

# City of Cedar Rapids, Iowa



Jones Park Golf Course

## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2007

#### About the Cover

Pictured on the cover of this year's Comprehensive Annual Financial Report is an aerial view of Jones Park Golf Course. Jones Park Golf Course opened for play in 1959 as a 9-hole facility set on the southwest side of Cedar Rapids. This course is close to the interstate and convenient to reach. The 9-hole facility continued until the spring of 2000, when the course was closed for the Master Plan Renovation. Lohmann Golf Design and The Bruce Company turned the course into an 18-hole course with 25 sand bunkers and 11 ponds. The total cost of the renovation was approximately \$1.9 million and was funded with general obligation bonds. The 18-hole course was officially opened to the public May 24, 2001.

Jones Memorial Park in southwest Cedar Rapids was named after Richard C. Jones, a former Parks Commissioner.

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF CEDAR RAPIDS, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**

**PUBLISHED BY  
FINANCE DEPARTMENT**

**CITY OF  
CEDAR RAPIDS, IOWA**

# CITY OF CEDAR RAPIDS, IOWA

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June 30, 2007

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December 5, 2007

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, 2007 as prepared by the Finance Department 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, 2007. 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.

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 FY07 accomplishments:

### **Business Development**

- Assisted in the creation of 1,516 jobs.
- Located six new companies in the area.
- Assisted sixteen area companies in expansion, training, and support.
- Increased the tax base by \$232,145,000 through industrial and office development.
- During the Priorities 2010 Campaign ending December 31, 2011, 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 3<sup>rd</sup> 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 3.4% decreased for fiscal year ending 2007, and is lower than the state unemployment rate of 3.8% for fiscal year ending 2007 and was lower than the national unemployment rate for June 2007 of 4.5%.

The Cedar Rapids MSA mean household income in 2007 was \$68,155 as compared to \$69,237 in 2006. These amounts are presented in 1996 constant dollar.

Retail sales in the metro area increase to \$3.01 billion for calendar year 2007 compared to \$2.93 billion in calendar year 2006. Of this total, \$2.44 billion was generated in Cedar Rapids.

The total value of building permits in FY 2007 was approximately \$186.0 million. This compares with an amount of \$217 for FY 2006. This amount represents a decrease of 14 percent from the previous fiscal year.

### **Long-term financial planning**

Unreserved fund balance in the general fund was \$30.0 million or 36.5 percent of total general fund budgeted expenditures for fiscal year 2008. 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 completed a ten year financial plan for all operating departments and capital improvement programs. The financial plan is a necessary element of Cedar Rapids strategy to remain competitive in today's demanding environment. The City's financial plan will provide a road map into the future and a framework for future decision-making. This financial plan reflects the following financial principles: 1) Sustainability; 2) Long-term Community Affordability; 3) Competitive and Responsive Community Services; and 4) Protecting Community Investment and Value.

In addition to the financial plan, performance measurements have been created by all City departments to measure effectiveness, efficiency, customer service, and organizational climate. These measurements will be reported on a regular basis to the City Council, City staff, and citizens of Cedar Rapids.

## **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 ten-year capital improvements program, which is funded primarily through the sale of general obligation bonds. All operating departments are also required to submit a ten-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 6.08 percent and 9.12 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 27.75 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. FY07 marked our thirty-fifth 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 2007, 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, 2007, 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, 2006. This was the twenty-sixth 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, 2007. 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 nine 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 Finance Department. 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

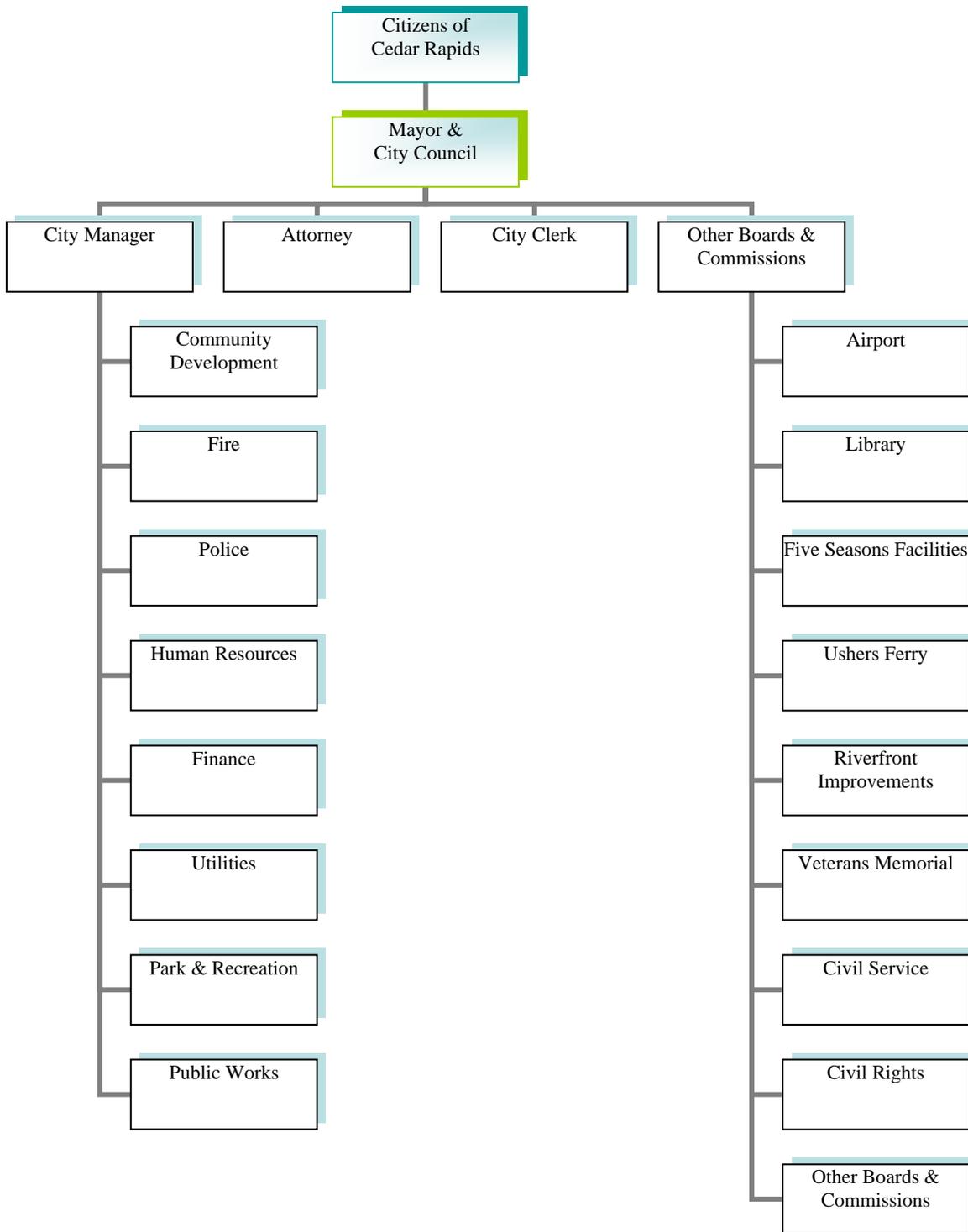
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



# **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**  
Finance Director

**Jim Prosser**  
City Manager

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Rapids, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cedar Rapids, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Rapids, Iowa, as of June 30, 2007, 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 December 5, 2007 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 65 through 68 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cedar Rapids, Iowa's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 5, 2007

## 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, 2007. 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, 2007, by \$573.7 million (net assets). Of this amount, \$163.9 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 \$100.6 million.
- At the close of the current fiscal year, the City of Cedar Rapids' governmental funds reported combined ending fund balances of \$141.5 million, an increase of 33.5 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 \$30.0 million, or 36.5 percent of the total general fund expenditures.
- Total debt increased by \$67.3 million during the current fiscal year. The City issued \$88.5 million of new bonds and retired \$20.67 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, 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, 2007 and 2006:**

A condensed version of the Statement of Net Assets as of June 30, 2007 and 2006 follows:

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2007	2006
	2007	2006	2007	2006	2007	2006
Cash and investments	\$ 253.0	\$ 210.0	\$ 1.6	\$ 17.9	\$ 254.6	\$ 227.9
Restricted assets	-	-	55.4	-	55.4	-
Other assets	44.7	40.8	64.9	61.4	109.6	102.2
Capital assets	300.6	294.2	317.3	312.6	617.9	606.8
Total assets	598.3	545.0	439.2	391.9	1,037.5	936.9
Other liabilities	143.4	132.8	21.4	20.0	164.8	152.8
Noncurrent liabilities	125.1	98.5	173.8	134.6	298.9	233.1
Total liabilities	268.5	231.3	195.2	154.6	463.7	385.8
Net assets:						
Invested in capital assets, net of debt	166.9	188.0	189.9	171.6	356.8	359.6
Restricted	53.0	22.2	-	-	53.0	22.2
Unrestricted (deficit)	109.8	103.5	54.1	65.7	163.9	169.2
Total net assets	\$ 329.7	\$ 313.7	\$ 244.0	\$ 237.3	\$ 573.7	\$ 551.0

**Governmental Activities**

Net assets did not significantly increase. However, the change is mainly due to improvements other than buildings increasing \$12.9 million for fiscal year 2007 and an increase in current assets due to refunding bond proceeds that are in escrow. 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 two percent for fiscal year 2007. The increase is in improvements other than buildings, which increased \$11.1 million for fiscal year 2007. 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, 2007 and 2006:**

A condensed version of the Statement of Activities as of June 30, 2007 and 2006 follows:

**Table 2**  
**Governmental and Business-type Activities**  
**For Fiscal Years Ending June 30, 2007 and 2006**  
(in millions)

	Governmental		Business-type		2007	2006
	Activities		Activities			
	2007	2006	2007	2006		
<b>Revenues</b>						
Charges for services	\$ 11.6	\$ 11.0	\$ 68.7	\$ 65.7	\$ 80.3	\$ 76.7
Operating grants and contributions	23.2	18.0	2.8	3.0	26.0	21.0
Capital grants and contributions	8.6	7.8	8.1	4.6	16.7	12.4
General revenues:						
Property taxes	77.4	72.6	3.0	3.0	80.4	75.6
Other taxes	2.7	2.5	-	-	2.7	2.3
Franchise taxes	1.3	1.2	-	-	1.3	1.2
Investment income	6.2	5.1	3.8	3.3	10.0	8.4
Gain on sale of capital assets	0.5	0.2	-	-	0.5	0.2
Total revenues	<u>131.5</u>	<u>118.4</u>	<u>86.4</u>	<u>79.6</u>	<u>217.9</u>	<u>198.0</u>
<b>Expenses</b>						
Public safety	41.8	39.6	-	-	41.8	39.6
Public works	25.6	24.4	-	-	25.6	24.4
Culture and recreation	14.2	14.4	-	-	14.2	14.4
Community and economic development	17.3	15.1	-	-	17.3	15.1
General government	10.7	8.4	-	-	10.7	8.4
Debt service	4.9	5.1	-	-	4.9	5.1
Water	-	-	20.0	20.3	20.0	20.3
Water pollution control	-	-	25.0	23.5	25.0	23.5
Sanitary sewer	-	-	5.5	5.5	5.5	5.5
Ground transportation system	-	-	8.7	8.6	8.7	8.6
Parking system	-	-	3.6	3.5	3.6	3.5
Solid waste management	-	-	6.0	5.5	6.0	5.5
Golf	-	-	2.9	2.8	2.9	2.8
U.S. cellular center	-	-	2.4	2.0	2.4	2.0
Paramount theatre	-	-	1.1	0.8	1.1	0.8
Ice arena	-	-	1.8	1.8	1.8	1.8
Total expenses	<u>114.5</u>	<u>107.0</u>	<u>77.0</u>	<u>74.3</u>	<u>191.5</u>	<u>181.3</u>
Increase in net assets before special						
Items and transfers	17.0	11.4	9.4	5.3	26.4	16.7
Special items	(1.2)	-	(2.5)	-	(3.7)	-
Transfers	0.2	1.9	(0.2)	(1.9)	-	-
Changes in net assets	<u>16.0</u>	<u>13.3</u>	<u>6.7</u>	<u>3.4</u>	<u>22.7</u>	<u>16.7</u>
Beginning net assets	<u>313.7</u>	<u>300.4</u>	<u>237.3</u>	<u>233.9</u>	<u>551.0</u>	<u>534.3</u>
Ending net assets	<u>\$ 329.7</u>	<u>\$ 313.7</u>	<u>\$ 244.0</u>	<u>\$ 237.3</u>	<u>\$ 573.7</u>	<u>\$ 551.0</u>

### Governmental Activities

Charges for services make up 8.8 percent of governmental revenues. Operating and capital grants, primarily due to street projects, make up another 24.1 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 79.4 percent of charges for services. Operating and capital grants make up 12.7 percent of overall revenue, grants for ground transportation system make up 99.9 percent of this 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 2.0 percent over FY 2006, while expenditures increased 4.7 percent over the prior year thus resulting in an increase in the change in fund balance of \$3.5 million compared to an increase in FY 2006 of \$1.3 million. The City has continued to maintain its targeted unreserved fund balance policy of 25 percent of the next years expenditure budget in the General Fund as it was at 36.5 percent. Infrastructure construction fund expenditures decreased by 31.3 percent and issuance of general obligation bonds decreased by 20.1 percent primarily in street construction library improvements and aviation improvements, resulting in an increase in fund balance of \$8.0 million as compared to a increase of \$6.3 million in the prior year. The Debt Service Fund had an increase in its fund balance by \$26.5 million primarily due to an issuance of crossover refunding bond proceeds. The Employee Benefits Fund had an increase in its fund balance by \$0.9 million.

## **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 1.8 percent over the prior year while expenses increased 0.1 percent thus increasing the operating income from \$3.6 million in FY 2006 to \$4.0 million in FY 2007. The change in net assets increased \$2.0 million. Water Pollution Control's change in net assets increased by \$0.1 million as compared to a increase of \$1.0 million in FY 2006, mainly due to a smaller increase in charges for services and investment earnings. Sanitary Sewer's change in net assets increased by \$1.1 million in FY 2007 as compared to a increase of \$2.8 million in FY 2006, mainly due to an increase in revenues and a decrease 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 35-63 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 69-83 of this report.

## **Budgetary Highlights**

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

The City had one budget amendment during the fiscal year that is our common practice. This amendment decreased the expenditure budget by \$8.9 million to a total of \$297.4 million. This represented a 3.0

percent decrease. The decrease is primarily due to priority changes or construction projects for Enterprise departments. Actual expenditures were \$246.2 million.

### Capital Assets and Debt Administration

#### Capital Assets

As of June 30, 2007, the City had invested \$617.9 million in capital assets as reflected in the following table. This investment includes land, buildings, improvements, machinery and equipment, roads, highways, and bridges.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land	\$ 29.0	\$ 24.0	\$ 12.3	\$ 12.2	\$ 41.3	\$ 36.2
Building and structures	44.8	45.9	104.5	110.9	149.3	156.8
Improvements other than buildings	211.7	209.0	169.7	166.8	381.4	375.8
Machinery and equipment	12.6	13.7	13.2	11.7	25.8	25.4
Construction in progress	2.5	1.6	17.6	11.0	20.1	12.6
Total	<u>\$ 300.6</u>	<u>\$ 294.2</u>	<u>\$ 317.3</u>	<u>\$ 312.6</u>	<u>\$ 617.9</u>	<u>\$ 606.8</u>

The following table reconciles the change in capital assets. Included with additions are construction in progress balances. The amount for governmental activities is \$300.6 million that represents a 2.2 percent increase. For business type activities the amount is \$317.3 million that is a 1.5 percent increase. Detail of this summary is presented on pages 46-47 of the notes.

**Table 4**  
**Change in Capital Assets**  
(in millions)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Beginning Balance	\$ 294.2	\$ 286.6	\$ 312.6	\$ 308.6	\$ 606.8	\$ 595.2
Additions	21.1	21.7	25.0	22.3	46.1	44.0
Retirement	(0.2)	(1.1)	(3.1)	(1.4)	(3.3)	(2.5)
Depreciation	(14.5)	(13.0)	(17.2)	(16.9)	(31.7)	(29.9)
Ending Balance	<u>\$ 300.6</u>	<u>\$ 294.2</u>	<u>\$ 317.3</u>	<u>\$ 312.6</u>	<u>\$ 617.9</u>	<u>\$ 606.8</u>

#### Governmental Activities

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

- Street Improvements, \$7.2 million, 34%
- Storm Sewer Improvements, \$2.3 million, 11%
- Acquisition of Sinclair Property, \$3.6 million, 17%

## Business-type Activities

Water Pollution Control and Water had additions of \$3.9 million (28%) and \$6.0 million (3%) respectively. In addition, Sanitary Sewer had additions of \$4.2 million (19%). 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 \$314.7 million as compared to \$247.4 million last fiscal year. The increase in debt in FY07 is due to a cross-over refunding issue and no debt was defeased in FY07. Of the total debt outstanding, \$133.5 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	
	2007	2006
Governmental		
General obligation	\$ 132.9	\$ 106.5
Note payable	0.6	-
Business-type		
General obligation		
Abated by:		
Water	64.8	63.8
Water Pollution Control	72.8	44.8
Sanitary Sewer	29.4	20.8
Others	14.5	11.5
Sub-totals	181.2	140.9
Totals	\$ 314.7	\$ 247.4

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 3.4% decreased for fiscal year ending 2007, and is lower than the state unemployment rate of 3.8% for fiscal year ending 2007 and was lower than the national unemployment rate for June 2007 of 4.5%.

The Cedar Rapids MSA mean household income in 2007 was \$68,155 as compared to \$69,237 in 2006. These amounts are presented in 1996 constant dollar.

Retail sales in the metro area increase to \$3.01 billion for calendar year 2007 compared to \$2.93 billion in calendar year 2006. Of this total, \$2.44 billion was generated in Cedar Rapids.

The total value of building permits in FY 2007 was approximately \$186.0 million. This compares with an amount of \$217 for FY 2006. This amount represents a decrease of 14 percent from the previous fiscal year.

### **Next Year's Budget and Rates**

Approximately 79 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 \$0.2 million or an increase of 0.3 percent. Non-Personal Services were increased by \$.9 million or 6.3 percent.

Water, Sewer, and Solid Waste fees combined are expected to increase approximately 4.69 percent in FY2008 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 \$4.69 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 63.481 cents/\$1000 that will result in an increase of approximately \$35,182 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 Finance Department at 51 First Avenue Bridge, 3<sup>rd</sup> Floor, City Hall, Cedar Rapids, Iowa, 52401-1113.

