.75	12.75
Library	57.19	57.19	59.69	61.17	66.33
Memorial	9.41	9.41	9.41	9.41	9.41
Parks Department	54.44	55.44	58.52	65.17	65.17
Police Department	239.00	239.00	238.00	242.50	242.50
Purchasing Services	3.75	3.38	3.38	3.38	3.38
Recreation Department	32.38	31.90	34.52	38.36	37.15
Riverfront	1.27	4.25	4.74	5.14	5.18
Street Maintenance	106.00	115.70	118.70	124.95	124.95
Traffic Department	24.00	24.00	26.52	26.94	26.94
Treasurer	4.00	4.00	4.00	4.00	4.00
Ushers Ferry	4.67	4.67	4.67	4.67	4.80
Total General Fund	**911.43**	**931.01**	**942.65**	**955.29**	**955.92**
Enterprise Funds					
Eastern Iowa Airport	46.00	45.00	52.00	46.00	48.00
Golf	37.41	38.34	36.78	35.44	38.62
Five Seasons Parking	33.02	33.02	34.78	36.94	36.94
Sewer Maintenance	27.00	27.00	28.00	28.00	28.00
Solid Waste & Recycling	61.00	61.00	63.00	63.00	63.00
Transit	72.25	72.25	72.25	74.25	73.25
Water Department	117.50	117.50	117.50	123.79	123.29
Water Pollution Control	89.48	83.48	83.48	83.48	83.48
Total Enterprise Funds	**483.66**	**477.59**	**487.79**	**490.90**	**494.58**
Special Revenue Fund					
Community Development	6.00	6.00	5.00	5.00	5.00
Leased Housing	13.00	13.00	13.00	12.00	12.00
Library	5.12	5.00	5.50	5.90	5.90
SSMID	2.00	2.00	2.00	2.00	2.00
Total Special Revenue Funds	**26.12**	**26.00**	**25.50**	**24.90**	**24.90**
Internal Service Funds					
Joint Communications	22.00	22.00	24.00	23.00	23.00
Public Works	10.25	10.25	10.25	8.53	8.53
Total Internal Service Funds	**32.25**	**32.25**	**34.25**	**31.53**	**31.53**
Total FTE's	**1,453.46**	**1,466.85**	**1,490.19**	**1,502.62**	**1,506.93**

Source: City's Controller-Auditor's Office

Full-Time Equivalent Employees as of June 30				
2001	2000	1999	1998	1997
11.82	11.82	10.82	10.82	10.00
20.52	20.33	19.98	19.98	17.10
6.00	6.00	5.00	5.50	5.50
4.47	5.47	5.47	5.47	5.40
26.00	26.00	26.00	25.00	23.00
5.00	5.00	5.00	6.00	4.00
6.00	6.00	6.00	6.00	6.00
14.00	14.00	14.00	14.00	14.00
12.10	12.00	12.00	12.00	12.00
14.61	13.61	12.36	11.36	13.00
47.00	47.11	39.61	39.61	36.60
155.00	154.50	155.23	155.23	160.50
21.41	21.43	20.83	20.83	20.71
9.00	9.00	9.00	9.00	8.00
16.75	16.50	15.50	13.50	13.63
12.75	10.50	7.00	6.00	-
68.41	67.90	68.01	73.42	73.25
7.41	7.68	7.68	7.68	7.60
65.17	65.52	70.97	71.97	58.05
249.50	248.50	241.50	239.00	240.50
3.38	3.38	3.00	3.00	10.00
38.22	38.54	28.06	27.92	35.54
6.89	6.99	6.99	6.99	6.92
128.45	124.00	127.61	124.28	120.95
26.94	26.94	25.94	25.94	25.88
4.00	4.00	4.00	4.00	4.00
5.14	5.07	5.07	5.07	4.90
985.94	**977.79**	**952.63**	**949.58**	**937.03**
44.53	43.53	42.33	38.33	34.00
36.01	39.93	42.97	42.97	37.20
37.20	37.16	39.49	35.33	34.94
28.00	25.54	24.54	23.54	22.50
63.00	63.00	63.00	71.00	71.00
69.90	69.60	68.60	68.60	68.00
119.79	118.79	108.54	100.04	101.77
82.82	82.82	81.82	80.82	80.50
481.25	**480.37**	**471.29**	**460.63**	**449.91**
4.00	4.00	4.00	4.00	6.00
12.00	12.00	10.00	9.00	8.00
6.30	6.30	6.30	-	-
1.00	1.00	1.00	1.00	3.00
23.30	**23.30**	**21.30**	**14.00**	**17.00**
23.00	23.00	23.14	19.50	-
7.53	8.03	8.03	7.53	7.43
30.53	**31.03**	**31.17**	**27.03**	**7.43**
1,521.02	**1,512.49**	**1,476.39**	**1,451.24**	**1,411.36**