**City of Cedar Rapids, Iowa**  
**Statement of Net Assets**  
**June 30, 2007**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 252,985,538	\$ 1,589,778	\$ 254,575,316	\$ 200	\$ 28,670,533	\$ -
Receivables:						
Taxes	79,997,487	3,070,737	83,068,224	-	-	-
Accounts and unbilled usage, net						
\$470,870 of allowance for doubtful accounts	2,490,668	7,529,472	10,020,140	929,127	501,676	-
Special assessments	1,935,804	-	1,935,804	-	-	-
Interest	1,843,786	6,218	1,850,004	-	82,514	-
Notes	-	-	-	-	781,669	-
Internal balances, net	(51,917,801)	51,917,801	-	-	-	-
Due from primary government	-	-	-	31,724,686	-	-
Due from other governments	8,599,240	379,397	8,978,637	1,518,303	575,898	-
Inventories	471,447	1,281,321	1,752,768	-	11,762	-
Prepaid items	647,027	96,877	743,904	-	61,875	-
Deferred charges	624,745	653,172	1,277,917	30,976	-	-
Restricted assets:						
Cash and investments	-	55,419,943	55,419,943	1,167,336	-	3,300,585
Total current assets	<u>297,677,941</u>	<u>121,944,716</u>	<u>419,622,657</u>	<u>35,370,628</u>	<u>30,685,927</u>	<u>3,300,585</u>
Noncurrent assets:						
Land	29,073,835	12,284,866	41,358,701	8,832,230	3,657,920	-
Buildings and structures	68,950,855	218,059,145	287,010,000	60,975,765	1,512,690	-
Improvements other than buildings	310,112,320	260,146,271	570,258,591	67,122,313	5,593,696	-
Machinery and equipment	36,935,096	40,621,585	77,556,681	3,846,194	5,053,984	3,216
Accumulated depreciation	(146,951,380)	(231,466,226)	(378,417,606)	(54,264,824)	(7,321,716)	(3,216)
Construction in progress	2,453,037	17,635,607	20,088,644	4,809,344	328,463	-
Total noncurrent assets	<u>300,573,763</u>	<u>317,281,248</u>	<u>617,855,011</u>	<u>91,321,022</u>	<u>8,825,037</u>	<u>-</u>
Total assets	<u>598,251,704</u>	<u>439,225,964</u>	<u>1,037,477,668</u>	<u>126,691,650</u>	<u>39,510,964</u>	<u>3,300,585</u>
<b>LIABILITIES</b>						
Current liabilities:						
Vouchers payable	2,826,615	3,941,689	6,768,304	1,857,738	1,140,421	15,850
Contracts payable	170,592	464,787	635,379	118,771	-	-
Claims and judgments payable	7,118,800	-	7,118,800	-	-	-
Accrued expenses	2,297,861	687,239	2,985,100	48,529	79,720	-
Post-employment liabilities	1,081,674	-	1,081,674	-	-	-
Revenues collected in advance	167,837	240,207	408,044	-	32,819	-
Unearned revenues	81,758,826	3,152,434	84,911,260	-	-	-
Due to component unit	31,724,686	-	31,724,686	-	-	-
Due to general public	224,074	-	224,074	-	-	-
Due to employees	8,803	-	8,803	-	-	-
Due to other governments	1,646,521	204,999	1,851,520	-	163,602	-
Security deposits	1,093	275,735	276,828	3,321	25,000	-
General obligation bonds payable	9,434,950	10,705,200	20,140,150	604,850	-	-
Unamortized bond premium	32,616	87,906	120,522	2,921	-	-
Interest payable	389,843	524,280	914,123	16,644	-	-
Closure/post closure landfill	-	1,610,980	1,610,980	-	3,619,748	-
Compensated absences	4,191,002	1,163,294	5,354,296	247,756	119,246	-
Note Payable	325,000	-	325,000	-	-	-
Total current liabilities	<u>143,400,793</u>	<u>23,058,750</u>	<u>166,459,543</u>	<u>2,900,530</u>	<u>5,180,556</u>	<u>15,850</u>
Noncurrent liabilities:						
General obligation bonds payable	123,431,024	170,507,076	293,938,100	4,676,900	-	-
Closure/post closure landfill	-	-	-	-	9,318,786	-
Unamortized bond premium	815,830	1,469,528	2,285,358	29,048	-	-
Note Payable	325,000	-	325,000	-	-	-
Compensated absences	530,538	155,830	686,368	943	-	-
Total noncurrent liabilities	<u>125,102,392</u>	<u>172,132,434</u>	<u>297,234,826</u>	<u>4,706,891</u>	<u>9,318,786</u>	<u>-</u>
Total liabilities	<u>268,503,185</u>	<u>195,191,184</u>	<u>463,694,369</u>	<u>7,607,421</u>	<u>14,499,342</u>	<u>15,850</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	166,859,345	189,931,480	356,790,826	87,174,639	8,825,037	-
Restricted for:						
Closure/post closure landfill	-	-	-	-	13,867,673	-
Compost site closure	-	-	-	-	353,192	-
Donor restrictions	-	-	-	-	-	918,167
Debt service	29,354,194	-	29,354,194	-	-	-
Other special revenue	6,578,249	-	6,578,249	-	-	-
Tax increment financing projects	10,193,630	-	10,193,630	-	-	-
Road construction projects	2,822,763	-	2,822,763	-	-	-
SSMID projects	455,639	-	455,639	-	-	-
Employee benefits	3,003,738	-	3,003,738	-	-	-
Housing and Neighborhood projects	650,000	-	650,000	-	-	-
Unrestricted	109,830,961	54,103,300	163,934,261	31,909,590	1,965,720	2,366,568
	<u>\$ 329,748,519</u>	<u>\$ 244,034,780</u>	<u>\$ 573,783,300</u>	<u>\$ 119,084,229</u>	<u>\$ 25,011,622</u>	<u>\$ 3,284,735</u>

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

**City of Cedar Rapids, Iowa  
Statement of Activities  
For the Year Ended June 30, 2007**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
Public safety	\$ 41,827,493	\$ 3,494,651	\$ 669,139	\$ 19,264
Public works	25,633,415	1,031,583	11,296,337	6,739,142
Culture and recreation	14,150,160	2,911,609	813,981	686,758
Community and economic development	17,316,122	1,934,766	9,402,242	106,404
General government	10,671,203	2,313,792	1,053,915	1,008,250
Interest on long-term debt	4,965,549	-	-	-
Total governmental activities	<u>114,563,942</u>	<u>11,686,401</u>	<u>23,235,614</u>	<u>8,559,818</u>
Business-type activities:				
Water	19,981,289	21,630,046	-	4,413,811
Water pollution control	25,013,567	22,131,342	-	5,202
Sanitary sewer	5,521,451	7,171,948	-	1,818,977
Ground transportation system	8,710,141	1,136,814	2,844,586	969,200
Parking system	3,614,899	2,992,440	-	676,759
Solid waste management	5,978,733	6,977,774	685	204,888
Golf	2,854,476	2,708,739	-	-
U.S. Cellular center	2,450,662	2,161,352	-	-
Paramount theatre	1,106,828	698,640	-	-
Ice arena	1,800,805	1,046,058	-	-
Total business-type activities	<u>77,032,851</u>	<u>68,655,153</u>	<u>2,845,271</u>	<u>8,088,837</u>
Total primary government	<u>191,596,793</u>	<u>80,341,554</u>	<u>26,080,885</u>	<u>16,648,655</u>
<b>Component units:</b>				
Airport	11,351,175	13,268,885	283,362	6,511,292
Cedar Rapids / Linn County Solid Waste Agency	6,104,886	7,163,255	117,573	505,838
Cedar Rapids Public Library Foundation	101,747	397,604	-	-
Total component units	<u>17,557,808</u>	<u>20,829,744</u>	<u>400,935</u>	<u>7,017,130</u>

General revenues:  
  Property taxes  
  Other taxes  
  Franchise taxes  
  Investment income  
  Gain on sale of capital assets  
Special items:  
  Retirement employee payouts  
  Loss on investments  
Transfers  
  Total general revenues, special items,  
  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
\$ (37,644,439)	\$ -	\$ (37,644,439)	\$ -	\$ -	\$ -
(6,566,353)	-	(6,566,353)	-	-	-
(9,737,812)	-	(9,737,812)	-	-	-
(5,872,710)	-	(5,872,710)	-	-	-
(6,295,246)	-	(6,295,246)	-	-	-
(4,965,549)	-	(4,965,549)	-	-	-
<u>(71,082,109)</u>	<u>-</u>	<u>(71,082,109)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	6,062,568	6,062,568	-	-	-
-	(2,877,023)	(2,877,023)	-	-	-
-	3,469,474	3,469,474	-	-	-
-	(3,759,541)	(3,759,541)	-	-	-
-	54,300	54,300	-	-	-
-	1,204,614	1,204,614	-	-	-
-	(145,737)	(145,737)	-	-	-
-	(289,310)	(289,310)	-	-	-
-	(408,188)	(408,188)	-	-	-
-	(754,747)	(754,747)	-	-	-
-	<u>2,556,410</u>	<u>2,556,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(71,082,109)</u>	<u>2,556,410</u>	<u>(68,525,699)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	8,712,364	-	-
-	-	-	-	1,681,780	-
-	-	-	-	-	295,857
-	-	-	<u>8,712,364</u>	<u>1,681,780</u>	<u>295,857</u>
77,333,284	3,008,087	80,341,371	-	-	-
2,662,816	-	2,662,816	-	-	-
1,298,253	-	1,298,253	-	-	-
6,220,908	3,850,562	10,071,470	1,495,752	1,432,152	-
491,285	-	491,285	-	-	-
-	(1,981,523)	(1,981,523)	-	-	-
(1,144,096)	(520,716)	(1,664,812)	(284,932)	-	-
230,414	(230,414)	-	-	-	-
<u>87,092,864</u>	<u>4,125,996</u>	<u>91,218,860</u>	<u>1,210,820</u>	<u>1,432,152</u>	<u>-</u>
16,010,755	6,682,406	22,693,161	9,923,184	3,113,932	295,857
313,737,764	237,352,374	551,090,138	109,161,045	21,897,690	2,988,878
<u>\$ 329,748,519</u>	<u>\$ 244,034,780</u>	<u>\$ 573,783,299</u>	<u>\$ 119,084,229</u>	<u>\$ 25,011,622</u>	<u>\$ 3,284,735</u>

**City of Cedar Rapids, Iowa**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

	General	Infrastructure Construction	Debt Service	Employee Benefits	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 199,990,464	\$ 18,122,795	\$ 26,430,077	\$ -	\$ 7,562,158	\$ 252,105,494
Receivables:						
Taxes	40,104,777	-	9,848,505	14,335,560	15,708,645	79,997,487
Accounts and unbilled usage	344,174	51	-	-	1,895,325	2,239,550
Special assessments	113,651	1,822,153	-	-	-	1,935,804
Interest	1,754,991	-	-	104	84,514	1,839,609
Advance to other funds	188,000	-	-	-	-	188,000
Due from other funds	-	27,969,494	2,813,050	3,631,456	25,957,566	60,371,566
Due from other governments	426,128	4,045,790	-	-	4,091,928	8,563,846
Inventories	237,035	-	-	-	8,873	245,908
Prepaid items	104,829	-	-	-	26,950	131,779
Total assets	<u>243,264,049</u>	<u>51,960,283</u>	<u>39,091,632</u>	<u>17,967,120</u>	<u>55,335,959</u>	<u>407,619,043</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Vouchers payable	1,056,736	566,524	42	116,857	621,726	2,361,885
Contracts payable	-	133,647	-	-	36,945	170,592
Accrued expenditures	1,353,661	-	-	-	907,657	2,261,318
Revenues collected in advance	49,662	-	-	243	117,932	167,837
Deferred revenues	39,703,884	4,647,993	9,737,396	14,159,235	19,052,842	87,301,350
Due to other funds	135,667,657	-	-	-	914,593	136,582,250
Advance from other funds	-	-	-	-	3,712,987	3,712,987
Due to component unit	31,724,686	-	-	-	-	31,724,686
Due to general public	-	-	-	-	224,074	224,074
Due to employees	-	-	-	8,803	-	8,803
Due to other governments	968,205	-	-	678,124	192	1,646,521
Security deposits	-	-	-	120	500	620
Total liabilities	<u>210,524,491</u>	<u>5,348,164</u>	<u>9,737,438</u>	<u>14,963,382</u>	<u>25,589,448</u>	<u>266,162,923</u>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Prepaid items	104,829	-	-	-	26,950	131,779
Encumbrances	1,915,282	7,610,419	-	-	2,214,756	11,740,457
Inventories	237,035	-	-	-	8,873	245,908
Future construction	170,291	-	-	-	-	170,291
Advance from other funds	188,000	-	-	-	-	188,000
Employee retirement	165,993	2,089,588	-	-	3,395,164	5,650,745
Debt service	-	-	29,354,194	-	-	29,354,194
<b>Unreserved, designated:</b>						
Targeted fund balance	20,525,209	-	-	-	-	20,525,209
<b>Unreserved, undesignated reported in:</b>						
General fund	9,432,919	-	-	-	-	9,432,919
Special revenue funds	-	-	-	3,003,738	19,689,909	22,693,647
Capital projects funds	-	36,912,112	-	-	4,410,859	41,322,971
Total fund balances	<u>32,739,558</u>	<u>46,612,119</u>	<u>29,354,194</u>	<u>3,003,738</u>	<u>29,746,511</u>	<u>141,456,120</u>
Total liabilities and fund balances	<u>\$ 243,264,049</u>	<u>\$ 51,960,283</u>	<u>\$ 39,091,632</u>	<u>\$ 17,967,120</u>	<u>\$ 55,335,959</u>	<u>\$ 407,619,043</u>

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

**City of Cedar Rapids, Iowa**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2007**

Fund balances-total governmental funds		\$ 141,456,120
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.		294,072,577
Other long-term assets not available to pay for current-period expenditures and, therefore, are deferred in the funds		5,542,524
Internal service funds:		
Capital assets	6,501,186	
Other current assets	1,911,520	
Internal balances	28,714,545	
Other current liabilities	(8,916,275)	
Noncurrent liabilities	(183,149)	28,027,827
Internal service funds allocated to business-type activities		(896,675)
Long-term liabilities, including bonds payable, are not due and payable in current period and therefore are not reported in the funds:		
Compensated absences	(4,599,334)	
Bonds payable	(132,595,974)	
Bond premium	(844,198)	
Accrued interest on long-term debt	(389,093)	
Note payable	(650,000)	
Deferred charges	624,745	(138,453,854)
Net assets of governmental activities		\$ 329,748,519

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, 2007**

	General	Infrastructure Construction	Debt Service	Employee Benefits	Other Governmental Funds	Total
<b>Revenues:</b>						
Property taxes	\$ 39,311,414	\$ -	\$ 9,242,083	\$ 14,403,721	\$ 14,376,066	\$ 77,333,284
Other taxes	1,298,253	-	-	-	2,653,749	3,952,002
Licenses and permits	2,046,963	-	-	-	5,360	2,052,323
Intergovernmental	557,452	3,368,105	-	-	22,614,802	26,540,359
Charges for services	2,825,878	138,102	-	-	92,959	3,056,939
Fines and forfeits	340,957	-	-	-	10,720	351,677
Use of money and property	1,707,673	2,219,723	482,296	131,198	1,688,081	6,228,971
Rents and royalties	502,947	14,419	-	-	443,406	960,772
Miscellaneous	1,452,953	475,645	49,750	-	1,577,697	3,556,045
Total revenues	<u>50,044,490</u>	<u>6,215,994</u>	<u>9,774,129</u>	<u>14,534,919</u>	<u>43,462,840</u>	<u>124,032,372</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	39,697,676	-	-	-	874,351	40,572,027
Public works	16,375,574	84,721	-	-	-	16,460,295
Culture and recreation	11,009,857	-	-	-	1,188,316	12,198,173
Community and economic development	3,434,976	-	-	-	13,790,230	17,225,206
General government	7,020,509	-	431	(6)	1,268,211	8,289,145
<b>Debt service:</b>						
Principal	-	-	9,358,600	-	-	9,358,600
Interest	-	-	4,944,171	-	7,579	4,951,750
Bond issuance costs	-	57,972	-	-	19,032	77,004
Capital outlay	1,091,339	9,117,700	-	-	6,870,467	17,079,506
Total expenditures	<u>78,629,931</u>	<u>9,260,393</u>	<u>14,303,202</u>	<u>(6)</u>	<u>24,018,186</u>	<u>126,211,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,585,441)</u>	<u>(3,044,399)</u>	<u>(4,529,073)</u>	<u>14,534,925</u>	<u>19,444,654</u>	<u>(2,179,334)</u>
<b>Other Financing Sources (Uses):</b>						
Issuance of note payable	-	-	-	-	650,000	650,000
Long-term debt issued	-	9,811,500	25,442,000	-	488,500	35,742,000
Premium (Discount) on bonds issued	-	(30,156)	610,080	-	(1,292)	578,632
Capital Contributions	7,500	129,269	-	-	-	136,769
Settlement reimbursement	21	-	-	-	-	21
Sale of capital assets	604,074	3,750	-	-	456	608,280
Transfers in	31,642,964	1,295,376	5,014,423	-	2,998,966	40,951,729
Transfers (out)	(190,000)	(150,030)	-	(13,599,588)	(26,117,980)	(40,057,598)
Total other financing sources (uses)	<u>32,064,559</u>	<u>11,059,709</u>	<u>31,066,503</u>	<u>(13,599,588)</u>	<u>(21,981,350)</u>	<u>38,609,833</u>
<b>Special item:</b>						
Loss on investments	(316,685)	(254,418)	(47,498)	(46,040)	(245,881)	(910,522)
Net change in fund balances	3,162,433	7,760,892	26,489,932	889,297	(2,782,577)	35,519,977
Fund balances - July 1, 2006	29,577,125	38,851,227	2,864,262	2,114,441	32,529,088	105,936,143
Fund balances - June 30, 2007	<u>\$ 32,739,558</u>	<u>\$ 46,612,119</u>	<u>\$ 29,354,194</u>	<u>\$ 3,003,738</u>	<u>\$ 29,746,511</u>	<u>\$ 141,456,120</u>

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

**City of Cedar Rapids, Iowa**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2007**

Net change in fund balances-total governmental funds \$ 35,519,977

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

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

Capital outlay	17,075,013	
Contributions of capital assets	3,304,771	
Depreciation expense	<u>(13,897,344)</u>	6,482,440

Governmental funds reported proceeds from sale of capital assets	(608,280)
Gain on sale of capital assets	491,285

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 1,177,024

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:

Premium on bond issued	(610,080)	
Payments of bond principal	9,358,600	
Issuance of debt	(35,742,000)	
Accrued interest	(3,630)	
Discount on bonds issued	31,448	
Bond issuance costs	77,004	
Amortization on premium	37,958	
Amortization on discount	(35,939)	
Issuance of note payable	(650,000)	(27,536,639)

Expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (44,665)

Internal service funds net change reported in governmental activities 529,613

Change in net assets - governmental activities \$ 16,010,755

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



**City of Cedar Rapids, Iowa**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2007**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Water Pollution Control	Sanitary Sewer	Other		
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and investments	\$ 1,161,471	\$ 75	\$ 777	\$ 427,455	\$ 1,589,778	\$ 880,044
Receivables:						
Taxes	-	-	-	3,070,737	3,070,737	-
Accounts and unbilled usage, net						
\$460,241 of allowance for doubtful accounts	2,226,919	3,461,248	239,610	1,601,695	7,529,472	251,118
Interest	5,946	-	-	272	6,218	4,177
Due from other funds	9,621,896	12,343,627	6,918,507	21,273,694	50,157,724	25,001,558
Advance to other funds	-	-	-	-	-	3,712,987
Due from other governments	61,177	-	4,002	314,218	379,397	35,394
Inventories	722,039	-	514	558,768	1,281,321	225,539
Prepaid items	5,729	1,800	-	89,348	96,877	515,248
Deferred charges	315,168	191,908	119,115	26,981	653,172	-
Restricted Assets:						
Cash and investments	9,467,902	29,488,512	13,040,884	3,422,644	55,419,943	-
Due from other funds	-	-	-	1,610,980	1,610,980	-
<b>Total current assets</b>	<b>23,588,247</b>	<b>45,487,170</b>	<b>20,323,409</b>	<b>32,396,792</b>	<b>121,795,619</b>	<b>30,626,065</b>
<b>Noncurrent assets:</b>						
Land	437,328	1,355,790	390,031	10,101,717	12,284,866	1,016,663
Buildings and structures	55,189,705	98,036,067	-	64,833,373	218,059,145	7,737,246
Improvements other than buildings	104,193,673	42,956,856	94,033,535	18,962,207	260,146,271	1,843,172
Machinery and equipment	4,820,924	4,932,851	3,356,221	27,511,589	40,621,585	726,925
Accumulated depreciation	(55,315,315)	(80,008,282)	(38,170,933)	(57,971,696)	(231,466,226)	(4,882,227)
Construction in progress	4,627,265	11,179,128	28,833	1,800,381	17,635,607	59,407
<b>Total noncurrent assets</b>	<b>113,953,580</b>	<b>78,452,410</b>	<b>59,637,687</b>	<b>65,237,571</b>	<b>317,281,248</b>	<b>6,501,186</b>
<b>Total assets</b>	<b>137,541,827</b>	<b>123,939,580</b>	<b>79,961,096</b>	<b>97,634,363</b>	<b>439,076,867</b>	<b>37,127,251</b>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Vouchers payable	1,472,257	713,784	449,510	1,306,138	3,941,689	464,730
Claims and judgements payable	-	-	-	-	-	7,718,800
Contracts payable	210,981	158,709	90,289	4,808	464,787	-
Accrued expenses	121,548	130,405	31,689	403,597	687,239	36,543
Compensated absences	371,679	270,334	51,712	469,569	1,163,294	122,206
Revenues collected in advance	50,614	-	-	189,593	240,207	-
Deferred revenues	59,377	-	-	3,093,057	3,152,434	-
Due to other funds	-	-	-	559,578	559,578	-
Due to other governments	-	69,456	-	135,543	204,999	-
Advance from other funds	-	-	-	188,000	188,000	-
Post-employment liability	-	-	-	-	-	1,081,674
Security deposits	260,577	-	-	15,158	275,735	473
General obligation bonds payable	4,710,900	3,589,400	1,556,900	848,000	10,705,200	90,000
Unamortized bond premium	40,899	32,941	12,213	1,853	87,906	1,099
Matured bonds interest payable	201,898	183,008	86,949	52,425	524,280	750
Liabilities payable from restricted assets:						
Closure/post closure landfill	-	-	-	1,610,980	1,610,980	-
<b>Total current liabilities</b>	<b>7,500,730</b>	<b>5,148,037</b>	<b>2,279,262</b>	<b>8,878,299</b>	<b>23,806,328</b>	<b>8,916,275</b>
<b>Noncurrent liabilities:</b>						
General obligation bonds payable	60,089,100	69,202,850	27,851,600	13,363,526	170,507,076	180,000
Unamortized bond premium	417,378	793,876	192,995	65,279	1,469,528	3,149
Compensated absences	78,725	35,279	6,145	35,681	155,830	-
<b>Total noncurrent liabilities</b>	<b>60,585,203</b>	<b>70,032,005</b>	<b>28,050,740</b>	<b>13,464,486</b>	<b>172,132,434</b>	<b>183,149</b>
<b>Total liabilities</b>	<b>68,085,933</b>	<b>75,180,042</b>	<b>30,330,002</b>	<b>22,342,785</b>	<b>195,938,762</b>	<b>9,099,424</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	58,163,205	34,321,855	43,064,863	54,381,557	189,931,480	6,501,186
Unrestricted	11,292,689	14,437,683	6,566,231	20,910,021	53,206,624	21,526,641
	<b>\$ 69,455,894</b>	<b>\$ 48,759,538</b>	<b>\$ 49,631,094</b>	<b>\$ 75,291,578</b>	<b>\$ 243,138,104</b>	<b>\$ 28,027,827</b>

Total enterprise fund net assets \$ 243,138,104

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

896,676  
\$ 244,034,780

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, 2007**

	Business-type Activities - Enterprise Funds		
	Water	Water Pollution Control	Sanitary Sewer
Operating revenues:			
Charges for services	\$ 20,670,687	\$ 22,093,164	\$ 7,153,831
Fines and forfeits	-	-	-
Use of money and property	69,841	7,713	-
Rents and royalties	36,106	15,102	-
Miscellaneous	853,412	15,363	18,117
Total operating revenues	<u>21,630,046</u>	<u>22,131,342</u>	<u>7,171,948</u>
Operating expenses:			
Personal services	7,837,006	6,127,816	1,663,266
Purchased services	3,268,619	5,636,757	278,445
Supplies and materials	2,309,728	4,537,866	342,068
Other	273,067	78,286	206,154
Depreciation	3,961,515	6,542,912	2,014,852
Total operating expenses	<u>17,649,935</u>	<u>22,923,637</u>	<u>4,504,785</u>
Operating income (loss)	<u>3,980,111</u>	<u>(792,295)</u>	<u>2,667,163</u>
Nonoperating revenues (expenses):			
Intergovernmental	76,028	-	-
Investment earnings	1,140,885	838,167	673,748
Property tax revenue	-	-	-
Gain on sale of capital assets	9,590	5,202	-
Contributions and donations	-	-	-
Interest expense	(2,567,149)	(2,266,776)	(1,075,615)
Total nonoperating revenue (expenses)	<u>(1,340,646)</u>	<u>(1,423,407)</u>	<u>(401,867)</u>
Capital contributions	<u>4,328,193</u>	<u>-</u>	<u>1,818,977</u>
Income (loss) before transfers and special item	6,967,658	(2,215,702)	4,084,273
Special items:			
Water retirement employee payouts	(1,981,523)	-	-
(Loss) on investments	(116,623)	(134,414)	(65,281)
Transfers:			
Transfers in	-	17,721	1,184
Transfers out	<u>(374,863)</u>	<u>(475,578)</u>	<u>(174,820)</u>
Change in net assets	4,494,649	(2,807,973)	3,845,356
Total net assets, beginning	64,961,245	51,567,511	45,785,738
Total net assets, ending	<u>\$ 69,455,894</u>	<u>\$ 48,759,538</u>	<u>\$ 49,631,094</u>

Net changes in net assets in enterprise funds

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

Change in net assets of business-type activities

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

Other	Total	Governmental Activities - Internal Service Funds
\$ 13,632,892	\$ 63,550,574	\$ 22,427,286
272,347	272,347	-
5,220	82,774	-
2,715,480	2,766,688	1,393,428
1,095,878	1,982,770	49,292
<u>17,721,817</u>	<u>68,655,153</u>	<u>23,870,006</u>
12,165,306	27,793,394	3,290,947
5,430,021	14,613,842	17,288,990
2,955,701	10,145,363	114,906
929,839	1,487,346	1,669,789
4,729,685	17,248,964	555,735
<u>26,210,552</u>	<u>71,288,909</u>	<u>22,920,367</u>
(8,488,735)	(2,633,756)	949,639
2,845,271	2,921,299	-
1,197,762	3,850,562	1,340,382
3,008,087	3,008,087	-
219,736	234,528	325
-	-	3,500
(689,157)	(6,598,697)	(12,188)
<u>6,581,699</u>	<u>3,415,779</u>	<u>1,332,019</u>
1,631,111	7,778,281	-
(275,925)	8,560,304	2,281,658
-	(1,981,523)	-
(204,398)	(520,716)	(233,573)
1,512,435	1,531,340	679,280
(736,493)	(1,761,754)	(1,342,997)
295,619	5,827,651	1,384,368
74,995,959	237,310,453	26,643,459
<u>\$ 75,291,578</u>	<u>\$ 243,138,104</u>	<u>\$ 28,027,827</u>
	5,827,651	
	854,754	
	<u>\$ 6,682,405</u>	

**City of Cedar Rapids, Iowa**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2007**

	Business-type Activities - Enterprise Funds				Total	Governmental
	Water	Water Pollution Control	Sanitary Sewer	Other		Activities - Internal Service Funds
<b>Cash flows from operating activities:</b>						
Cash received from users	\$ 21,610,772	\$ 22,293,389	\$ 7,155,734	\$ 17,904,489	\$ 68,964,384	\$ 23,868,663
Cash paid to employees	(7,883,018)	(6,100,135)	(1,662,616)	(11,982,647)	(27,628,416)	(2,598,003)
Cash paid to suppliers	(5,401,376)	(10,262,634)	(591,484)	(9,086,354)	(25,341,848)	(17,630,958)
Net cash flows from operating activities	<u>8,326,378</u>	<u>5,930,620</u>	<u>4,901,634</u>	<u>(3,164,512)</u>	<u>15,994,120</u>	<u>3,639,702</u>
<b>Cash flows from non-capital financing activities:</b>						
Borrowing from other funds	7,948,743	6,297,738	1,923,500	6,601,921	22,771,902	3,980,810
Loans to other funds	(8,389,018)	(6,775,955)	(3,915,190)	(6,408,149)	(25,488,312)	(7,515,025)
Closure/post closure landfill	-	-	-	(1,567,116)	(1,567,116)	-
Contributions and donations	-	-	-	-	-	3,500
Intergovernmental	76,028	-	-	2,845,271	2,921,299	-
Water retirement employee payouts	(1,981,523)	-	-	-	(1,981,523)	-
Transfers in	-	17,721	1,184	1,512,435	1,531,340	679,280
Transfers out	(374,863)	(475,578)	(174,820)	(736,493)	(1,761,754)	(1,342,997)
Property taxes	-	-	-	3,006,405	3,006,405	-
Net cash flows from non-capital financing activities	<u>(2,720,633)</u>	<u>(936,074)</u>	<u>(2,165,326)</u>	<u>5,254,274</u>	<u>(567,759)</u>	<u>(4,194,432)</u>
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(6,014,453)	(3,888,495)	(2,685,848)	(3,404,223)	(15,993,019)	(533,677)
Proceeds from disposition of property and equipment	9,590	5,202	-	219,736	234,528	325
Capital contributions	-	-	-	1,631,111	1,631,111	-
General obligation bonds issued	5,940,000	31,490,000	10,135,000	3,353,000	50,918,000	90,000
Premium on bonds	142,437	606,795	158,263	56,424	963,919	2,158
Discount on bonds	-	(25,290)	(14,453)	(773)	(40,516)	-
Principal paid	(4,847,200)	(3,465,900)	(1,485,400)	(818,000)	(10,616,500)	(90,000)
Issuance costs on issue	(10,707)	(64,714)	(22,814)	(7,330)	(105,565)	(162)
Interest paid	(2,593,875)	(2,277,812)	(1,071,422)	(688,984)	(6,632,093)	(13,500)
Net cash flows from capital and related financing activities	<u>(7,374,208)</u>	<u>22,379,786</u>	<u>5,013,326</u>	<u>340,961</u>	<u>20,359,865</u>	<u>(544,856)</u>
<b>Cash flows from investing activities:</b>						
Gain (Loss) on investments	(116,623)	(134,414)	(65,281)	(204,398)	(520,716)	(233,573)
Interest on investments	1,134,939	838,167	673,748	1,197,762	3,844,616	1,340,859
Net cash flows from investing activities	<u>1,018,316</u>	<u>703,753</u>	<u>608,467</u>	<u>993,364</u>	<u>3,323,900</u>	<u>1,107,286</u>
Net increase (decrease) in cash and cash equivalents	(750,147)	28,078,085	8,358,101	3,424,086	39,110,126	7,700
Cash and cash equivalents, July 1, 2006	11,379,520	1,410,502	4,683,560	426,013	17,899,595	872,344
Cash and cash equivalents, June 30, 2007	<u>\$ 10,629,373</u>	<u>\$ 29,488,587</u>	<u>\$ 13,041,661</u>	<u>\$ 3,850,099</u>	<u>\$ 57,009,721</u>	<u>\$ 880,044</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities</b>						
Operating income (loss)	\$ 3,980,111	\$ (792,295)	\$ 2,667,163	\$ (8,488,735)	\$ (2,633,756)	\$ 949,639
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	3,961,515	6,542,912	2,014,852	4,729,685	17,248,964	555,735
Change in assets and liabilities:						
(Increase) decrease in prepaid items	25	19,180	1,000	(5,458)	14,747	419,892
Increase (decrease) in vouchers payable	388,807	(28,905)	234,183	370,108	964,193	(1,114,109)
(Decrease) in accrued expenses	4,465	39,362	7,330	144,722	195,879	879
Increase (decrease) in compensated absences	(50,477)	(11,681)	(6,680)	37,937	(30,901)	51,786
(Increase) decrease in accounts receivable	(89,951)	155,094	(16,214)	110,330	159,259	15,621
(Increase) (decrease) in inventories	61,206	-	-	(135,443)	(74,237)	(2,379)
(Increase) decrease in due from other governments	(48,595)	-	-	126,986	78,391	(4,607)
Increase (decrease) due to other governments	-	6,953	-	(41,107)	(34,154)	-
Increase (decrease) in revenues collected in advance	50,614	-	-	2,927	53,541	(12,830)
Increase (decrease) in security deposit	29,896	-	-	(11,576)	18,320	473
Increase (decrease) in deferred revenue	38,762	-	-	(4,888)	33,874	-
Increase in post-employment liability	-	-	-	-	-	788,402
Increase in open claims payable	-	-	-	-	-	1,991,200
Net cash flows from operating activities	<u>\$ 8,326,378</u>	<u>\$ 5,930,620</u>	<u>\$ 4,901,634</u>	<u>\$ (3,164,512)</u>	<u>\$ 15,994,120</u>	<u>\$ 3,639,702</u>
<b>Schedule of noncash capital and related financing activities:</b>						
Acquisition of capital assets through contracts payable	\$ 21,736	\$ (177,522)	\$ (68,268)	\$ (2,083)	\$ (226,137)	\$ -
Acquisition of capital assets through private contributions	\$ 4,328,193	\$ -	\$ 1,818,977	\$ -	\$ 6,147,170	\$ -

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, 2007**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Due from other governments	780,771
Total assets	<u>\$ 780,771</u>
 <b>LIABILITIES</b>	
Vouchers payable	54,751
Due to other governments	336,973
Security deposits	389,047
Total liabilities	<u>\$ 780,771</u>

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

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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 its 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 1<sup>st</sup> Street S.E., Cedar Rapids, Iowa 52401.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the City is reported separately from component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due (matured).

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

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

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

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

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

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

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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. These include the risk management activities, public works building, and joint communications services for the City.

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 consist 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

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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.

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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, 2007, were due by July 1, 2006, with the first half installment being delinquent after September 30, 2006, and the second half installment being delinquent after March 31, 2007. 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 2007 levy certified on March 15, 2007, based on 2006 assessed valuations. As the levy is intended for use in the 2008 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.

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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, 2007, 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, are 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
Infrastructure	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, 2007, are as follows:

Governmental	\$ 13,675,993
Business-type	<u>3,976,710</u>
Subtotal	17,652,703
Component Units	<u>459,175</u>
Total	<u>\$ 18,111,878</u>

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

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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 \$29,354,194 for debt service, \$6,578,249 for other special revenue, \$10,193,630 for tax increment financing projects, \$2,822,163 for road construction projects, \$455,639 for Self-Supported Municipal Improvement District (SSMID) projects, and \$3,003,738 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.

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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

Fund receivables and payables at June 30, 2007, were:

	<u>Receivables</u>	<u>Payables</u>
Due to/from other funds:		
Governmental:		
General Fund	\$ -	\$ 135,667,657
Infrastructure Construction Fund	27,969,494	-
Debt Service Fund	2,813,050	-
Employee Benefits	3,631,456	
Nonmajor Funds	25,957,566	914,593
Internal Service Funds	<u>25,001,558</u>	<u>-</u>
Total Governmental	<u>85,373,124</u>	<u>136,582,250</u>
Business-type:		
Water	9,621,896	-
Water Pollution Control	12,343,627	-
Sanitary Sewer	6,918,507	-
Nonmajor Funds	<u>22,884,674</u>	<u>559,578</u>
Total Business-type	<u>51,768,704</u>	<u>559,578</u>
Total due to/from other funds	<u>\$ 137,141,828</u>	<u>\$ 137,141,828</u>

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

	<u>Advances to</u>	<u>Advances from</u>
Governmental:		
General Fund	\$ 188,000	\$ -
Internal Service Funds	3,712,987	-
Nonmajor Funds	-	3,712,987
Business-type		
Nonmajor Funds	<u>-</u>	<u>188,000</u>
Total advance to/from other funds	<u>\$ 3,900,987</u>	<u>\$ 3,900,987</u>

These balances resulted from 1) advances from Risk Management to fund a site cleanup project in the Other Construction Fund until subsequent funding is received and 2) cash flow advances from the General Fund to U.S. Cellular Center Fund until further revenue is generated.

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Primary government and component unit Receivables and Payables:

	<u>Receivables</u>	<u>Payables</u>
Governmental:		
General	\$ -	\$ 31,724,686
Component Unit:		
Airport - Unrestricted	31,724,686	-
Total primary government and component unit	<u>\$ 31,724,686</u>	<u>\$ 31,724,686</u>

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, 2007, were:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental:		
General Fund	\$ 31,642,964	\$ 190,000
Infrastructure Construction Fund	1,295,376	150,030
Debt Service Fund	5,014,423	-
Employee Benefits	-	13,599,588
Nonmajor Funds	2,998,966	26,117,980
Internal Service Funds	679,280	1,342,997
Total Governmental	<u>41,631,009</u>	<u>41,400,595</u>
Business-type:		
Water Fund	-	374,863
Water Pollution Control Fund	17,721	475,578
Sanitary Sewer Fund	1,184	174,820
Other Business-Type Funds	1,512,435	736,493
Total Business-Type	<u>1,531,340</u>	<u>1,761,754</u>
Total	<u>\$ 43,162,349</u>	<u>\$ 43,162,349</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**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.

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The amount of property taxes received for SSMID during the year ended June 30, 2007, between the district overlapping the Tax Incremental Financing District (TIF) and the district associated only to SSMID were as follows:

SSMID only	\$	308,592
SSMID within TIF		192,229
		<u>500,821</u>
	\$	<u>500,821</u>

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

**Note 5: Construction Commitments**

The total outstanding construction commitment of the City at June 30, 2007 amounts to \$13,983,377. Of these commitments, \$2,281,656 will be funded by federal and state grants. The total outstanding construction commitment of the Airport, a component unit, at June 30, 2007 amounts to \$7,871,687. Of these commitments, \$6,540,898 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.

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

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

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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, 2007, the City had the following investments with the following maturities:

Investment Type:	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Total
U.S. Agencies	\$ 43,242,175	\$ 42,242,800	\$ -	\$ -	\$ 999,375	\$ 43,242,175
GNMA'S	3,391,615	165	229	6,927	3,384,294	3,391,615
COMMERICAL PAPER	16,127,091	16,127,091	-	-	-	16,127,091
IPAIT	9,166,213	9,166,213	-	-	-	9,166,213
<b>Total</b>	<b>\$ 71,927,094</b>	<b>\$ 67,536,269</b>	<b>\$ 229</b>	<b>\$ 6,927</b>	<b>\$ 4,383,669</b>	<b>\$ 71,927,094</b>

*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, 2007, the City had the following ratings:

Investment Type:	Moody's	Standard & Poor's
U.S. Agencies	AAA	AAA
Commercial Paper - Citigroup	P-1	A-1+
Commercial Paper – EVVLF USA	P-1	A-1+
Commercial Paper – Athos.	P-1	A-1+
Commercial Paper – Westpac	P-1	A-1+
Commercial Paper – Golden Key	P-1	A-1+
Commercial Paper – Cortland Capital	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

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and be either insured or collateralized. As of June 30, 2007, 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, 2007, except for the commercial paper.