City of Cedar Rapids, Iowa

Operating Indicators by Function/Program
Last Ten Calendar Years
(Unaudited)

Function/Program	Calendar Year 1997	1998	1999	2000
Police:				
Calls for service	N/A	N/A	86,713	102,526
Adult arrest	5,697	7,419	7,723	8,226
Juvenile arrest	1,447	1,341	1,212	970
Speeding citations	N/A	N/A	N/A	N/A
Traffic citations	N/A	N/A	N/A	N/A
Fire:				
Total fire runs	5,572	5,628	6,244	6,562
Total rescue runs	N/A	N/A	N/A	838
Property loss	1,990,667	N/A	2,060,400	N/A
Building Safety:				
Total building permits	6,991	7,144	7,780	7,544
Total value all permits	110,852,784	156,620,722	143,113,070	186,374,721
Library, volumes in collection	358,215	347,700	325,457	317,165
Public Service:				
Garbage collected (ton)	30,582	28,251	21,112	18,665
Recycling collected (ton)	258	1,757	8,069	9,006
Yard Waste collected (ton)	7,530	8,030	7,382	6,500
Parks and Recreation:				
Recreation program attendance (2)	222,869	192,996	205,209	207,708
Aquatics program attendance (2)	194,084	212,547	224,819	225,548
Golf rounds played	179,104	179,081	184,550	173,229
Bever Park Zoo attendance	85,757	N/A	N/A	N/A
Street trees maintained	13,735	13,827	10,432	5,546

Source: Various City departments

Notes:
(1) Jan - Sept 2006
(2) Program year May - April
(3) Jan - Oct 2006

Calendar Year						
2001	2002	2003	2004	2005	2006	
101,350	102,539	101,488	110,169	113,496	89,459	
8,629	8,742	7,838	8,919	8,932	6,662	(1)
1,014	1,031	1,077	1,092	1,171	1,075	(1)
N/A	7,406	7,069	7,570	7,922	7,763	
N/A	14,828	17,034	21,541	21,193	23,285	
6,876	7,028	7,629	7,657	8,108	6,361	(1)
842	675	843	740	752	512	(1)
3,186,641	3,446,745	3,106,053	3,216,753	3,630,392	1,162,601	(1)
6,831	9,990	7,002	7,018	6,092	5,115	(3)
156,109,942	176,772,362	130,535,821	153,813,966	173,012,680	1,201,364	(3)
307,281	298,178	301,545	292,951	304,212	290,524	
19,335	19,454	19,898	19,957	19,870	19,920	
8,551	8,344	8,546	8,705	8,834	9,045	
7,440	9,586	13,287	13,316	12,993	12,864	
217,621	216,042	235,069	235,152	222,345	252,507	
214,346	225,177	221,716	273,749	230,504	302,291	
179,969	149,492	154,550	155,654	162,542	138,171	(1)
41,094	47,758	40,343	33,120	51,800	17,787	
6,830	7,945	4,845	9,234	8,357	4,710	(1)

City of Cedar Rapids, Iowa

Capital Asset Statistics by Function/Program
Last Ten Calendar Years
(Unaudited)

Function/Program	1997	1998	1999	2000
Police:				
Stations	1	1	1	1
Fire, Fire Stations	9	9	9	9
Refuse Collections:				
Collection Trucks	30	45	45	45
Street (Miles)	587	587	589	590
Parks and Recreation:				
Acreage	4,044	4,046	4,046	4,040
Parks	95	95	95	95
Golf Courses	4	4	4	4
Swimming Pools	6	6	6	6
Baseball/Softball Diamonds	37	37	37	37
Soccer/Football Fields	14	27	32	32
Tennis Courts	20	20	22	22
Recreation Centers	3	2	2	2
Tot Lots	12	12	12	12
Library:				
Facilities	3	3	3	2
Volumes	358,215	347,700	325,457	317,165
Water:				
Storage Capacity (MGPD)	25	25	25	25
Average Daily Consumption (MGPD)	35	35	36	36
Peak Consumption (MGPD)	48	49	48	46
Wastewater:				
Sanitary Sewers (miles)	564	572	580	592
Storm Sewers (miles)	276	276	276	276