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, 2007 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,960,918	\$ 5,112,917	\$ -	\$ 29,073,835
Construction in progress	1,612,021	1,019,662	(178,646)	2,453,037
Total capital assets, not being depreciated	<u>25,572,939</u>	<u>6,132,579</u>	<u>(178,646)</u>	<u>31,526,872</u>
Capital assets, being depreciated:				
Buildings and structures	68,236,768	714,087	-	68,950,855
Improvements other than buildings	297,152,399	12,968,464	(8,543)	310,112,320
Machinery and equipment	36,624,189	1,276,976	(966,069)	36,935,096
Total capital assets being depreciated	<u>402,013,356</u>	<u>14,959,524</u>	<u>(974,612)</u>	<u>415,998,271</u>
Less accumulated depreciation for:				
Buildings and structures	(22,353,382)	(1,879,070)	-	(24,232,452)
Improvements other than buildings	(88,132,467)	(10,245,580)	2,989	(98,375,058)
Machinery and equipment	(22,870,067)	(2,328,429)	854,626	(24,343,870)
Total accumulated depreciation	<u>(133,355,916)</u>	<u>(14,453,079)</u>	<u>857,616</u>	<u>(146,951,380)</u>
Total capital assets, being depreciated, net	<u>268,657,440</u>	<u>506,448</u>	<u>(116,996)</u>	<u>269,046,891</u>
Governmental activities capital assets, net	<u>\$ 294,230,379</u>	<u>\$ 6,639,027</u>	<u>\$ (295,642)</u>	<u>\$ 300,573,763</u>

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

Governmental activities:	
Public safety	\$ 1,255,466
Public works	9,168,627
Culture and recreation	1,951,987
Community and economic development	90,916
General government	1,430,348
Internal service funds	555,735
Total depreciation expense - governmental activities	<u>\$ 14,453,079</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 12,229,538	\$ 55,328	\$ -	\$ 12,284,866
Construction in progress	11,019,762	9,688,671	(3,072,826)	17,635,607
Total capital assets, not being depreciated	23,249,300	9,743,999	(3,072,826)	29,920,473
Capital assets, being depreciated:				
Buildings and structures	217,807,843	251,302	-	218,059,145
Improvements other than buildings	249,088,078	11,058,193	-	260,146,271
Machinery and equipment	37,753,358	3,933,390	(1,065,163)	40,621,585
Total capital assets being depreciated	504,649,279	15,242,885	(1,065,163)	518,827,001
Less accumulated depreciation for:				
Buildings and structures	(106,925,320)	(6,730,174)	-	(113,655,494)
Improvements other than buildings	(82,288,805)	(8,086,009)	-	(90,374,814)
Machinery and equipment	(26,068,300)	(2,432,781)	1,065,163	(27,435,918)
Total accumulated depreciation	(215,282,425)	(17,248,964)	1,065,163	(231,466,226)
Total capital assets, being depreciated, net	289,366,854	(2,006,080)	-	287,360,775
Business-type activities capital assets, net	<u>\$ 312,616,154</u>	<u>\$ 7,737,919</u>	<u>\$ (3,072,826)</u>	<u>\$ 317,281,248</u>

Business-type activities:				
Water			\$ 3,961,515	
Water Pollution Control			6,542,912	
Sanitary Sewer			2,014,852	
Other Business-Type Funds			4,729,685	
Total depreciation expense - business-type activities			<u>\$ 17,248,964</u>	

Activity for the Airport for the year ended June 30, 2007, 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	2,136,257	4,296,093	(1,623,006)	4,809,344
Total capital assets, not being depreciated	10,968,487	4,296,093	(1,623,006)	13,641,574
Capital assets, being depreciated:				
Buildings and structures	60,975,765	-	-	60,975,765
Improvements other than buildings	61,030,270	6,092,043	-	67,122,313
Machinery and equipment	3,754,519	91,675	-	3,846,194
Total capital assets being depreciated	125,760,554	6,183,718	-	131,944,272
Less accumulated depreciation for:				
Buildings and structures	(19,972,290)	(1,566,870)	-	(21,539,160)
Improvements other than buildings	(26,825,916)	(3,101,231)	-	(29,927,147)
Machinery and equipment	(2,542,949)	(255,568)	-	(2,798,517)
Total accumulated depreciation	(49,341,155)	(4,923,669)	-	(54,264,824)
Total capital assets, being depreciated, net	76,419,399	1,260,049	-	77,679,448
Airport capital assets, net	<u>\$ 87,387,886</u>	<u>\$ 5,556,142</u>	<u>\$ (1,623,006)</u>	<u>\$ 91,321,022</u>

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Activity for Cedar Rapids/Linn County Solid Waste Agency for the year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: CRLCSWA				
Capital assets, not being depreciated:				
Land	\$ 3,666,290	\$ -	\$ (8,370)	\$ 3,657,920
Construction in progress	-	328,463	-	328,463
Total capital assets, not being depreciated	<u>3,666,290</u>	<u>328,463</u>	<u>(8,370)</u>	<u>3,986,383</u>
Capital assets, being depreciated:				
Buildings and structures	1,537,331	-	(24,641)	1,512,690
Improvements other than buildings	5,586,896	6,800	-	5,593,696
Machinery and equipment	6,728,241	22,591	(1,696,848)	5,053,984
Total capital assets being depreciated	<u>13,852,468</u>	<u>29,391</u>	<u>(1,721,489)</u>	<u>12,160,370</u>
Less accumulated depreciation for:				
Buildings and structures	(571,110)	(69,264)	6,160	(634,214)
Improvements other than buildings	(2,266,615)	(451,951)	-	(2,718,565)
Machinery and equipment	(5,064,739)	(524,933)	1,620,735	(3,968,937)
Total accumulated depreciation	<u>(7,902,464)</u>	<u>(1,046,147)</u>	<u>1,626,895</u>	<u>(7,321,716)</u>
Total capital assets, being depreciated, net	<u>5,950,004</u>	<u>(1,016,756)</u>	<u>(94,594)</u>	<u>4,838,656</u>
CRLCSWA capital assets, net	<u>\$ 9,616,294</u>	<u>\$ (688,293)</u>	<u>\$ (102,964)</u>	<u>\$ 8,825,037</u>

Activity for Cedar Rapids Public Library Foundation for the year ended June 30, 2007 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	(3,216)	-	-	(3,216)
Total capital assets, being depreciated, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 8: Retirement Systems**

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

**Iowa Public Employees Retirement System (IPERS)**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

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Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for airport safety employees, in which case the percentages are 6.08% and 9.12%, respectively. Contribution requirements are established by State statute.

The City contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$2,664,920, \$2,639,937, and \$2,576,902, 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 104<sup>th</sup> 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 27.75% of annual covered payroll. Contribution requirements are established by State statute. The City contributions to MFPRSI for the years ended June 30, 2007, 2006, and 2005 were \$5,340,880, \$5,327,050, and \$4,371,403, respectively, equal to the required contributions for each year.

**Note 9: Long-Term Debt**

**Bonded Debt**

**General Obligation Bonds**

There was \$319,360,000 of general obligation bonds outstanding as of June 30, 2007. Unmatured general obligation bonds to be paid by governmental funds totaled \$132,865,974. General obligation bonds to be paid by enterprise revenue and therefore included as Enterprise Fund obligations total \$181,212,276. General obligation bonds to be paid by Airport, a component unit, and therefore included in the Airport Fund obligations total \$5,281,750. All the general obligation bonds bear interest rates ranging from 2.75% to 6.63% and mature in varying amounts ranging from \$1,090,000 to \$21,840,000 with the final payments due in the year ending June 30, 2026.

During the year ended June 30, 2007, the City issued \$21,020,000 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 parks and trails; equipping of the street, police and fire departments; aiding in the planning, undertaking and carrying out of urban renewal projects within each of the Riverside/Oakhill Urban Renewal Area, Southwest Urban Renewal Area, Coe/Mt Vernon Urban Renewal Area, and Council Street Urban Renewal Area., aiding in planning, undertaking and carrying out of an urban renewal project within the Central Business District Urban Renewal Area, and the intermodal facility in the Downtown district. The average life of the issue is 7.578 years for the Series A and Series B. These bonds bear interest at 4.00% to 4.5% and mature in varying amounts ranging from \$550,000 to \$1,595,000 with the final payment due in the year ending June 30, 2026.

On April 1, 2007, the City issued \$66,870,000 refunding general obligation bonds. The proceeds of the bonds will be used to refund, in advance of their maturity, the following bonds (collectively, the "Refunded Bonds"):

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Original Issue	Refunded Maturities	Call Date/ Crossover Date	Principal Amount to be Refunded
General Obligation Bonds, Series 1998, dated June 1, 1998	2009-2018	June 1, 2008	\$ 15,915,000
General Obligation Bonds, Series 1999B, dated June 1, 1999	2009-2019	June 1, 2008	12,495,000
General Obligation Bonds, Series 2000, dated September 1, 2000	2010-2020	June 1, 2009	19,885,000
General Obligation Bonds, Series 2001B, dated September 1, 2001	2011-2021	June 1, 2010	19,605,000
Total Refunding General Obligation Bonds Refunded			\$ 67,900,000

The refunding is being conducted to achieve interest savings. The refunding will be accomplished by means of a “crossover” refunding mechanism. From the proceeds of the Series 2007A Bonds, the City has established an escrow account to be held by a bank that was named by the City through an open bid award. Amounts in the escrow account have been invested in special obligations of the United States Treasury or other obligations of the United States or of its agencies, which shall mature in such amounts and at such time as to be available to pay the interest portion of the Series 2007A Bonds up to and including the first call date of the applicable series of Refunded Bonds; the principal amount due, as of the first call date of each series of Refunded Bonds, of all the callable maturities of that series of Refunded Bonds; and the costs associated with the issuance of the Series 2007A Bonds.

Until such time as the Refunded Bonds are called for early redemption, the City will continue to make payment of the principal and interest on the Refunded Bonds. When a series of Refunded Bonds has been canceled by redemption, the City will then “crossover” and make payments on the portion of the Series 2007A Bonds applicable to the refunding of that series, which will have no principal payments prior to the respective redemption date. These bonds bear interest at 4.25% to 4.5% and mature in varying amounts ranging from \$1,725,338 to \$8,836,138. Upon crossover, the advanced refunding will result in a difference between the reacquisition price and the net carrying amount of the old debt of \$2.67 million. The net present value benefit of this refunding, the economic gain, is \$3,472,909.

**Notes Payable**

During the year, the City entered into an agreement with Fannie Mae for a line of credit up to \$1.5 million dollars. On June 22, 2007, the City received \$650,000. This line of credit was taken out to finance projects associated with the Housing and Neighborhood Development (H.A.N.D.) program. The interest rate for this line of credit is 6.255% and is quarterly, with the last payment in fiscal year 2009.

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Changes in long-term liabilities

Long-term debt activity for the year ended June 30, 2007, was as follows:

	Balance June 30, 2006	New Issues	Paid	Balance June 30, 2007
Primary government:				
Governmental:				
General obligation	\$ 106,482,574	\$ 35,832,000	\$ 9,448,600	\$ 132,865,974
Note payable	-	650,000	-	650,000
Business-type activities				
Water pollution control	44,768,150	31,490,000	3,465,900	72,792,250
Sanitary Sewer	20,758,900	10,135,000	1,485,400	29,408,500
Water	63,707,200	5,940,000	4,847,200	64,800,000
Other business-type funds	11,676,526	3,353,000	818,000	14,211,526
Total primary government	<u>247,393,350</u>	<u>87,400,000</u>	<u>20,065,100</u>	<u>314,728,250</u>
Component unit:				
General obligation abated by Airport	4,746,650	1,140,000	604,900	5,281,750
Total Long-Term Debt	<u>\$ 252,140,000</u>	<u>\$ 88,540,000</u>	<u>\$ 20,670,000</u>	<u>\$ 320,010,000</u>

	Due within one year
Primary government:	
Governmental	
General obligation	\$ 9,434,950
Notes payable	325,000
Business-type activities:	
Water pollution control	3,589,400
Sanitary Sewer	1,556,900
Water	4,710,900
Other business-type funds	848,000
Total primary government	<u>20,465,150</u>
Component unit:	
General obligation abated by Airport	604,850
Total long-term debt current	<u>\$ 21,070,000</u>

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

At June 30, 2007, the general obligation debt issued by the City did not exceed its legal debt margin compiled as follows:

Total Estimated actual valuation - real property	<u>\$ 7,924,715,499</u>
Debt limit - 5% of total valuation	<u>\$ 396,235,775</u>
Debt applicable to debt limit:	
General obligation bonded debt outstanding	\$ 319,360,000
Note payable	<u>650,000</u>
Legal Debt Margin	<u>\$ 76,225,775</u>

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

Year Ending	Governmental		Business-type activities		General Obligation	
	General Obligation		General Obligation		Totals	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 9,434,950	\$ 4,677,507	\$ 10,705,200	\$ 6,291,972	\$ 20,140,150	\$ 10,969,479
2009	11,641,983	4,705,160	12,941,209	6,638,258	24,583,192	11,343,418
2010	12,388,465	4,572,308	14,082,403	6,535,426	26,470,868	11,107,734
2011	11,487,839	4,409,385	14,176,030	6,384,573	25,663,869	10,793,958
2012	11,165,194	3,928,943	13,217,122	5,781,684	24,382,316	9,710,627
2013-2017	45,950,217	13,093,120	65,988,533	20,031,927	111,938,750	33,125,047
2018-2022	26,248,526	4,495,077	40,806,475	6,500,557	67,055,001	10,995,634
2023-2026	4,548,800	447,716	9,295,304	735,000	13,844,104	1,182,716
	<u>\$ 132,865,974</u>	<u>\$ 40,329,216</u>	<u>\$ 181,212,276</u>	<u>\$ 58,899,397</u>	<u>\$ 314,078,250</u>	<u>\$ 99,228,613</u>

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

Year Ending	General Obligation	
	Abated By	
June 30:	Principal	Interest
2008	\$ 604,850	\$ 199,726
2009	736,807	176,224
2010	824,132	184,010
2011	836,132	147,135
2012	832,683	109,258
2013-2017	696,250	246,139
2018-2022	635,000	165,563
2023-2026	115,896	21,372
	<u>\$ 5,281,750</u>	<u>\$ 1,249,427</u>

A summary of the note payable principal and interest maturities is as follows:

Year Ending	Note Payable	
	Principal	Interest
2008	\$ 325,000	\$ 33,366
2009	325,000	13,201
	<u>\$ 650,000</u>	<u>\$ 46,567</u>

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Changes in other long-term liabilities:

Other long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Claims and Judgments	\$ 5,127,600	\$ 2,116,200	\$ 125,000	\$ 7,118,800	\$ 7,118,800
Compensated absences	4,625,089	274,728	178,277	4,721,540	4,191,002
Governmental activity					
Long-term liabilities	<u>\$ 9,752,689</u>	<u>\$ 2,390,928</u>	<u>\$ 303,277</u>	<u>\$ 1,840,340</u>	<u>\$ 11,309,802</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Business-type activities:					
Compensated absences	\$ 1,350,025	\$ 37,938	\$ 68,839	\$ 1,319,124	\$ 1,163,294
Closure/post closure landfill	3,178,096	-	1,567,116	1,610,980	1,610,980
Business-type activity					
Long-term liabilities	<u>\$ 4,528,121</u>	<u>\$ 37,938</u>	<u>\$ 1,635,955</u>	<u>\$ 2,930,104</u>	<u>\$ 2,774,274</u>
Component Units:					
Airport					
Compensated absences	<u>\$ 218,608</u>	<u>\$ 30,091</u>	<u>\$ -</u>	<u>\$ 248,699</u>	<u>\$ 247,756</u>
CRLCSWA:					
Compensated absences	\$ 108,244	\$ 163,677	\$ 152,675	\$ 119,246	\$ 119,246
Closure/post closure landfill	13,065,317	233,789	360,572	12,938,534	3,619,748
Long-term liabilities	<u>\$ 13,173,561</u>	<u>\$ 397,466</u>	<u>\$ 513,247</u>	<u>\$ 13,057,780</u>	<u>\$ 3,738,994</u>

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

**Industrial Revenue Bonds**

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

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As of June 30, 2007, 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, 2007 due on bonds issued after July 1, 1995, is \$88,970,000.

**Note 10: Deficit Fund Equity**

At June 30, 2007, individual fund with deficit fund balances was as follows:

Special Revenue:	
H.O.M.E.	\$ 9,758
Fire Retirement	\$ 26,437

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, 2007. Fire retirement is funded mainly by property tax and is used to fund retired firefighters' health fees. The deficit is caused by property tax not received. It is felt that these are temporary deficits 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. 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 2007 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 2007, the City purchased liability insurance to cover its airport, underground fuel tanks, seven 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 independent appraisers to write vehicle damage repair estimates and adjusters to negotiate bodily injury claims. All City Departments and Enterprise Funds are charged a

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liability premium according to their loss exposure and past losses. The total premium charged for fiscal year 2007 was determined by an actuary at an 80% confidence level. A claims liability of \$2,325,900 as of June 30, 2007, 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 <u>Fiscal Year Liability</u>	Claim <u>Expenses</u>	<u>Claims Paid</u>	Ending <u>Fiscal Year Liability</u>
7/91 - 6/92	\$625,843	\$441,403	(\$161,765)	\$905,481
7/92 - 6/93	\$905,481	\$236,349	(\$244,080)	\$897,750
7/93 - 6/94	\$897,750	\$830,630	(\$177,804)	\$1,550,576
7/94 - 6/95	\$1,550,576	(\$92,496)	(\$139,916)	\$1,318,164
7/95 - 6/96	\$1,318,164	\$2,340,616	(\$209,293)	\$3,449,487
7/96 - 6/97	\$3,449,487	\$609,019	(\$274,034)	\$3,784,472
7/97 - 6/98	\$3,784,472	\$47,916	(\$1,216,679)	\$2,615,709
7/98 - 6/99	\$2,615,709	(\$945,872)	(\$324,767)	\$1,345,070
7/99 - 6/00	\$1,345,070	\$2,010,967	(\$1,956,037)	\$1,400,000
7/00 - 6/01	\$1,400,000	\$2,294,149	(\$564,149)	\$3,130,000
7/01 - 6/02	\$3,130,000	(\$798,744)	(\$621,256)	\$1,710,000
7/02 - 6/03	\$1,710,000	\$290,252	(\$672,252)	\$1,328,000
7/03 - 6/04	\$1,328,000	\$3,381,049	(\$1,985,049)	\$2,724,000
7/04 - 6/05	\$2,724,000	\$1,155,306	(\$1,109,306)	\$2,770,000
7/05 - 6/06	\$2,770,000	\$716,155	(\$2,450,355)	\$1,035,800
7/06 - 6/07	\$1,035,800	\$2,099,743	(\$809,643)	\$2,325,900

**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 their share of past losses. The June 30, 2007 claims liability of \$3,757,900 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:

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	Beginning <u>Fiscal Year Liability</u>	Claim <u>Expenses</u>	<u>Claims Paid</u>	Ending <u>Fiscal Year Liability</u>
7/91 – 6/92	\$775,089	\$463,735	(\$262,637)	\$976,187
7/92 – 6/93	\$976,187	\$419,090	(\$629,060)	\$766,217
7/93 – 6/94	\$766,217	\$1,510,326	(\$568,421)	\$1,708,122
7/94 – 6/95	\$1,708,122	\$735,825	(\$574,389)	\$1,869,558
7/95 – 6/96	\$1,869,558	\$918,252	(\$669,014)	\$2,118,796
7/96 – 6/97	\$2,118,796	\$465,671	(\$605,530)	\$1,978,937
7/97 – 6/98	\$1,978,937	\$57,267	(\$443,934)	\$1,592,270
7/98 – 6/99	\$1,592,270	\$933,605	(\$569,150)	\$1,956,725
7/99 – 6/00	\$1,956,725	\$238,860	(\$775,585)	\$1,420,000
7/00 – 6/01	\$1,420,000	\$843,216	(\$783,216)	\$1,480,000
7/01 – 6/02	\$1,480,000	\$1,352,243	(\$932,243)	\$1,900,000
7/02 – 6/03	\$1,900,000	\$2,291,308	(\$1,185,308)	\$3,006,000
7/03 – 6/04	\$3,006,000	\$1,108,627	(\$1,137,627)	\$2,977,000
7/04 – 6/05	\$2,977,000	\$1,008,467	(\$1,131,467)	\$2,854,000
7/05 – 6/06	\$2,854,000	\$1,091,442	(\$1,010,542)	\$2,934,900
7/06 – 6/07	\$2,934,900	\$1,598,147	(\$775,147)	\$3,757,900

**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. Stop loss insurance was purchased for the period July 1, 2006 thru June 30, 2007. 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, 2007 to be \$996,000. Changes in the Health Fund's claims liability amount since January 1, 1992 are as follows:

	Beginning <u>Fiscal Year Liability</u>	Claim <u>Expenses</u>	<u>Claims Paid</u>	Ending <u>Fiscal Year Liability</u>
1/92 – 6/92	\$0	\$2,229,374	(\$1,869,088)	\$360,286
7/92 – 6/93	\$360,286	\$5,157,419	(\$4,564,705)	\$953,000
7/93 – 6/94	\$953,000	\$5,599,388	(\$5,162,388)	\$1,390,000
7/94 – 6/95	\$1,390,000	\$4,549,217	(\$4,659,217)	\$1,280,000
7/95 – 6/96	\$1,280,000	\$4,509,449	(\$4,839,449)	\$950,000
7/96 – 6/97	\$950,000	\$5,236,036	(\$5,611,036)	\$575,000
7/97 – 6/98	\$575,000	\$5,421,607	(\$5,366,607)	\$630,000
7/98 – 6/99	\$630,000	\$6,289,703	(\$6,149,703)	\$770,000
7/99 – 6/00	\$770,000	\$7,104,771	(\$7,034,771)	\$840,000
7/00 – 6/01	\$840,000	\$7,946,000	(\$7,896,000)	\$890,000
7/01 – 6/02	\$890,000	\$8,203,086	(\$8,288,086)	\$805,000
7/02 – 6/03	\$805,000	\$8,573,153	(\$8,638,153)	\$740,000
7/03 – 6/04	\$740,000	\$10,568,789	(\$10,463,789)	\$845,000
7/04 – 6/05	\$845,000	\$11,156,688	(\$11,141,688)	\$860,000
7/05 – 6/06	\$860,000	\$12,713,370	(\$12,452,370)	\$1,121,000
7/06 – 6/07	\$1,121,000	\$14,939,875	(\$15,064,875)	\$996,000

**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

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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, 2007 to be \$39,000. Changes in the Dental Fund's claims liability amount since April 1, 1993 are as follows:

	<u>Beginning</u> <u>Fiscal Year Liability</u>	<u>Claim</u> <u>Expenses</u>	<u>Claims Paid</u>	<u>Ending</u> <u>Fiscal Year Liability</u>
4/93 – 6/93	\$0	\$98,776	(\$75,801)	\$22,975
7/93 – 6/94	\$22,975	\$394,188	(\$370,663)	\$46,500
7/94 – 6/95	\$46,500	\$398,553	(\$397,053)	\$48,000
7/95 – 6/96	\$48,000	\$456,220	(\$453,220)	\$51,000
7/96 – 6/97	\$51,000	\$482,906	(\$488,906)	\$45,000
7/97 – 6/98	\$45,000	\$569,900	(\$564,900)	\$50,000
7/98 – 6/99	\$50,000	\$551,341	(\$566,541)	\$34,800
7/99 – 6/00	\$34,800	\$652,097	(\$639,897)	\$47,000
7/00 – 6/01	\$47,000	\$626,600	(\$629,600)	\$44,000
7/01 – 6/02	\$44,000	\$722,902	(\$722,902)	\$44,000
7/02 – 6/03	\$44,000	\$737,813	(\$740,813)	\$41,000
7/03 – 6/04	\$41,000	\$791,097	(\$788,097)	\$44,000
7/04 – 6/05	\$44,000	\$770,899	(\$780,899)	\$34,000
7/05 – 6/06	\$34,000	\$782,716	(\$780,816)	\$35,900
7/06 – 6/07	\$35,900	\$792,842	(\$789,742)	\$39,000

**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

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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 \$1,610,980 and are expected to be paid to the agency as closure and postclosure care costs are incurred. The City issued a payment to Cedar Rapids/Linn County Solid Waste Agency of \$352,813 prior to year end which was received by the Agency subsequent to year end.

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, 2007, is summarized below.

These amounts are based on what it would cost to perform all closure and postclosure care costs as of June 30, 2007. 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	\$ 9,714,280	\$ 6,580,743	\$ 16,295,023
Care costs remaining to be recognized attributable to unutilized capacity	-	(1,392,696)	(1,392,696)
Liability retained by City/County	(1,963,793)	-	(1,963,793)
Care costs recognized attributable to utilized capacity	\$ 7,750,487	\$ 5,188,047	\$ 12,938,534
Capacity utilized	100.00%	88.14%	
Estimated remaining life	0 years	1.4 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
2008	57,292
2009	57,500
2010	57,500
2011	57,500
2012	57,500
2013-2017	299,792
Total lease payments	\$ 587,084

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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 January 2008 and January 2051.

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

Fiscal Year	Amount
2008	\$ 2,793,307
2009	1,984,001
2010	1,590,740
2011	1,189,439
2012	1,396,459
2013-2017	4,915,411
2018-2022	1,764,113
2023-2027	1,357,440
2028-2032	906,744
2033-2037	5,350
2038-2042	5,350
2043-2047	3,236
2048-2051	682
Total lease payments	\$ 17,912,272

Cedar Rapids/Linn County Solid Waste Agency, a component unit, leases certain equipment under operating leases expiring at various dates through the year 2011. Minimum lease payments under noncancellable operating leases with an initial term of one year or more as of June 30, 2007 are summarized as follows:

Fiscal Year	Amount
2008	50,000
2009	50,000
2010	50,000
2011	50,000
Total lease payments	\$ 200,000

**Note 16: Subsequent events and special items**

Cedar Rapids/Linn County Solid Waste Agency (CRLCSWA) Commercial Paper

Subsequent to year-end, on July 26, 2007, the CRLCSWA purchased an investment in Rhinebridge, PLC commercial paper. CRLCSWA has a cost basis of \$5,921,250 (\$6,000,000 par) in Rhinebridge PLC commercial paper that failed to pay at maturity (10/24/07) due to illiquidity in the financial markets as an effect of the subprime mortgage crisis. A receiver and manager has been appointed of all the undertakings, property, and assets and is working to determine the market value of Rhinebridge PLC's assets. It is unknown at this time as to the final settlement amount of this investment.

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Special Items

City of Cedar Rapids Commercial Paper

The City of Cedar Rapids has been informed that the Golden Key commercial paper it holds for the investment pool, with a cost basis of \$1,948,700 (\$2,000,000 par), has been delayed in its maturity payment on 12/05/07 due to illiquidity in the financial markets as an effect of the subprime mortgage crisis. A security trustee has been appointed and of all the undertakings, property, and assets and is working to determine the market value of Golden Key's assets. As of June 30, 2007, a loss of \$1,948,700 has been recognized as a special item.

Water Retirement Employee Payout

During the year ended June 30, 2007, \$1,981,523 was paid to water retirement plan employees in the form of annuities or direct cash payouts from the remaining balance. The payment to employees is recorded as a special item since this item is infrequent occurrence.

**Note 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. 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 may elect to stay on the City's group health plan until they reach age 65. Retirees pay 102% of the group rates calculated on the expected costs based on the entire group of actives, COBRA participants, and retirees. COBRA participants may elect to stay of the City's group health plan and dental plan by paying 102% of the group rates.

The current funding policy of the City is to pay health and dental claims as they occur through internal allocated funds. 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 2007, the City contributed \$0. Retiree and COBRA participants receiving benefits contributed \$682,568 through their required contribution of \$473.23 per month for single health coverage, \$1,124.04 for family health coverage, \$24.58 per month for single dental coverage, and \$74.05 per month for family dental 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:

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

Annual required contribution	\$ 743,776
Interest on net OPEB obligation	44,626
Adjustment to annual required contribution	682,568
Annual OPEB cost (expense)	\$ 1,470,970
Contributions made	(682,568)
Increase in net OPEB obligation	\$ 788,402
Net OPEB obligation – July 1, 2007	293,272
Net OPEB obligation – June 30, 2007	\$ 1,081,674

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for fiscal 2007 follows.

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/06	\$1,014,332	71.1%	\$ 293,272
6/30/07	\$1,470,970	46.4%	\$1,081,674

Funded Status and Funding Progress

Post Employment Benefit Obligations Under GASB 45 calculated 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.

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

*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 FY2007 is shown below and is assumed to increase by the HCCT shown below.

Category	Required Monthly Contributions
Single Health	\$ 473.28
Family Health	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 17: New Pronouncements**

As of June 30, 2007, the GASB had issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be 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

**CITY OF CEDAR RAPIDS, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the City beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the City to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27, issued May 2007, will be effective for the City beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

The City's management has not yet determined the effect these Statements 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, 2007**

	Governmental Fund Types Actual Budgetary Basis	Proprietary Fund Types Actual Budgetary Basis	Discretely Presented Component Units Actual Budgetary Basis
<b>Revenues:</b>			
Property taxes	\$ 66,134,262	\$ 3,008,087	\$ -
TIF revenues	11,199,023	-	-
Other taxes	3,952,002	-	-
Licenses and permits	2,052,323	-	1,411
Use of money and property	5,491,957	6,419,299	12,625,953
Intergovernmental	26,540,359	4,552,409	6,841,077
Charges for services	3,056,939	63,540,315	9,057,483
Special assessments	355,674	-	20,171
Miscellaneous	7,291,929	26,539,235	1,370,093
Total revenues	<u>126,074,468</u>	<u>104,059,345</u>	<u>29,916,188</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	41,112,649	-	-
Public works	16,834,594	-	-
Culture and recreation	11,994,031	-	-
Community and economic development	18,670,543	-	-
General government	8,098,703	-	-
Debt service	14,303,202	-	-
Capital projects	19,150,561	-	-
Business-type	-	94,835,276	21,163,686
Total expenditures	<u>130,164,283</u>	<u>94,835,276</u>	<u>21,163,686</u>
Excess (deficiency) of revenues over (under) expenditures	(4,089,815)	9,224,069	8,752,502
Other financing sources, net	80,412,694	(7,231,259)	576,988
Extraordinary items	<u>1,144,096</u>	<u>2,502,239</u>	<u>-</u>
Net change in fund balances, net assets	77,466,975	4,495,049	9,329,490
Fund balances, budgetary basis net assets - July 1, 2006	<u>105,702,717</u>	<u>256,071,500</u>	<u>124,800,085</u>
Fund balances, budgetary basis net assets - June 30, 2007	183,169,692	260,566,549	134,129,575
<b>Adjustments not budgeted:</b>			
Other accrued liabilities	-	-	-
Sale of capital assets	-	(234,853)	-
Bond proceeds	(41,713,572)	(4,604,778)	(1,726,446)
Accrued bond interest	-	10,795,977	7,759,586
Capital outlay variance from depreciation	-	4,643,037	3,933,136
Fund balances, net assets - June 30, 2007 GAAP basis	<u>\$ 141,456,120</u>	<u>\$ 271,165,932</u>	<u>\$ 144,095,851</u>

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

Net	Budgeted Amounts		Final to Actual Variance Positive (Negative)
	Original	Final	
\$ 69,142,349	\$ 65,404,489	\$ 65,404,489	\$ 3,737,860
11,199,023	10,762,935	10,777,027	421,996
3,952,002	5,542,383	5,542,383	(1,590,381)
2,053,734	2,028,080	2,028,080	25,654
24,537,209	18,659,943	20,251,943	4,285,266
37,933,845	47,508,137	41,299,304	(3,365,459)
75,654,737	73,939,154	77,148,575	(1,493,838)
375,845	738,580	1,273,103	(897,258)
35,201,257	33,497,690	32,946,774	2,254,483
<u>260,050,001</u>	<u>258,081,391</u>	<u>256,671,678</u>	<u>3,378,323</u>
41,112,649	41,131,261	42,637,610	1,524,961
16,834,594	17,263,354	17,588,548	753,954
11,994,031	12,220,201	12,429,136	435,105
18,670,543	16,495,539	19,155,275	484,732
8,098,703	8,408,255	10,094,508	1,995,805
14,303,202	14,286,307	14,385,522	82,320
19,150,561	34,694,872	33,659,315	14,508,754
115,998,962	161,741,422	147,435,898	31,436,936
<u>246,163,245</u>	<u>306,241,211</u>	<u>297,385,812</u>	<u>51,222,567</u>
13,886,756	(48,159,820)	(40,714,134)	54,600,890
73,758,423	20,883,500	20,805,642	52,952,781
3,646,335	-	-	3,646,335
91,291,514	(27,276,320)	(19,908,492)	111,200,006
486,574,302	436,062,336	436,062,336	50,511,966
<u>\$ 577,865,816</u>	<u>\$ 408,786,016</u>	<u>\$ 416,153,844</u>	<u>\$ 161,711,972</u>

CITY OF CEDAR RAPIDS, IOWA  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Notes to Required Supplementary Information – Budgetary Reporting  
June 30, 2007

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 decrease budget disbursements by \$8,855,399. 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%
6/30/2007	\$ -	\$ 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, 2007**

	Special Revenue Funds					
	Community Development Block Grants	H.O.M.E.	Hotel-Motel Tax	Tax Incremental Financing	Road Use Tax	Leased Housing
<b>ASSETS</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 54,373	\$ -	\$ -
Receivables:						
Taxes	-	-	-	11,402,900	-	-
Accounts and unbilled usage, net						
\$221,242 of allowance for doubtful accounts	9,266	50,571	-	-	-	1,589
Interest	-	-	-	-	-	-
Due from other funds	38,016	35,597	1,286,544	10,086,609	1,096,654	1,140,068
Due from other governments	120,843	46,296	669,638	-	1,726,109	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>168,125</u>	<u>132,464</u>	<u>1,956,182</u>	<u>21,543,882</u>	<u>2,822,763</u>	<u>1,141,657</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Liabilities:						
Vouchers payable	103,290	6,835	14,468	48,007	-	7,941
Contracts payable	-	-	-	-	-	-
Accrued expenditures	4,954	985	-	-	-	13,704
Revenues collected in advance	-	-	-	-	-	-
Deferred revenues	26,929	134,402	669,638	11,301,945	-	-
Advance from other funds	-	-	720,987	-	-	-
Due to other funds	-	-	-	-	-	-
Due to general public	-	-	-	-	-	224,074
Due to other governments	-	-	-	-	-	192
Security deposits	-	-	-	300	-	-
Total liabilities	<u>135,173</u>	<u>142,222</u>	<u>1,405,093</u>	<u>11,350,252</u>	<u>-</u>	<u>245,911</u>
Fund balances (deficits):						
Reserved for:						
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Encumbrances	664,015	942,522	-	-	-	158
Employee retirement	-	84,447	-	-	-	-
Unreserved, reported in:						
Capital projects funds	-	-	-	-	-	-
Special revenue funds	(631,063)	(1,036,727)	551,089	10,193,630	2,822,763	895,588
Total fund balances (deficits)	<u>32,952</u>	<u>(9,758)</u>	<u>551,089</u>	<u>10,193,630</u>	<u>2,822,763</u>	<u>895,746</u>
Total liabilities and fund balances	<u>\$ 168,125</u>	<u>\$ 132,464</u>	<u>\$ 1,956,182</u>	<u>\$ 21,543,882</u>	<u>\$ 2,822,763</u>	<u>\$ 1,141,657</u>

SSMID	Fire Retirement	Police Retirement	Other	Total	Capital Projects	Total Nonmajor Governmental Funds
					Other Construction	
\$ -	\$ 1,313,178	\$ 3,086,657	\$ 789,113	\$ 5,243,321	\$ 2,318,837	\$ 7,562,158
292,529	1,909,913	1,909,813	193,490	15,708,645	-	15,708,645
-	-	-	202,556	263,982	1,631,343	1,895,325
-	21,232	62,946	336	84,514	-	84,514
471,868	27,945	529,816	5,661,547	20,374,664	5,582,902	25,957,566
-	-	-	1,224,226	3,787,112	304,816	4,091,928
-	-	-	1,624	1,624	7,249	8,873
-	-	-	1,745	1,745	25,205	26,950
<u>764,397</u>	<u>3,272,268</u>	<u>5,589,232</u>	<u>8,074,637</u>	<u>45,465,607</u>	<u>9,870,352</u>	<u>55,335,959</u>
6,942	277	3,131	142,049	332,940	288,786	621,726
-	-	-	4,755	4,755	32,190	36,945
11,077	872,287	-	4,650	907,657	-	907,657
-	-	-	117,932	117,932	-	117,932
290,739	1,893,466	1,893,466	1,227,002	17,437,587	1,615,255	19,052,842
-	-	-	-	720,987	2,992,000	3,712,987
-	532,675	381,918	-	914,593	-	914,593
-	-	-	-	224,074	-	224,074
-	-	-	-	192	-	192
-	-	-	-	300	200	500
<u>308,758</u>	<u>3,298,705</u>	<u>2,278,515</u>	<u>1,496,388</u>	<u>20,661,017</u>	<u>4,928,431</u>	<u>25,589,448</u>
-	-	-	1,624	1,624	7,249	8,873
-	-	-	1,745	1,745	25,205	26,950
-	-	-	109,453	1,716,148	498,608	2,214,756
-	-	3,310,717	-	3,395,164	-	3,395,164
-	-	-	-	-	4,410,859	4,410,859
455,639	(26,437)	-	6,465,427	19,689,909	-	19,689,909
<u>455,639</u>	<u>(26,437)</u>	<u>3,310,717</u>	<u>6,578,249</u>	<u>24,804,590</u>	<u>4,941,921</u>	<u>29,746,511</u>
<u>\$ 764,397</u>	<u>\$ 3,272,268</u>	<u>\$ 5,589,232</u>	<u>\$ 8,074,637</u>	<u>\$ 45,465,607</u>	<u>\$ 9,870,352</u>	<u>\$ 55,335,959</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue Funds					
	Community Development Block Grants	H.O.M.E.	Hotel-Motel Tax	Tax Incremental Financing	Road Use Tax	Leased Housing
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 11,199,023	\$ -	\$ -
Other taxes	-	-	2,653,749	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,246,904	510,805	-	-	10,212,888	6,606,710
Charges for services	1,545	800	-	-	-	371
Fines and forfeits	-	-	-	-	-	-
Use of money and property	-	-	35,403	387,661	75,025	57,364
Rents and royalties	-	-	-	1,090	-	-
Miscellaneous	191,730	145,179	-	49,862	-	96,779
<b>Total revenues</b>	<u>1,440,179</u>	<u>656,784</u>	<u>2,689,152</u>	<u>11,637,636</u>	<u>10,287,913</u>	<u>6,761,224</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	1,437,952	658,924	1,461,740	3,170,339	-	5,935,587
General government	-	-	-	-	-	-
<b>Debt service:</b>						
Bond issuance costs	-	-	-	10,828	-	-
Interest expense	-	-	-	-	-	-
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>938,035</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,437,952</u>	<u>658,924</u>	<u>1,461,740</u>	<u>4,119,202</u>	<u>-</u>	<u>5,935,587</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,227</u>	<u>(2,140)</u>	<u>1,227,412</u>	<u>7,518,434</u>	<u>10,287,913</u>	<u>825,637</u>
<b>Other Financing Sources (Uses):</b>						
Issuance of note payable	-	-	-	650,000	-	-
Long-term debt issued	-	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	17,489	-	-
Transfers (out)	-	-	(738,273)	(5,505,624)	(10,558,223)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(738,273)</u>	<u>(4,838,135)</u>	<u>(10,558,223)</u>	<u>-</u>
<b>Special item:</b>						
Loss on investments	-	-	(4,949)	(93,449)	(17,682)	(10,507)
<b>Net change in fund balances</b>	<u>2,227</u>	<u>(2,140)</u>	<u>484,190</u>	<u>2,586,850</u>	<u>(287,992)</u>	<u>815,130</u>
Fund balances (deficits) - July 1, 2006	30,725	(7,618)	66,899	7,606,780	3,110,755	80,616
<b>Fund balances (deficits) - June 30, 2007</b>	<u>\$ 32,952</u>	<u>\$ (9,758)</u>	<u>\$ 551,089</u>	<u>\$ 10,193,630</u>	<u>\$ 2,822,763</u>	<u>\$ 895,746</u>

SSMID	Fire Retirement	Police Retirement	Other	Total	Capital Projects Other Construction	Total Nonmajor Governmental Funds
\$ 308,592	\$ 1,343,567	\$ 1,335,345	\$ 189,539	\$ 14,376,066	\$ -	\$ 14,376,066
-	-	-	-	2,653,749	-	2,653,749
-	-	-	5,360	5,360	-	5,360
-	-	-	3,128,005	21,705,312	909,490	22,614,802
-	-	-	90,243	92,959	-	92,959
-	-	-	10,720	10,720	-	10,720
18,279	79,240	244,340	329,987	1,227,299	460,782	1,688,081
-	-	-	442,316	443,406	-	443,406
-	712	-	302,759	787,021	790,676	1,577,697
<u>326,871</u>	<u>1,423,519</u>	<u>1,579,685</u>	<u>4,498,929</u>	<u>41,301,892</u>	<u>2,160,948</u>	<u>43,462,840</u>
-	106,412	284,214	372,006	762,632	111,719	874,351
-	-	-	904,559	904,559	283,757	1,188,316
235,609	-	-	864,607	13,764,758	25,472	13,790,230
-	-	-	1,026,058	1,026,058	242,153	1,268,211
-	-	-	-	-	-	-
-	-	-	-	10,828	8,204	19,032
-	-	-	-	-	7,579	7,579
-	-	-	57,364	995,399	5,875,068	6,870,467
<u>235,609</u>	<u>106,412</u>	<u>284,214</u>	<u>3,224,594</u>	<u>17,464,234</u>	<u>6,553,952</u>	<u>24,018,186</u>
<u>91,262</u>	<u>1,317,107</u>	<u>1,295,471</u>	<u>1,274,335</u>	<u>23,837,658</u>	<u>(4,393,004)</u>	<u>19,444,654</u>
-	-	-	-	650,000	-	650,000
-	-	-	-	-	488,500	488,500
-	-	-	-	-	(1,292)	(1,292)
-	-	-	456	456	-	456
192,229	-	-	1,395,559	1,605,277	1,393,689	2,998,966
<u>(91,000)</u>	<u>(2,295,011)</u>	<u>(3,357,793)</u>	<u>(2,260,441)</u>	<u>(24,806,365)</u>	<u>(1,311,615)</u>	<u>(26,117,980)</u>
<u>101,229</u>	<u>(2,295,011)</u>	<u>(3,357,793)</u>	<u>(864,426)</u>	<u>(22,550,632)</u>	<u>569,282</u>	<u>(21,981,350)</u>
(4,462)	(1,309)	(2,859)	(54,327)	(189,544)	(56,337)	(245,881)
188,029	(979,213)	(2,065,181)	355,582	1,097,482	(3,880,059)	(2,782,577)
267,610	952,776	5,375,898	6,222,667	23,707,108	8,821,980	32,529,088
<u>\$ 455,639</u>	<u>\$ (26,437)</u>	<u>\$ 3,310,717</u>	<u>\$ 6,578,249</u>	<u>\$ 24,804,590</u>	<u>\$ 4,941,921</u>	<u>\$ 29,746,511</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2007**