Source: Various City departments

2001	2002	2003	2004	2005	2006
1	1	1	1	1	1
9	9	9	9	9	9
45	45	48	48	48	49
590	590	700	631	631	631
4,040	4,040	4,040	4,040	4,040	4,040
95	95	95	95	95	96
4	4	4	4	4	4
6	6	6	6	6	6
37	37	37	37	37	37
32	32	32	32	32	32
22	22	22	22	22	22
2	2	2	2	2	2
12	12	12	12	12	12
2	2	2	2	2	2
307,281	298,178	301,545	292,951	304,212	290,524
25	25	25	25	25	25
36	36	34	37	37	38
44	47	50	50	49	52
602	613	623	632	649	653
277	277	278	280	296	304

CEDAR RAPIDS®

City of Five Seasons

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE, 30, 2006

Federal Grantor / Pass Though Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
U.S. Department of Transportation				
Direct:				
Federal Transit Administration				
Bus Department Grants				
	20.507	IA-90-X277-01	$ 1,907,561	$ 91,115
	20.507	IA-90-X296-00	1,350,295	163,831
	20.507	IA-90-X283-00	103,155	56,281
	20.500	IA-03-0096-00	9,049,069	457,056
	20.507	IA-90-X304-00	1,979,976	1,753,620
Passed through Iowa Department of Transportation				
Bus Department Grants				
	20.516	IA-37-X009-118-04	300,000	131,744
	20.500	IA-03-0098-118-03	329,900	50,948
	20.500	IA-03-0103-118-04	742,250	533,589
	20.500	IA-03-0104-118-05	946,200	741,294
	20.516	IA-37-X010-118-05	265,000	45,239
	20.516	IA-16-X001-118-06	75,738	75,738
				4,100,455
Direct:				
Federal Aviation Administration				
Federal Aviation Administration				
	20.106	3-19-0012-25	247,500	15,562
	20.106	3-19-0012-26	1,069,351	8,225
	20.106	3-19-0012-28	2,125,842	(13,329)
	20.106	3-19-0012-29	2,643,611	313,919
	20.106	3-19-0012-30	1,398,395	77,220
	20.106	3-19-0012-31	4,344,189	3,549,198
	20.106	3-19-0012-32	271,814	270,892
	20.106	3-19-0012-33	5,120,588	783,175
				5,004,862
Passed throught Iowa Department of Transportation				
Surface Transportation Program	20.205	STP-U-1187(648/671)-70-57	1,440,000	89,429
	20.205	STP-U-1187(660)-70-57	357,850	4,187
	20.205	STP-U-1187(661)-70-57	800,000	44,582
	20.205	TCSP-1187(662)-9S-57	2,973,922	1,199,760
	20.205	BRM-1187(664)-8N-57	1,000,000	319,058
	20.205	STP-U-1187(11)-70-57	2,845,000	5,120
	20.205	STP-U-1187(670)-70-57	993,500	276,522
	20.205	BRM-1187(665)-85-57	1,000,000	92,486
	20.205	HDP-1187(694)-71-57	5,000,000	244,134
	20.205	BROS-1187(642)-8J-57	1,000,000	10,000
	20.205	STP-A-1187(30)-86-57	240,000	14,680
	20.205	STP-U-1187(658)-70-57	5,277,503	1,165,805
	20.205	STP-U-1187(678)-70-57	1,403,090	3,512
	20.205	STP-U-1187(685)-70-57	248,000	53,604
	20.205	BRM-1187(681)-8N-57	1,000,000	37,735
	20.205	STP-U-1187(663)-70-57	76,800	76,800
	20.205	STP-A-1187(667)-86-57	448,000	9,941
	20.205	NRT-96(1)-9G-57	110,530	57,756
				3,705,111
U.S. Department of Transportation / Iowa Department of Public Safety				
Alcohol Incentive Grant				
	20.600	PAP 05-02, Task 15	29,000	7,999
	20.600	PAP 05-163, Task 11	27,700	27,189
	20.600	PAP 06-163, Task 11	229,000	13,680
	20.600	PAP 06-0410 Task 08	25,000	12,137
				61,005

(continued)

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FISCAL YEAR ENDED JUNE, 30, 2006