	Business-type Activities - Other Enterprise Funds			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 4,000	\$ 3,734	\$ -	\$ 4,849
Receivables:				
Taxes	3,070,737	-	-	-
Accounts and unbilled usage, net				
\$180,832 of allowance for doubtful accounts	100,244	149,501	972,864	19,417
Interest	-	272	-	-
Due from other funds	672,123	2,517,319	15,728,167	712,089
Due from other governments	167,242	57,052	2,634	2,645
Inventories	393,076	19	5,279	160,394
Prepaid items	3,582	-	-	8,689
Deferred charges	-	3,598	-	13,177
Restricted assets:				
Cash and investments	-	1,013,221	-	1,689,566
Due from other funds	-	-	1,610,980	-
<b>Total current assets</b>	<b>4,411,004</b>	<b>3,744,716</b>	<b>18,319,924</b>	<b>2,610,826</b>
Noncurrent assets:				
Land	2,445,367	5,910,123	27,229	602,967
Buildings and structures	12,995,255	22,501,195	214,837	1,266,787
Improvements other than buildings	7,360,826	4,628,084	-	6,092,068
Machinery and equipment	16,071,566	810,413	5,938,692	1,577,014
Accumulated depreciation	(23,525,422)	(15,374,137)	(3,238,852)	(3,722,185)
Construction in progress	920,960	877,690	-	-
<b>Total noncurrent assets</b>	<b>16,268,552</b>	<b>19,353,368</b>	<b>2,941,906</b>	<b>5,816,651</b>
<b>Total assets</b>	<b>20,679,556</b>	<b>23,098,084</b>	<b>21,261,830</b>	<b>8,427,477</b>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	207,966	112,843	646,233	160,259
Contracts payable	48	-	-	-
Accrued expenses	114,900	25,671	44,879	55,791
Compensated absences	199,290	79,342	102,994	87,943
Revenues collected in advance	1,543	21,866	-	-
Deferred revenues	3,033,913	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	26,148
Security deposits	1,000	-	-	-
Advance from other funds	-	-	-	-
General obligation bonds payable	-	25,000	-	250,000
Unamortized bond premium	-	-	-	1,572
Matured bonds interest payable	-	3,267	-	13,612
<b>Total current liabilities</b>	<b>3,558,660</b>	<b>267,989</b>	<b>794,106</b>	<b>595,325</b>
Noncurrent liabilities:				
General obligation bonds payable	-	955,000	-	4,900,000
Unamortized bond premium	-	-	-	48,983
Compensated absences	32,117	3,564	-	-
Liabilities payable from restricted assets:				
Closure/post closure landfill	-	-	1,610,980	-
<b>Total noncurrent liabilities</b>	<b>32,117</b>	<b>958,564</b>	<b>1,610,980</b>	<b>4,948,983</b>
<b>Total liabilities</b>	<b>3,590,777</b>	<b>1,226,553</b>	<b>2,405,086</b>	<b>5,544,308</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	16,268,552	19,386,589	2,941,906	2,305,662
Unrestricted (deficit)	820,227	2,484,942	15,914,838	577,507
<b>Total</b>	<b>\$ 17,088,779</b>	<b>\$ 21,871,531</b>	<b>\$ 18,856,744</b>	<b>\$ 2,883,169</b>

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 344,608	\$ -	\$ 70,264	\$ 427,455
-	-	-	3,070,737
147,080	300	212,289	1,601,695
-	-	-	272
1,548,151	-	95,845	21,273,694
-	84,645	-	314,218
-	-	-	558,768
68,525	-	8,552	89,348
-	10,206	-	26,981
-	719,857	-	3,422,644
-	-	-	1,610,980
<u>2,108,364</u>	<u>815,008</u>	<u>386,950</u>	<u>32,396,792</u>
807,500	308,531	-	10,101,717
10,118,154	8,337,578	9,399,567	64,833,373
687,265	56,119	137,845	18,962,207
970,442	256,202	1,887,260	27,511,589
(7,869,808)	(1,514,045)	(2,727,247)	(57,971,696)
1,731	-	-	1,800,381
<u>4,715,284</u>	<u>7,444,385</u>	<u>8,697,425</u>	<u>65,237,571</u>
<u>6,823,648</u>	<u>8,259,393</u>	<u>9,084,375</u>	<u>97,634,363</u>
160,378	-	18,459	1,306,138
4,760	-	-	4,808
154,445	-	7,911	403,597
-	-	-	469,569
166,184	-	-	189,593
33,877	-	25,267	3,093,057
-	559,578	-	559,578
109,356	-	39	135,543
14,158	-	-	15,158
188,000	-	-	188,000
35,000	228,000	310,000	848,000
-	281	-	1,853
980	6,418	28,148	52,425
<u>867,138</u>	<u>794,277</u>	<u>389,824</u>	<u>7,267,319</u>
295,000	2,303,526	4,910,000	13,363,526
-	16,296	-	65,279
-	-	-	35,681
-	-	-	1,610,980
<u>295,000</u>	<u>2,319,822</u>	<u>4,910,000</u>	<u>15,075,466</u>
<u>1,162,138</u>	<u>3,114,099</u>	<u>5,299,824</u>	<u>22,342,785</u>
4,385,284	5,616,139	3,477,425	54,381,557
1,276,226	(470,845)	307,126	20,910,021
<u>\$ 5,661,510</u>	<u>\$ 5,145,294</u>	<u>\$ 3,784,551</u>	<u>\$ 75,291,578</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2007**

	Business-type Activities - Other Enterprise Funds			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
Operating revenues:				
Charges for services	\$ 713,922	\$ 2,570,617	\$ 6,953,937	\$ 1,937,315
Fines and forfeits	800	271,547	-	-
Use of money and property	-	5,220	-	-
Rents and royalties	116,899	1,440	-	511,316
Miscellaneous	305,193	143,616	23,837	260,108
Total operating revenues	<u>1,136,814</u>	<u>2,992,440</u>	<u>6,977,774</u>	<u>2,708,739</u>
Operating expenses:				
Personal services	4,245,155	1,771,659	3,129,970	1,417,613
Purchased services	742,375	654,707	1,564,470	406,952
Supplies and materials	1,251,812	163,417	776,306	539,104
Other	823,011	24,655	22,672	23,311
Depreciation	1,784,209	1,025,880	632,686	324,897
Total operating expenses	<u>8,846,562</u>	<u>3,640,318</u>	<u>6,126,104</u>	<u>2,711,877</u>
Operating income (loss)	<u>(7,709,748)</u>	<u>(647,878)</u>	<u>851,670</u>	<u>(3,138)</u>
Nonoperating revenues (expenses):				
Intergovernmental	2,844,586	-	685	-
Investment income	-	151,629	924,149	38,220
Property tax revenue	3,008,087	-	-	-
Gain on sale of capital assets	14,527	321	204,888	-
Interest expense	(10,951)	(33,530)	-	(172,072)
Total nonoperating revenue (expenses)	<u>5,856,249</u>	<u>118,420</u>	<u>1,129,722</u>	<u>(133,852)</u>
Capital contributions	<u>954,673</u>	<u>676,438</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(898,826)	146,980	1,981,392	(136,990)
Special item:				
Gain (Loss) on investments	(472)	(23,308)	(160,791)	(5,994)
Transfers in	-	62,725	50,740	7,508
Transfers out	-	(347,788)	(323,425)	(65,280)
Change in net assets	(899,298)	(161,391)	1,547,916	(200,756)
Total net assets, beginning	17,988,077	22,032,922	17,308,828	3,083,925
Total net assets, ending	<u>\$ 17,088,779</u>	<u>\$ 21,871,531</u>	<u>\$ 18,856,744</u>	<u>\$ 2,883,169</u>

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 562,835	\$ 171,087	\$ 723,179	\$ 13,632,892
-	-	-	272,347
-	-	-	5,220
1,445,491	419,975	220,359	2,715,480
153,026	107,578	102,520	1,095,878
<u>2,161,352</u>	<u>698,640</u>	<u>1,046,058</u>	<u>17,721,817</u>
811,311	380,935	408,663	12,165,306
1,242,978	266,968	551,571	5,430,021
82,145	69,157	73,760	2,955,701
22,089	7,843	6,258	929,839
279,334	276,379	406,300	4,729,685
<u>2,437,857</u>	<u>1,001,282</u>	<u>1,446,552</u>	<u>26,210,552</u>
<u>(276,505)</u>	<u>(302,642)</u>	<u>(400,494)</u>	<u>(8,488,735)</u>
-	-	-	2,845,271
69,785	-	13,979	1,197,762
-	-	-	3,008,087
-	-	-	219,736
<u>(12,805)</u>	<u>(105,546)</u>	<u>(354,253)</u>	<u>(689,157)</u>
<u>56,980</u>	<u>(105,546)</u>	<u>(340,274)</u>	<u>6,581,699</u>
-	-	-	1,631,111
(219,525)	(408,188)	(740,768)	(275,925)
(14,088)	2,515	(2,260)	(204,398)
272,900	359,253	759,309	1,512,435
-	-	-	(736,493)
39,287	(46,420)	16,281	295,619
5,622,223	5,191,714	3,768,270	74,995,959
<u>\$ 5,661,510</u>	<u>\$ 5,145,294</u>	<u>\$ 3,784,551</u>	<u>\$ 75,291,578</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2007**

	Business-type Activities -			
	Ground Transportation System	Parking System	Solid Waste Management	Golf
Cash flows from operating activities:				
Cash received from users	\$ 1,319,628	\$ 2,958,369	\$ 7,008,113	\$ 2,698,446
Cash paid to employees	(4,184,812)	(1,731,824)	(3,116,679)	(1,412,258)
Cash paid to suppliers	(2,895,260)	(797,697)	(2,081,695)	(956,879)
Net cash flows from operating activities	<u>(5,760,444)</u>	<u>428,848</u>	<u>1,809,739</u>	<u>329,309</u>
Cash flows from non-capital financing activities:				
Borrowing from other funds	2,849,717	514,615	1,518,238	834,300
Loans to other funds	(2,690,028)	(484,492)	(1,267,388)	(682,814)
Closure/post closure landfill	-	-	(1,567,116)	-
Intergovernmental	2,844,586	-	685	-
Transfers in	-	62,725	50,740	7,508
Transfers out	-	(347,788)	(323,425)	(65,280)
Property taxes	3,006,405	-	-	-
Net cash flows from non-capital financing activities	<u>6,010,680</u>	<u>(254,940)</u>	<u>(1,588,266)</u>	<u>93,714</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,207,613)	(912,660)	(1,189,819)	(27,350)
Proceeds from disposition of property and equipment	14,527	321	204,888	-
Capital contributions	954,673	676,438	-	-
General obligation bonds issued	-	1,000,000	-	1,650,000
Premium on bonds issued	-	-	-	39,566
Discount on bonds issued	-	(773)	-	-
Issuance costs on issue	-	(3,088)	-	(2,975)
Principal paid	-	(20,000)	-	(250,000)
Interest paid	(10,951)	(30,000)	-	(173,725)
Net cash flows from capital and related financing activities	<u>(249,364)</u>	<u>710,238</u>	<u>(984,931)</u>	<u>1,235,516</u>
Cash flows from investing activities:				
Gain (Loss) on investments	(472)	(23,308)	(160,791)	(5,994)
Interest on investments	-	151,629	924,149	38,220
Net cash flows from investing activities	<u>(472)</u>	<u>128,321</u>	<u>763,358</u>	<u>32,226</u>
Net decrease in cash and cash equivalents	400	1,012,467	(100)	1,690,765
Cash and cash equivalents, July 1, 2006	3,600	4,488	100	3,650
Cash and cash equivalents, June 30, 2007	<u>\$ 4,000</u>	<u>\$ 1,016,955</u>	<u>\$ -</u>	<u>\$ 1,694,415</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (7,709,748)	\$ (647,878)	\$ 851,670	\$ (3,138)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	1,784,209	1,025,880	632,686	324,897
Change in assets and liabilities:				
(Increase) decrease in prepaid items	-	-	-	9,859
Increase (decrease) in vouchers payable	(339)	45,063	284,055	58,066
Decrease in accrued expenses	53,233	22,703	2,179	2,772
Increase in compensated absences	7,110	17,132	11,112	2,583
(Increase) decrease in accounts receivable	5,919	1,116	30,340	(17,621)
(Increase) decrease in inventories	(77,723)	19	(2,302)	(55,437)
(Increase) decrease in due from other governments	176,895	(47,263)	(1)	(2,645)
Increase (decrease) due to other governments	-	-	-	9,973
Increase (decrease) in revenues collected in advance	-	12,076	-	-
Increase (decrease) in security deposit	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Net cash flows from operating activities	<u>\$ (5,760,444)</u>	<u>\$ 428,848</u>	<u>\$ 1,809,739</u>	<u>\$ 329,309</u>
Schedule of noncash capital and related financing activities:				
Acquisition of capital assets through contracts payable	<u>\$ (2,083)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Enterprise Funds

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 2,252,863	\$ 698,340	\$ 968,730	\$ 17,904,489
(750,139)	(380,935)	(406,000)	(11,982,647)
(1,365,928)	(348,668)	(640,227)	(9,086,354)
<u>136,796</u>	<u>(31,263)</u>	<u>(77,497)</u>	<u>(3,164,512)</u>
53,852	288,549	542,650	6,601,921
(381,959)	(289,130)	(612,338)	(6,408,149)
-	-	-	(1,567,116)
-	-	-	2,845,271
272,900	359,253	759,309	1,512,435
-	-	-	(736,493)
-	-	-	3,006,405
<u>(55,207)</u>	<u>358,672</u>	<u>689,621</u>	<u>5,254,274</u>
(27,381)	-	(39,400)	(3,404,223)
-	-	-	219,736
-	-	-	1,631,111
-	703,000	-	3,353,000
-	16,858	-	56,424
-	-	-	(773)
-	(1,268)	-	(7,331)
(35,000)	(223,000)	(290,000)	(818,000)
(12,900)	(105,657)	(355,751)	(688,984)
<u>(75,281)</u>	<u>389,933</u>	<u>(685,151)</u>	<u>340,960</u>
(14,088)	2,515	(2,260)	(204,398)
69,785	-	13,979	1,197,762
<u>55,697</u>	<u>2,515</u>	<u>11,719</u>	<u>993,364</u>
62,005	719,857	(61,308)	3,424,086
282,603	-	131,572	426,013
<u>\$ 344,608</u>	<u>\$ 719,857</u>	<u>\$ 70,264</u>	<u>\$ 3,850,099</u>
\$ (276,505)	\$ (302,642)	\$ (400,494)	\$ (8,488,735)
279,334	276,379	406,300	4,729,685
(19,417)	-	4,100	(5,458)
701	(4,700)	(12,738)	370,108
61,172	-	2,663	144,722
-	-	-	37,937
116,154	(300)	(25,278)	110,330
-	-	-	(135,443)
-	-	-	126,986
17,291	-	(68,371)	(41,107)
(9,149)	-	-	2,927
(11,576)	-	-	(11,576)
(21,209)	-	16,321	(4,888)
<u>\$ 136,796</u>	<u>\$ (31,263)</u>	<u>\$ (77,497)</u>	<u>\$ (3,164,512)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,083)</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2007**

	Public Works Facility	Joint Communications	Risk Management	Total
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ -	\$ -	\$ 880,044	\$ 880,044
Receivables:				
Accounts and unbilled usage, net	248,194	71	2,853	251,118
Interest	-	-	4,177	4,177
Due from other funds	1,095,820	671,513	23,234,225	25,001,558
Advance to other funds	-	-	3,712,987	3,712,987
Due from other governments	35,394	-	-	35,394
Inventories	225,539	-	-	225,539
Prepaid items	(620)	-	515,868	515,248
<b>Total current assets</b>	<b>1,604,327</b>	<b>671,584</b>	<b>28,350,154</b>	<b>30,626,065</b>
<b>Noncurrent assets:</b>				
Land	1,016,663	-	-	1,016,663
Buildings and structures	7,737,246	-	-	7,737,246
Improvements other than buildings	1,843,172	-	-	1,843,172
Machinery and equipment	160,332	566,593	-	726,925
Accumulated depreciation	(4,491,791)	(390,436)	-	(4,882,227)
Construction in progress	-	59,407	-	59,407
<b>Total noncurrent assets</b>	<b>6,265,622</b>	<b>235,564</b>	<b>-</b>	<b>6,501,186</b>
<b>Total assets</b>	<b>7,869,949</b>	<b>907,148</b>	<b>28,350,154</b>	<b>37,127,251</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Vouchers payable	100,272	11,530	352,928	464,730
Claims and judgments payable	-	-	7,118,800	7,118,800
Accrued expenses	10,184	25,936	423	36,543
Compensated absences	58,447	63,759	-	122,206
Security Deposits	-	-	473	473
Post-employment liability	-	-	1,081,674	1,081,674
General obligation bonds payable	-	-	90,000	90,000
Unamortized bond premium	-	-	1,099	1,099
Matured bonds interest payable	-	-	750	750
<b>Total current liabilities</b>	<b>168,903</b>	<b>101,225</b>	<b>8,646,147</b>	<b>8,916,275</b>
<b>Noncurrent liabilities:</b>				
General obligation bonds payable	-	-	180,000	180,000
Unamortized bond premium	-	-	3,149	3,149
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>183,149</b>	<b>183,149</b>
<b>Total liabilities</b>	<b>168,903</b>	<b>101,225</b>	<b>8,829,296</b>	<b>9,099,424</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	6,265,622	235,564	-	6,501,186
Unrestricted	1,435,424	570,359	19,520,858	21,526,641
	<b>\$ 7,701,046</b>	<b>\$ 805,923</b>	<b>\$ 19,520,858</b>	<b>\$ 28,027,827</b>

**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, 2007**

	Public Works Facility	Joint Communications	Risk Management	Total
Operating revenues:				
Charges for services	\$ -	\$ 2,065,562	\$ 20,361,724	\$ 22,427,286
Rents and royalties	1,393,428	-	-	1,393,428
Miscellaneous	49,292	-	-	49,292
Total operating revenues	<u>1,442,720</u>	<u>2,065,562</u>	<u>20,361,724</u>	<u>23,870,006</u>
Operating expenses:				
Personal services	666,260	1,344,657	1,280,030	3,290,947
Purchased services	349,520	457,274	16,482,196	17,288,990
Supplies and materials	70,817	43,499	590	114,906
Other	3,991	15,891	1,649,907	1,669,789
Depreciation	480,469	75,266	-	555,735
Total operating expenses	<u>1,571,057</u>	<u>1,936,587</u>	<u>19,412,723</u>	<u>22,920,367</u>
Operating income (loss)	<u>(128,337)</u>	<u>128,975</u>	<u>949,001</u>	<u>949,639</u>
Nonoperating revenues (expenses):				
Investment earnings	55,945	25,338	1,259,099	1,340,382
Gain on sale of capital assets	325	-	-	325
Contributions & Donations	-	3,500	-	3,500
Interest expense	-	-	(12,188)	(12,188)
Total nonoperating revenue (expenses)	<u>56,270</u>	<u>28,838</u>	<u>1,246,911</u>	<u>1,332,019</u>
Income (loss) before transfers	<u>(72,067)</u>	<u>157,813</u>	<u>2,195,912</u>	<u>2,281,658</u>
Special item:				
Loss on investments	(10,706)	(4,684)	(218,183)	(233,573)
Transfers in	-	-	679,280	679,280
Transfers out	<u>(24,559)</u>	<u>-</u>	<u>(1,318,438)</u>	<u>(1,342,997)</u>
Change in net assets	<u>(107,332)</u>	<u>153,129</u>	<u>1,338,571</u>	<u>1,384,368</u>
Total net assets, beginning	<u>7,808,378</u>	<u>652,794</u>	<u>18,182,287</u>	<u>26,643,459</u>
Total net assets, ending	<u>\$ 7,701,046</u>	<u>\$ 805,923</u>	<u>\$ 19,520,858</u>	<u>\$ 28,027,827</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007**

	<u>Public Works Facility</u>	<u>Joint Communications</u>	<u>Risk Management</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from users	\$ 1,445,705	\$ 2,075,401	\$ 20,347,557	\$ 23,868,663
Cash paid to employees	(624,408)	(1,482,390)	(491,205)	(2,598,003)
Cash paid to suppliers	(670,495)	(506,274)	(16,454,189)	(17,630,958)
Net cash flows from operating activities	<u>150,802</u>	<u>86,737</u>	<u>3,402,163</u>	<u>3,639,702</u>
<b>Cash flows from non-capital financing activities:</b>				
Borrowing from other funds	554,073	240,865	3,185,872	3,980,810
Loans to other funds	(280,527)	(263,432)	(6,971,066)	(7,515,025)
Contributions and donations	-	3,500	-	3,500
Transfers in	-	-	679,280	679,280
Transfers out	(24,559)	-	(1,318,438)	(1,342,997)
Net cash flows from non-capital financing activities	<u>248,987</u>	<u>(19,067)</u>	<u>(4,424,352)</u>	<u>(4,194,432)</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(445,353)	(88,324)	-	(533,677)
Proceeds from disposition of property and equipment	325	-	-	325
General obligation bonds issued	-	-	90,000	90,000
Premium on bond issued	-	-	2,158	2,158
Issuance bond cost	-	-	(162)	(162)
Principal paid	-	-	(90,000)	(90,000)
Interest paid	-	-	(13,500)	(13,500)
Net cash flows from capital and related financing activities	<u>(445,028)</u>	<u>(88,324)</u>	<u>(11,504)</u>	<u>(544,856)</u>
<b>Cash flows from investing activities:</b>				
Loss on investments	(10,706)	(4,684)	(218,183)	(233,573)
Interest on investments	55,945	25,338	1,259,576	1,340,859
Net cash flows from investing activities	<u>45,239</u>	<u>20,654</u>	<u>1,041,393</u>	<u>1,107,286</u>
Net decrease in cash and cash equivalents	-	-	7,700	7,700
Cash and cash equivalents, July 1, 2006	-	-	872,344	872,344
Cash and cash equivalents, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 880,044</u>	<u>\$ 880,044</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities</b>				
Operating income (loss)	\$ (128,337)	\$ 128,975	\$ 949,001	\$ 949,639
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>				
Depreciation expense	480,469	75,266	-	555,735
<b>Change in assets and liabilities:</b>				
Decrease in prepaid items	-	-	419,892	419,892
Increase (decrease) in vouchers payable	(243,788)	(137,733)	(732,588)	(1,114,109)
Increase (decrease) in accrued expenses	681	(225)	423	879
Increase (decrease) in compensated absences	41,171	10,615	-	51,786
(Increase) decrease in accounts receivable	7,592	9,839	(1,810)	15,621
(Increase) in inventories	(2,379)	-	-	(2,379)
(Increase) in due from other governments	(4,607)	-	-	(4,607)
(Decrease) in revenues collected in advance	-	-	(12,830)	(12,830)
Increase (decrease) in security deposit	-	-	473	473
Increase post-employment liability	-	-	788,402	788,402
(Decrease) in open claims payable	-	-	1,991,200	1,991,200
Net cash flows from operating activities	<u>\$ 150,802</u>	<u>\$ 86,737</u>	<u>\$ 3,402,163</u>	<u>\$ 3,639,702</u>

**City of Cedar Rapids, Iowa**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2007**

	Developers Security Deposit	Contractors Permit Deposit	Regional Planning	Area Ambulance	Total
<b>ASSETS</b>					
Receivables:					
Due from other governments	\$ 346,337	\$ 42,771	\$ 332,035	\$ 59,628	\$ 780,771
Total Assets	<u>\$ 346,337</u>	<u>\$ 42,771</u>	<u>\$ 332,035</u>	<u>\$ 59,628</u>	<u>\$ 780,771</u>
<b>LIABILITIES</b>					
Vouchers payable	\$ -	\$ 61	\$ 54,690	\$ -	\$ 54,751
Due to other governments	-	-	277,345	59,628	336,973
Security deposits	346,337	42,710	-	-	389,047
Total liabilities	<u>\$ 346,337</u>	<u>\$ 42,771</u>	<u>\$ 332,035</u>	<u>\$ 59,628</u>	<u>\$ 780,771</u>

**CITY OF CEDAR RAPIDS, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2007**

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<b>Developers Security Deposit</b>				
Assets:				
Due from other governments	\$ 305,253	\$ 47,503	\$ 6,419	\$ 346,337
Liabilities:				
Security deposits	\$ 305,253	\$ 47,503	\$ 6,419	\$ 346,337
<b>Contractors Permit Deposit</b>				
Assets:				
Due from other governments	\$ 48,471	\$ 42,771	\$ 48,471	\$ 42,771
Liabilities:				
Vouchers payable	\$ 61	\$ 406	\$ 406	\$ 61
Security deposits	48,410	192,595	198,295	42,710
Total liabilities	\$ 48,471	\$ 193,001	\$ 198,701	\$ 42,771
<b>Regional Planning</b>				
Assets:				
Due from other governments	\$ 187,642	\$ 334,003	\$ 189,610	\$ 332,035
Total Assets	\$ 187,642	\$ 334,003	\$ 189,610	\$ 332,035
Liabilities:				
Vouchers payable	\$ 196	\$ 177,781	\$ 123,287	\$ 54,690
Due to other governments	187,446	89,899	-	277,345
Total liabilities	\$ 187,642	\$ 267,680	\$ 123,287	\$ 332,035
<b>Area Ambulance</b>				
Assets:				
Due from other governments	\$ 104,817	\$ 60,226	\$ 105,415	\$ 59,628
Liabilities:				
Due to other governments	104,817	-	45,189	59,628
Total liabilities	\$ 104,817	\$ -	\$ 45,189	\$ 59,628
<b>Total</b>				
Assets:				
Due from other governments	646,183	484,503	349,915	780,771
	\$ 646,183	\$ 484,503	\$ 349,915	\$ 780,771
Liabilities:				
Vouchers payable	\$ 257	\$ 178,187	\$ 123,693	\$ 54,751
Due to other governments	292,263	89,899	45,189	336,973
Security deposits	353,663	240,098	204,714	389,047
Total liabilities	\$ 646,183	\$ 508,184	\$ 373,596	\$ 780,771

**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, 2007**

	<u>Airport</u>	<u>Cedar Rapids/ Linn County Solid Waste Agency</u>	<u>Cedar Rapids Public Library Foundation</u>
Operating revenues:			
Charges for services	\$ 3,326,031	\$ 5,731,453	\$ -
Licenses and permits	1,411	-	-
Use of money and property	-	56,638	397,604
Rents and royalties	9,924,051	2,292	-
Miscellaneous	17,392	1,372,872	-
Total operating revenues	<u>13,268,885</u>	<u>7,163,255</u>	<u>397,604</u>
Operating expenses:			
Personal services	3,152,953	2,037,434	-
Purchased services	2,471,965	1,680,299	58,111
Supplies and materials	509,236	1,081,554	43,636
Other	67,841	259,452	-
Depreciation	4,923,669	1,046,147	-
Total operating expenses	<u>11,125,664</u>	<u>6,104,886</u>	<u>101,747</u>
Operating income (loss)	<u>2,143,221</u>	<u>1,058,369</u>	<u>295,857</u>
Nonoperating revenues (expenses):			
Intergovernmental	283,362	117,573	-
Investment income	1,495,752	1,432,152	-
Gain on sale of assets	-	505,838	-
Interest expense	(225,511)	-	-
Total nonoperating revenue (expenses)	<u>1,553,603</u>	<u>2,055,563</u>	<u>-</u>
Capital contributions	<u>6,511,292</u>	<u>-</u>	<u>-</u>
Special item:			
Loss on investments	(284,932)	-	-
Change in net assets	9,923,184	3,113,932	295,857
Total net assets, beginning	109,161,045	21,897,690	2,988,878
Total net assets, ending	<u>\$ 119,084,229</u>	<u>\$ 25,011,622</u>	<u>\$ 3,284,735</u>

**City of Cedar Rapids, Iowa**  
**Statements of Cash Flows**  
**Discretely Presented Component Units**  
**For the Year Ended June 30, 2007**

	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
<b>Cash flows from operating activities:</b>			
Cash received from users	\$ 12,325,653	\$ 6,709,729	\$ 82,627
Cash paid to employees	(3,116,681)	(2,108,924)	-
Cash paid to suppliers	(2,701,984)	(2,640,931)	(122,797)
Net cash flows from operating activities	<u>6,506,988</u>	<u>1,959,874</u>	<u>(40,170)</u>
<b>Cash flows from non-capital financing activities:</b>			
Borrowing from other funds	1,344,071	-	-
Loans to other funds	(6,202,475)	-	-
Intergovernmentals	283,362	117,573	-
Permanently restricted contributions	-	-	6,571
Net cash flows from non-capital financing activities	<u>(4,575,042)</u>	<u>117,573</u>	<u>6,571</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(8,818,443)	(357,854)	-
Capital contributions	6,511,292	-	-
Proceeds from disposition of property and equipment	-	608,802	-
General obligation bonds issued	1,140,000	-	-
Premium on bonds issued	27,336	-	-
Principal paid	(604,900)	-	-
Issuance costs and deferred charges	(2,055)	-	-
Interest paid	(228,660)	-	-
Net cash flows from capital and related financing activities	<u>(1,975,430)</u>	<u>250,948</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	1,495,752	1,629,651	-
Loss on investments	(284,932)	-	-
Proceeds from sale and maturities of investment securities	-	-	492,435
Purchase of investment securities	-	-	(719,467)
Net cash flows from investing activities	<u>1,210,820</u>	<u>1,629,651</u>	<u>(227,032)</u>
Net (increase) decrease in cash and cash equivalents	1,167,336	3,958,046	(260,631)
Cash and cash equivalents, July 1, 2006	200	24,712,487	395,944
Cash and cash equivalents, June 30, 2007	<u>\$ 1,167,536</u>	<u>\$ 28,670,533</u>	<u>\$ 135,313</u>
<b>Reconciliation of operating income to net cash flows from operating activities</b>			
Operating income	\$ 2,143,221	\$ 1,058,369	\$ 295,857
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>			
Depreciation expense	4,923,669	1,046,147	-
Net depreciation in fair value of investments	-	-	(309,460)
Change in assets and liabilities:			
(Increase) decrease in prepaid items	1,292	30,396	-
Increase (decrease) in vouchers payable	345,766	449,327	(21,050)
(Decrease) in compensated absences	30,153	11,002	-
(Decrease) in accrued expenses	6,119	(82,492)	-
(Increase) decrease in accounts receivable	(229,394)	(54,287)	1,054
(Increase) in notes receivable	-	(37,425)	-
Decrease in inventories	-	27,434	-
(Increase) decrease in due from other governments	(714,009)	(318,653)	-
Increase in due to other governments	-	(54,974)	-
Increase in security deposits	171	(5,000)	-
(Decrease) in revenues collected in advance	-	16,813	-
Increase in closure/postclosure payable	-	(126,783)	-
(Decrease) in permanently restricted contributions	-	-	(6,571)
Net cash flows from operating activities	<u>\$ 6,506,988</u>	<u>\$ 1,959,874</u>	<u>\$ (40,170)</u>
<b>Reconciliation of cash and cash equivalents to specific assets on statement of net assets:</b>			
Cash and investments	\$ 1,167,536	\$ 28,670,533	\$ 3,300,585
Less: Items not meeting the definition of cash and cash equivalents	-	-	3,165,272
	<u>\$ 1,167,536</u>	<u>\$ 28,670,533</u>	<u>\$ 135,313</u>
<b>Schedule of noncash capital and related financing activities:</b>			
Acquisition of assets through prior year contracts paid	\$ 38,362	-	-

**City of Cedar Rapids, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
**June 30, 2007**

Governmental funds capital assets:	
Land	\$ 28,057,172
Building	61,213,609
Improvements other than Building	308,269,148
Machinery and equipment	36,208,171
Construction in progress	2,393,630
Total governmental funds capital assets	<u>\$ 436,141,730</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 86,709,844
Special revenue funds	44,220,712
Capital projects funds	289,086,148
Donations	16,125,026
Total governmental funds capital assets	<u>\$ 436,141,730</u>

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

**City of Cedar Rapids, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
**June 30, 2007**

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
<b>Function and Activity</b>						
<b>Public Safety:</b>						
Police	\$ 1,057,051	\$ 12,108,582	\$ 551,498	\$ 4,427,384	\$ 61,027	\$ 18,205,542
Flood Control			10,616			10,616
Fire	459,525	5,994,650	87,370	5,794,348	594,583	12,930,476
Building Inspections		266,930		190,960		457,890
Animal Control		226,710	28,381	178,430		433,521
Total Public Safety	<u>1,516,576</u>	<u>18,596,872</u>	<u>677,865</u>	<u>10,591,122</u>	<u>655,610</u>	<u>32,038,045</u>
<b>Public Works:</b>						
Roads, Bridges, Sidewalks	12,308,707		227,523,686	633,469	6,617	240,472,479
Traffic Control and Safety	12,477	9,739	10,665,116	1,230,931	370,403	12,288,666
Street Cleaning	-	70,316	-	10,756,748	308,715	11,135,779
Other Public Works	1,013		39,538,313	386,105		39,925,431
Total Public Works	<u>12,322,197</u>	<u>80,055</u>	<u>277,727,115</u>	<u>13,007,253</u>	<u>685,735</u>	<u>303,822,355</u>
<b>Culture &amp; Recreation:</b>						
Library Services	1,397,574	8,454,013	34,377	1,055,346	37,603	10,978,913
Museum, Band, Theater				13,010		13,010
Parks	4,921,618	3,862,097	13,187,363	3,503,339	294,111	25,768,528
Recreation	63,286	8,553,323	6,175,979	4,547,452	73,897	19,413,937
Other Culture and Recreation	-	223,421	359,754	49,033		632,208
Total Culture and Recreation	<u>6,382,478</u>	<u>21,092,854</u>	<u>19,757,473</u>	<u>9,168,180</u>	<u>405,611</u>	<u>56,806,596</u>
<b>Community &amp; Economic Development:</b>						
Community Beautification	10,500	120,865		925,816		1,057,181
Economic Development	4,767,000	541,000	68,115	90,008	172,485	5,638,608
Housing and Urban Renewal	28,445			264,678		293,123
Other Community and Economic Development	1,771,724			30,317		1,802,041
Total Community and Economic Development	<u>6,577,669</u>	<u>661,865</u>	<u>68,115</u>	<u>1,310,819</u>	<u>172,485</u>	<u>8,790,953</u>
<b>General Government:</b>						
Mayor and Council				15,892		15,892
Clerk, Treasurer, Finance			1,370,768	833,858		2,204,626
City Attorney				6,048		6,048
City Hall and Other Buildings	85,100	18,263,206	3,641,644	173,360	459,627	22,622,937
Other General Government	1,173,152	2,518,757	5,026,168	1,101,639	14,562	9,834,278
Total General Government	<u>1,258,252</u>	<u>20,781,963</u>	<u>10,038,580</u>	<u>2,130,797</u>	<u>474,189</u>	<u>34,683,781</u>
Total governmental funds capital assets	<u>\$ 28,057,172</u>	<u>\$ 61,213,609</u>	<u>\$ 308,269,148</u>	<u>\$ 36,208,171</u>	<u>\$ 2,393,630</u>	<u>\$ 436,141,730</u>

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

**City of Cedar Rapids, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**Year Ended June 30, 2007**

Function and Activity	Governmental Funds Capital Assets July 1, 2006	Additions	Deletions	Governmental Funds Capital Assets June 30, 2007
<b>Public Safety:</b>				
Police	18,253,710	\$ 447,096	\$ (495,264)	\$ 18,205,542
Flood Control	10,616	-	-	10,616
Fire	12,590,264	566,755	(226,543)	12,930,476
Building Inspections	457,890			457,890
Animal Control	427,070	26,824	(20,373)	433,521
Total Public Safety	<u>31,739,550</u>	<u>1,040,675</u>	<u>(742,180)</u>	<u>32,038,045</u>
<b>Public Works:</b>				
Roads, Bridges, Sidewalks	228,374,201	12,134,421	(36,143)	240,472,479
Traffic Control and Safety	11,534,962	812,430	(58,726)	12,288,666
Street Cleaning	10,994,664	267,452	(126,337)	11,135,779
Other Public Works	39,925,431	-	-	39,925,431
Total Public Works	<u>290,829,258</u>	<u>13,214,303</u>	<u>(221,206)</u>	<u>303,822,355</u>
<b>Culture &amp; Recreation:</b>				
Library Services	10,918,580	68,628	(8,295)	10,978,913
Museum, Band, Theater	13,010			13,010
Parks	25,378,508	817,731	(427,711)	25,768,528
Recreation	19,323,669	90,268		19,413,937
Other Culture and Recreation	345,412	305,761	(18,965)	632,208
Total Culture and Recreation	<u>55,979,179</u>	<u>1,282,388</u>	<u>(454,971)</u>	<u>56,806,596</u>
<b>Community &amp; Economic Development:</b>				
Community Beautification	1,057,181			1,057,181
Economic Development	1,599,900	4,051,703	(12,995)	5,638,608
Housing and Urban Renewal	215,033	89,494	(11,404)	293,123
Other Community and Economic Development	864,007	938,034		1,802,041
Total Community and Economic Development	<u>3,736,121</u>	<u>5,079,231</u>	<u>(24,399)</u>	<u>8,790,953</u>
<b>General Government:</b>				
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	223,851		22,622,937
Other General Government	9,826,799	7,479		9,834,278
Total General Government	<u>34,452,451</u>	<u>231,330</u>	<u>-</u>	<u>34,683,781</u>
Total governmental funds capital assets	<u>\$ 416,736,559</u>	<u>\$ 20,847,927</u>	<u>\$ (1,442,756)</u>	<u>\$ 436,141,730</u>

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



# 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
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	92
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	98
<b>Debt Capacity</b> 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.	107
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	114
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	117

**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.



City of Cedar Rapids, Iowa

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Invested in capital assets, net of related debt	\$ 180,212,606	\$ 182,522,603	\$ 188,024,772	\$ 166,859,345
Restricted	-	22,186,515	22,186,515	\$ 53,058,213
Unrestricted	110,680,666	95,704,733	103,526,477	\$ 109,830,961
<b>Total governmental activities</b>				
<b>net assets</b>	<u>290,893,272</u>	<u>300,413,851</u>	<u>313,737,764</u>	<u>\$ 329,748,519</u>
Business-type activities:				
Invested in capital assets, net of related debt	163,871,381	163,821,373	171,583,350	\$ 189,931,481
Restricted	-	-	-	\$ -
Unrestricted	72,525,516	70,100,125	65,769,024	\$ 54,103,299
<b>Total business-type activities</b>				
<b>net assets</b>	<u>236,396,897</u>	<u>233,921,498</u>	<u>237,352,374</u>	<u>\$ 244,034,780</u>
Primary government:				
Invested in capital assets, net of related debt	344,083,987	346,343,976	359,608,122	\$ 356,790,826
Restricted	-	22,186,515	22,186,515	\$ 53,058,213
Unrestricted	183,206,182	165,804,858	169,295,501	\$ 163,934,260
<b>Total primary government assets</b>				
<b>net assets</b>	<u>\$ 527,290,169</u>	<u>\$ 534,335,349</u>	<u>\$ 551,090,138</u>	<u>\$ 573,783,299</u>