Federal Grantor / Pass Though Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
Federal Emergency Management Agency / Linn County, Iowa				
FEMA Grant				
	97.044	EMW-2004-FG-10018	68,145	68,145
	97.044	EMW-2004-FP-01392	30,128	30,128
	97.044	EMW-2005-FP-03209	144,949	4,476
	97.044	EMW-2005-FG-16271	37,609	8,724
				111,473
U.S. Department of Homeland Security/ Iowa Department of Public Defense				
State Homeland Security Program	97.004	FY 2003 PTII	300,000	139,830
	97.067	FY 2004	500,000	450,728
	97.067	FY 2005	500,000	166,799
				757,357
U.S. Department of Housing and Urban Development				
Direct:				
Community Development Block Grants	14.218	B03-04-MC-19-001	3,112,000	1,368,584
Leased Housing Authority Grant:				
Voucher Assist. Program	14.871	IA024VO	5,724,265	5,151,344
H.O.M.E.	14.239	B-00-MC-19-0204	546,516	629,301
Lead Based Paint Abatement Program	14.900	IALGBO17901	2,000,000	198,578
Fair Housing Assistance Program	14.401	FF207K037012	330,495	88,600
EDI Grant	14.xxx	B-02-SP-IA-0172	500,000	397,655
				7,834,062
U.S. Department of Justice				
Direct:				
Bulletproof Vest Partnership Program	16.607	n/a	689	689
Passed through from 6th Judicial District				
Weed and Seed	16.595	2005-WS-Q5-0162/ 2006-WS-Q6-0044	54,467	24,011
Partnership for Safe Neighborhoods	16.609	03-ND01/ 03S-ND01	33,975	12,836
				37,536
U.S. Department of Justice Division of Criminal / Juvenile Justice Planning				
Pass through Linn County				
EDUL	16.727	31-JD03-F504	11,390	354
	16.727	JJYD-F06-31		7,795
Edward Byrne Justice Assistance Grant	16.738	2005-DJ-BX-0345	46,170	44,849
				52,998
U.S. Environmental Protection Agency				
Direct:				
Brownfield Grant	66.811	BP-997634-01	350,000	1,800
Brownfield Grant (Iowa Iron)	66.818	BF-98746901-0	200,000	9,688
Brownfield Grant (Iowa Steel)	66.818	BF-98746801-0	200,000	9,235
				20,723

(continued)

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FISCAL YEAR ENDED JUNE, 30, 2006

Federal Grantor / Pass Though Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
U.S. Office of Drug Policy				
Passed through Office of Drug Policy				
Health Protection Grant	66.032	588-6P-I01	4,126	4,469
				4,469
U.S. Department of Agriculture / Iowa Department of Public Health				
WIC Grant	10.557	588-6P-I01	58,052	30,534
				30,534
U.S. Department of Health and Human Services / Iowa Department of Public Health				
Dental Grant	93.994	588-6P-I01	5,920	4,492
Drug Abuse Information Grant	93.283	588-6P-I01	20,875	17,081
Drug Abuse Information Grant	93.959	588-6P-I01	313,900	311,021
Drug Abuse Information Grant	93.988	588-6P-I01	1,000	478
Drug Abuse Information Grant	93.991	588-9P-I01	2,227	1,890
				334,962
U.S. Department of Health and Human Services / Division of Health Protection				
Health Protection Grant	93.116	588-6P-I01	1,865	668
Health Protection Grant	93.268	588-6P-I01	44,000	46,429
Health Protection Grant	93.940	588-6P-I01	3,772	2,173
Health Protection Grant	93.977	588-6P-I01	2,500	2,005
				51,275
U.S. Department of Health and Human Services / University of Iowa				
ATTC	93.230	5 UD1 TI13596-02	6,000	5,000
				5,000
Total Expenditures of Federal Awards				$ 22,111,822

See notes to Schedule of Expenditures of Federal Awards

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, 2006. 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	$ 415,025

City of Cedar Rapids, Iowa

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2006

Comment Number	Comment	Status	Corrective Action or Other Explanation
Reportable Conditions:			
05-II-A	Inadequate segregation of duties over licenses and permit receipts.	Not corrected.	See corrective action plan at 06-II-A.
05-II-B	Inadequate segregation of duties over EDP.	Not corrected.	See corrective action plan at 06-II-B.
05-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	Not corrected.	See corrective action plan at 06-II-C.
Reportable Conditions in Administering Federal Awards:			
05-III-A	Weekly receipt of payrolls for Davis-Bacon Act was not received.	Not corrected.	See corrective action plan at 06-III-B.
Statutory Reporting:			
05-IV-E	Business transactions	Corrected.	
05-IV-N	Deficit fund balances.	Not corrected.	See corrective action plan at 06-IV-N.

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, 2006, which collectively comprise the City of Cedar Rapids, Iowa's basic financial statements and have issued our report thereon dated October 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 06-II-A through 06-II-D.

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 17, 2006.

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an affiliation of separate and independent legal entities.

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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2006 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the 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.

This report is intended solely for the information and use of the Mayor and City Council, management, federal awarding agencies and 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 17, 2006

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance 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, 2006. 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-III-B.

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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 the 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 certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-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 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 and 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 17, 2006

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

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
20.106	Federal Aviation Administration
20.205	Surface Transportation Program
97.004 & 97.067	State Homeland Security Program

Dollar threshold used to distinguish between type A and type B programs: $663,355

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

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:

06-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.

06-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.

06-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.

06-II-D

Condition: An individual who prepares checks for Compass Management at the U.S. Cellular Center also stamps the checks prior to disbursement. Compass Management has controls in place to help mitigate the impact of an unauthorized disbursement; however, a check could be prepared and stamped and not be caught until the next month's reconciliation.

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

Recommendation: We recommend segregating the duties of stamping the signature from the preparation of checks.

City's Response and Corrective Action Plan: Compass Management is in the process of implementing accounting standards to segregate the duties of stamping the signature from the preparation of checks. The Five Seasons Facility Commission has requested periodic internal control checks, which the City is implementing.

Instances of Noncompliance

None

III. Findings and Questioned Costs for Federal Awards

Reportable Condition

06-III-A
U.S. Department of Homeland Security
Passed Through Iowa Department of Public Defense
State Homeland Security Program (CFDA 97.004 & CFDA 97.067)
Federal Award Year: 2003-2005

Finding: The City of Cedar Rapids, Iowa does not have an adequate system in place to ensure compliance with the Buy American Act.

Condition: The City has a basic understanding of the provisions of the Buy American Act but does not document compliance with the Act.

Effect: The City is unable to ensure compliance with the Buy American Act.

Criteria: The Buy American Act states, in part, notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality. This section shall not apply to manufactured articles, materials, or supplies procured under any contract the award value of which is less than or equal to the micro-purchase threshold under Section 428 of this title.

Recommendation: We recommend the City implement a system to review the products purchased under these provisions for the State Homeland Security Program for compliance with the Buy American Act or require the vendor to sign certification that they comply with the Buy American Act for each purchase over the Act's threshold.

City's Response and Corrective Action Plan: The City is in the process of implementing a requirement that vendors sign a certification that they comply with the Buy American Act for each purchase over the Act's threshold.

Instances of Noncompliance

06-III-B

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: 2004-2006

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.

Questioned Costs: None

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).*

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.

City's 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.

IV. Other Findings Related to Required Statutory Reporting

06-IV-A

Certified Budget: Expenditures for the year ended June 30, 2006 did not exceed the budgeted amounts.

06-IV-B

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.

06-IV-C

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

06-IV-D

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

Company	Official	Transaction Description	Amount/Gross
Acme Electric Company	Chuck Swore	Contracted Services	$ 2,194
Ament, Inc.	Mayor Pate	Contracted Services	312,739

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.

The amounts paid to Acme Electric Company meet the safe harbor requirements under Iowa Code Section 362.5(9). Therefore, there appears to be no conflict of interest.

The amounts paid to Ament Inc. went through either a qualifications based selection process or competitive bid. $311,783 meets the safe harbor requirements under Iowa Code Section 362.5(4). $956 meets the safe harbor requirements under Iowa Code Section 362.5(5). Therefore, there appears to be no conflict of interest.

06-IV-E

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.

06-IV-F

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

06-IV-G

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.

City of Cedar Rapids, Iowa

Corrective Action Plan
Year Ended June 30, 2006

Comment Number	Comment	Corrective Action Plan	Contact Person	Initial Date of Communication	Anticipated Date of Completion
Findings Related to Basic Financial Statements:					
Reportable Conditions:					
06-II-A	Inadequate segregation of duties over licenses and permit receipts.	See corrective action plan at 06-II-A.	Ann Olinger, City Clerk	June 1996	N/A
06-II-B	Inadequate segregation of duties over EDP.	See corrective action plan at 06-II-B.	Linda Tebussek, Financial Operations Manager	June 1996	N/A
06-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	See corrective action plan at 06-II-C.	Susan Vavroch, City Treasurer	June 1997	N/A
06-II-D	Inadequate segregation of duties over US Cellular Center disbursements.	See corrective action plan at 06-II-D.	Taya Roos, Business Manager of Compass Facility Management, Inc.	June 2006	June 2007
Findings Related to Federal Awards:					
Reportable Condition:					
06-III-A	An adequate system is not in place to ensure compliance with the Buy American Act.	See corrective action plan at 06-III-A.	Casey Drew, City Controller-Auditor	June 2006	June 2007
Instance of Noncompliance					
06-III-B	Weekly receipt of payrolls for Davis-Bacon Act was not received.	See corrective action plan at 06-III-B.	Casey Drew, City Controller-Auditor	June 2005	June 2007

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