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			
	2004	2005	2006	2007
<b>Expenses:</b>				
Governmental activities:				
Public safety	\$ 40,513,052	\$ 36,598,588	\$ 39,604,205	\$ 41,827,493
Public Works	24,546,647	23,476,595	24,486,391	25,633,415
Culture and recreation	15,340,165	14,448,265	14,403,753	14,150,160
Community and economic development	17,658,329	17,737,847	15,124,554	17,316,122
General government	7,837,144	9,620,708	8,470,505	10,671,203
Interest on long-term debt	5,523,401	4,736,327	5,051,146	4,965,549
<b>Total governmental activities expenses</b>	<b>111,418,738</b>	<b>106,618,330</b>	<b>107,140,554</b>	<b>114,563,942</b>
Business -type activities:				
Water	20,146,454	20,183,395	20,292,696	19,981,289
Water pollution control	21,474,470	21,155,005	23,457,134	25,013,567
Sanitary sewer	5,574,981	5,212,436	5,483,443	5,521,451
Ground transportation system	7,663,828	7,941,027	8,591,187	8,710,141
Parking system	3,565,956	4,028,604	3,542,614	3,614,899
Solid waste management	5,138,653	5,381,234	5,549,469	5,978,733
Golf	2,877,597	2,765,321	2,763,139	2,854,476
U.S. Cellular center	2,769,182	2,322,972	1,995,824	2,450,662
Paramount theatre	849,346	835,535	805,021	1,106,828
Ice arena	2,019,690	1,785,060	1,755,007	1,800,805
<b>Total business-type activities expenses</b>	<b>72,080,157</b>	<b>71,610,589</b>	<b>74,235,534</b>	<b>77,032,851</b>
<b>Total primary government expenses</b>	<b>183,498,895</b>	<b>178,228,919</b>	<b>181,376,088</b>	<b>191,596,793</b>
<b>Program revenue:</b>				
Governmental activities:				
Charges for services:				
Public safety	2,832,903	2,680,541	2,890,022	3,494,651
Public works	524,970	1,224,718	2,268,030	1,031,583
Culture and recreation	2,999,278	2,798,179	2,816,206	2,911,609
Community and economic development	815,056	905,983	922,365	1,934,766
General government	5,796,903	1,915,122	2,220,615	2,313,792
Operating grants and contributions:				
Public safety	392,858	809,715	1,061,761	669,139
Public works	180,961	10,417,038	10,030,359	11,296,337
Culture and recreation	699,075	796,327	767,141	813,981
Community development	10,964,745	10,606,097	5,759,726	9,402,242
General government	5,021	150,078	397,655	1,053,915
Capital grants and contributions				
Public safety	330,515	34,795	57,070	19,264
Public works	8,943,185	6,747,161	7,153,621	6,739,142
Culture and recreation	333,811	1,017,806	238,773	686,758
Community and economic development	32,500	10,987	303,597	106,404
General government	222,078	40,518	53,809	1,008,250
<b>Total governmental activities program revenue</b>	<b>35,073,859</b>	<b>40,155,065</b>	<b>36,940,750</b>	<b>43,481,833</b>
Business-type activities:				
Charges for services:				
Water	19,385,375	20,062,822	21,237,980	21,630,046
Water pollution control	16,221,332	17,614,839	20,692,758	22,131,342
Sanitary sewer	5,690,924	6,211,361	6,727,767	7,171,948
Ground transportation system	999,253	1,055,043	1,155,707	1,136,814
Parking system	2,913,465	2,989,577	2,935,889	2,992,440
Solid waste management	6,339,836	6,544,751	6,724,886	6,977,774
Golf	2,492,765	2,550,384	2,656,282	2,708,739
U.S. Cellular center	2,206,412	2,145,149	1,822,931	2,161,352
Paramount theatre	472,227	1,182,730	614,984	698,640
Ice arena	1,284,726	1,085,718	1,087,155	1,046,058

	Fiscal Year			
	2004	2005	2006	2007
Operating grants and contributions:				
Water	16,021	-	37,761	-
Water pollution control	-	-	-	-
Sanitary sewer	60	-	-	-
Ground transportation system	2,529,406	2,115,981	2,947,652	2,844,586
Parking system	3,021	-	-	-
Solid waste management	38,825	48,564	49,417	685
Golf	14,118	3,175	4,619	-
U.S. Cellular center	-	-	-	-
Paramount theatre	27,226	-	-	-
Ice arena	-	-	-	-
Capital grants and contributions				
Water	1,054,631	766,990	1,133,306	4,413,811
Water pollution control	-	2,628	7,011	5,202
Sanitary sewer	1,116,109	962,370	1,218,319	1,818,977
Ground transportation system	3,413	850,198	1,637,058	969,200
Parking system	4,142	12,613	457,750	676,759
Solid waste management	57,879	25,185	161,000	204,888
Golf	21,321	3,926	7,798	-
U.S. Cellular center	-	12,071	25	-
Paramount theatre	681,322	-	-	-
Ice arena	21,350	-	85	-
<b>Total business-type activities program revenues</b>	<b>63,595,159</b>	<b>66,246,075</b>	<b>73,318,140</b>	<b>79,589,261</b>
<b>Total primary government program revenues</b>	<b>98,669,018</b>	<b>106,401,140</b>	<b>110,258,890</b>	<b>123,071,094</b>
Net (expense) revenue				
Governmental activities	(76,344,879)	(66,463,265)	(70,199,804)	(71,082,109)
Business-type activities	(8,484,998)	(5,364,514)	(917,394)	2,556,410
<b>Total primary government net expense</b>	<b>(84,829,877)</b>	<b>(71,827,779)</b>	<b>(71,117,198)</b>	<b>(68,525,699)</b>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	62,981,585	67,750,613	72,572,215	77,333,284
Franchise taxes	1,107,784	1,190,521	1,248,496	1,298,253
Other taxes	2,023,758	2,044,472	2,466,054	2,662,816
Road use tax	10,230,803	-	-	-
State replacement tax	21,816	-	-	-
Gain on sale of capital assets	113,855	366,958	240,860	491,285
Investment Earnings	1,086,954	2,881,115	5,124,109	6,220,908
Loss on Investments	-	-	-	(1,144,096)
Transfers	(763,538)	1,750,165	1,871,983	230,414
<b>Total governmental activities</b>	<b>76,803,017</b>	<b>75,983,844</b>	<b>83,523,717</b>	<b>87,092,864</b>
Business-type activities				
Taxes:				
Property taxes	2,995,517	2,960,123	2,964,142	3,008,087
Gain on sale of capital assets	-	-	-	-
Investment earnings	781,719	1,817,105	3,256,111	3,850,562
Retirement employee payouts	(2,168,667)	(137,948)	-	(1,981,523)
Loss on Investments	-	-	-	(520,716)
Transfers	763,538	(1,750,165)	(1,871,983)	(230,414)
<b>Total business-type activities</b>	<b>2,372,107</b>	<b>2,889,115</b>	<b>4,348,270</b>	<b>4,125,996</b>
<b>Total primary government</b>	<b>79,175,124</b>	<b>78,872,959</b>	<b>87,871,987</b>	<b>91,218,860</b>
Changes in net assets:				
Governmental activities	458,138	9,520,579	13,323,913	16,010,755
Business-type activities	(6,112,891)	(2,475,399)	3,430,876	6,682,406
<b>Total primary government</b>	<b>\$ (5,654,753)</b>	<b>\$ 7,045,180</b>	<b>\$ 16,754,789</b>	<b>\$ 22,693,161</b>

City of Cedar Rapids, Iowa

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Public safety	\$ 3,556,276	\$ 3,525,051	\$ 4,008,853	\$ 4,183,054
Public works	9,649,116	18,388,917	19,452,010	19,067,062
Culture and recreation	4,032,164	4,612,312	3,822,120	4,412,348
Community and economic development	11,812,301	11,523,067	6,985,688	11,443,412
General government	6,024,002	2,105,718	2,672,079	4,375,957
<b>Total governmental activities</b>	<b>35,073,859</b>	<b>40,155,065</b>	<b>36,940,750</b>	<b>43,481,833</b>
Business-type activities:				
Water	20,456,027	20,829,812	22,409,047	26,043,857
Water pollution control	16,221,332	17,617,467	20,699,769	22,136,544
Sanitary sewer	6,807,093	7,173,731	7,946,086	8,990,925
Ground transportation system	2,920,628	3,002,190	5,740,417	4,950,600
Parking system	3,532,072	4,021,222	3,393,639	3,669,199
Solid waste management	6,436,540	6,618,500	6,935,303	7,183,347
Golf	2,528,204	2,557,485	2,668,699	2,708,739
U.S. Cellular center	2,206,412	2,157,220	1,822,956	2,161,352
Paramount theatre	1,180,775	1,182,730	614,984	698,640
Ice arena	1,306,076	1,085,718	1,087,240	1,046,058
<b>Total business-type activities</b>	<b>63,595,159</b>	<b>66,246,075</b>	<b>73,318,140</b>	<b>79,589,261</b>
<b>Total primary government</b>	<b>\$ 98,669,018</b>	<b>\$ 106,401,140</b>	<b>\$ 110,258,890</b>	<b>\$ 123,071,094</b>

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			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 1,541,243	\$ 3,760,070	\$ 2,674,358	2,781,430
Unreserved	24,910,214	24,513,482	26,902,767	29,958,128
<b>Total General Fund</b>	<b>26,451,457</b>	<b>28,273,552</b>	<b>29,577,125</b>	<b>32,739,558</b>
All Other Government Funds:				
Reserved	26,321,516	26,949,343	22,998,514	44,699,944
Unreserved, reported in:				
Special revenue funds	13,346,265	14,021,295	15,712,776	22,693,647
Capital projects funds	23,742,869	28,540,216	37,647,728	41,322,971
<b>Total all other government funds</b>	<b>\$ 63,410,650</b>	<b>\$ 69,510,854</b>	<b>\$ 76,359,018</b>	<b>\$ 108,716,562</b>

City of Cedar Rapids, Iowa

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues:</b>				
Taxes	\$ 66,049,790	\$ 70,985,606	\$ 76,122,186	\$ 81,285,286
License and permits	2,082,612	2,169,195	2,365,643	2,052,323
Intergovernmental	26,254,436	26,966,644	24,697,240	26,540,359
Charges for services	2,367,695	2,710,165	2,922,668	3,056,939
Fines and forfeitures	318,835	397,022	417,067	351,677
Use of money and property	904,832	2,269,737	4,206,254	6,228,971
Rents and royalties	744,593	834,707	808,291	960,772
Miscellaneous	3,650,211	3,353,405	3,298,838	3,556,045
<b>Total revenues</b>	<b>102,373,004</b>	<b>109,686,481</b>	<b>114,838,187</b>	<b>124,032,372</b>
<b>Expenditures:</b>				
General government	7,200,832	7,453,065	7,387,698	8,289,145
Public safety	33,294,259	35,398,887	38,366,456	40,572,027
Public works	16,001,042	15,669,418	15,801,715	16,460,295
Culture and recreation	11,456,458	11,812,858	11,767,210	12,198,173
Community and economic development	16,913,202	17,617,700	15,019,244	17,225,206
Capital outlay	21,112,653	18,232,349	18,239,807	17,075,013
Capital outlay not capitalized	-	-	-	4,493
Debt service:				
Principal	8,997,284	10,314,806	12,348,200	9,358,600
Bond issuance costs	25,217	36,019	37,096	77,004
Interest	4,759,713	4,870,749	5,028,580	4,951,750
<b>Total expenditures</b>	<b>119,760,660</b>	<b>121,405,851</b>	<b>123,996,006</b>	<b>126,211,706</b>
<b>Excess of revenues (under) expenditures</b>	<b>(17,387,656)</b>	<b>(11,719,370)</b>	<b>(9,157,819)</b>	<b>(2,179,334)</b>
<b>Other financing sources (uses):</b>				
Transfers in	31,775,714	36,651,734	42,680,001	40,951,729
Transfers out	(31,973,891)	(34,367,483)	(40,163,552)	(40,057,598)
Issuance of note payable	-	-	-	650,000
Issuance of long-term debt	9,914,474	17,055,000	14,665,000	35,742,000
Reimbursement of escrow	-	7,150	-	-
Settlement reimbursement	-	246	4,046	21
Premium (discount) on long-term debt	(72,902)	(99,190)	(110,467)	578,632
Capital Contributions	-	-	-	136,769
Proceeds from sale of capital assets	143,061	394,212	234,528	608,280
<b>Total other financing sources (uses)</b>	<b>9,786,456</b>	<b>19,641,669</b>	<b>17,309,556</b>	<b>38,609,833</b>
<b>Special item:</b>				
Loss on investments	-	-	-	(910,522)
<b>Net changes in fund balance</b>	<b>\$ (7,601,200)</b>	<b>\$ 7,922,299</b>	<b>\$ 8,151,737</b>	<b>\$ 35,519,977</b>
Debt service as a percentage of noncapital expenditures	16.24%	17.31%	19.71%	13.10%

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
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	69,287,900	-	3,284,315	3,549,971	76,122,186
2007	73,821,833	-	3,502,383	3,961,070	81,285,286
Change 1998-2007	\$ 24,732,550	\$ -	\$ 3,284,315	\$ 1,700,237	\$ 29,717,102

**City of Cedar Rapids, Iowa**

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

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Fiscal Year	Residential Property	Commercial Property	Industrial Property	Utilities	Military Exemptions
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	369,830,081	(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	2,144,983,089	1,842,749,212	382,154,448	320,981,972	(15,361,691)
2006	2,180,463,141	1,848,668,075	376,992,223	309,661,130	(15,036,757)
2007	2,259,717,789	1,800,958,547	366,993,719	310,853,137	(14,698,025)

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.

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Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Value
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%
4,119,820,741	4.55%	13.04	5,790,526,702	71.15%
4,404,422,793	6.91%	12.83	6,500,731,601	67.75%
4,599,355,786	4.43%	13.07	6,645,938,634	69.21%
4,675,507,030	1.66%	13.12	7,067,763,823	66.15%
4,700,747,812	0.54%	13.99	7,522,231,914	62.49%
4,723,825,167	0.49%	14.39	7,939,413,524	59.50%

**City of Cedar Rapids, Iowa**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

Tax Year Levied	City Direct Rates						
	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	0.17988	0.85847	0.49237	1.62927
<b>2007</b>	8.10000	0.01459	0.04000	0.17320	0.75820	0.64237	2.20445

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	13.83038	14.90212	17.33321	18.81657	16.80183
1.81846	0.63481	14.38608	14.37481	17.33382	19.39588	16.80516



City of Cedar Rapids, Iowa

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

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Estimated Actual Valuation	Taxable Assessed Value	Rank	Percentage of Total Estimated Actual Valuation
Alliant Industries	342,467,460	1	43.79%			
ADM Corn Processing	112,563,560	2	14.39%			
Aegon USA	53,957,128	3	6.90%	38,597,403	8	7.18%
Qwest	53,817,172	4	6.88%	-		
Weyerhaeuser Company	43,410,988	5	5.55%	-		
Rockwell International	42,659,431	6	5.45%	110,940,958	1	20.62%
McLeod USA	34,768,633	7	4.45%			
SDG Macerich Properties (Lindale Mall)	33,567,403	8	4.29%	-		
OPM LC	32,964,884	9	4.22%			
Midamerican Energy	31,907,613	10	4.08%			
Corn Sweeteners, Inc				97,151,232	2	18.06%
HNW Associates				43,278,548	4	8.05%
Rockwell International (Graphics Division)				39,540,581	5	7.36%
General Mills				39,191,767	6	7.20%
Cargill, Inc				38,658,983	7	7.19%
Penford Products				30,458,478	9	5.66%
Equitable Life				28,038,355	10	5.22%
PMX Industries, Inc.				72,391,741	3	13.46%
<b>Total</b>	<u>\$ 782,084,272</u>		<u>100.00%</u>	<u>\$ 538,248,046</u>		<u>100.00%</u>

Source: 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
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%
2007	2006	79,669,807	78,598,114	98.65%

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.

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
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%
107,286	78,705,400	98.79%

**City of Cedar Rapids, Iowa**

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

Fiscal Year	Governmental Activities		Net General Bonded Debt	Percentage of Actual Property Value <sup>1</sup>	Debt Per Capita <sup>2</sup>
	General Obligation Bonds	Less Amount Available in Debt Service			
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	1.38%	858
<b>2007</b>	132,865,974	29,401,692	103,464,282	1.30%	857

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

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics

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Business-type Activites				
General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Per Capital	Per Capita
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
181,212,276	-	284,676,558	0.04%	120,758



**City of Cedar Rapids, Iowa**

**Direct and Overlapping Governmental Activities Debt  
For the Year Ended June 30, 2007  
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cedar Rapids Community School District	36,950,000	83.32%	30,786,740
College Community School District	73,129,000	69.17%	50,583,329
Kirkwood Community College	64,465,000	30.50%	19,661,825
Linn Mar Community School District	67,860,000	43.04%	29,206,944
Linn County	2,345,000	64.95%	1,523,078
Marion Community School District	4,345,000	6.25%	271,563
<b>Subtotal, overlapping debt</b>	249,094,000		132,033,479
City Direct Debt	73,533,254	100.00%	\$ 73,533,254
<b>Total direct and overlapping debt</b>	\$ 322,627,254		\$ 205,566,733

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)

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	1998	1999	2000	2001
Debt limit	259,906,493	284,799,660	291,013,644	294,628,757
Total net debt applicable to limit	191,860,000	227,458,192	212,821,813	220,553,900
Legal debt margin	68,046,493	57,341,468	78,191,831	74,074,857
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	73.82%	79.87%	73.13%	74.86%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	<u>7,924,715,499</u>
Debt limit (5% of assessed value)	<u>396,235,775</u>
Debt applicable to limit:	
General obligation bonds	319,360,000
Note payable	<u>650,000</u>
Total net debt applicable to limit	<u>320,010,000</u>
Legal debt margin	<u>\$ 76,225,775</u>

2002	2003	2004	2005	2006	<b>2007</b>
300,079,662	338,393,048	343,152,268	367,235,948	375,359,758	396,235,775
244,525,000	249,510,000	250,985,000	257,235,000	252,140,000	320,010,000
55,554,662	88,883,048	92,167,268	110,000,948	123,219,758	76,225,775
81.49%	73.73%	73.14%	70.05%	67.17%	80.76%

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		Coverage
				Principal	Interest	
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)		Unemployment Rate (4)
					Public	Private	
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
2007	120,758	68,155	35,827	37.6	17,263	3,197	3.4

**Note:** The demographic 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.



**City of Cedar Rapids, Iowa**

**Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockwell Collins Inc.	9,000	1	5.41%	6,800	1	4.43%
AEGON USA, Inc.	3,500	2	2.10%			
Cedar Rapids Community Schools	2,900	3	1.74%	2,537	3	1.65%
St. Luke's Hospital	2,800	4	1.68%	2,155	6	1.40%
Whirlpool Corporation	2,650	5	1.59%	2,578	2	1.68%
Hy-Vee Food Stores	2,545	6	1.53%	1,950	7	1.27%
Mercy Medical Center	2,498	7	1.50%	1,700	9	1.11%
City of Cedar Rapids	1,493	8	0.90%	1,474	10	0.96%
Kirkwood Community College	1,410	9	0.85%			
Quaker Oats Company	1,100	10	0.66%			
Alliant Utilities				2,282	5	1.49%
MCI Communications				2,500	4	1.63%
McLeod USA Inc.				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)

Functions/Program	Full-Time Equivalent Employees as of June 30				
	2007	2006	2005	2004	2003
<b>General Government:</b>					
Animal Control	10.00	10.00	10.00	10.00	10.00
Aquatics	41.36	41.36	41.36	32.29	18.15
Attorney	6.00	6.00	6.00	6.00	6.00
Aviation	3.00	3.00	3.00	3.00	3.00
Building Department	24.00	23.00	24.00	24.00	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	13.00	14.00	14.00
Council and Mayor	2.00	13.10	13.10	13.10	13.10
Department of Development	13.75	13.75	14.25	14.25	14.25
Engineering	37.00	37.00	39.00	41.50	43.50
Fire Department	153.24	153.00	154.00	155.00	155.00
Forestry	16.36	16.36	17.36	18.36	19.35
Housing Services	7.00	7.00	7.00	7.00	7.00
Human Resource	14.75	14.75	15.00	16.00	16.50
Information Technology	14.00	13.00	14.00	15.00	13.75
Library	53.27	57.19	57.19	59.69	61.17
Memorial	9.41	9.41	9.41	9.41	9.41
Parks Department	45.85	54.44	55.44	58.52	65.17
Police Department	236.00	239.00	239.00	238.00	242.50
Purchasing Services	3.75	3.75	3.38	3.38	3.38
Recreation Department	32.38	32.38	31.90	34.52	38.36
Riverfront	1.00	1.27	4.25	4.74	5.14
Street Maintenance	105.00	106.00	115.70	118.70	124.95
Traffic Department	23.00	24.00	24.00	26.52	26.94
Treasurer	4.00	4.00	4.00	4.00	4.00
Ushers Ferry	4.67	4.67	4.67	4.67	4.67
<b>Total General Fund</b>	<b>884.79</b>	<b>911.43</b>	<b>931.01</b>	<b>942.65</b>	<b>955.29</b>
<b>Enterprise Funds</b>					
Eastern Iowa Airport	44.00	46.00	45.00	52.00	46.00
Golf	34.10	37.41	38.34	36.78	35.44
Five Seasons Parking	31.02	33.02	33.02	34.78	36.94
Sewer Maintenance	27.00	27.00	27.00	28.00	28.00
Solid Waste & Recycling	58.80	61.00	61.00	63.00	63.00
Transit	72.25	72.25	72.25	72.25	74.25
Water Department	117.50	117.50	117.50	117.50	123.79
Water Pollution Control	88.48	89.48	83.48	83.48	83.48
<b>Total Enterprise Funds</b>	<b>473.15</b>	<b>483.66</b>	<b>477.59</b>	<b>487.79</b>	<b>490.90</b>
<b>Special Revenue Fund</b>					
Community Development	6.00	6.00	6.00	5.00	5.00
Leased Housing	13.00	13.00	13.00	13.00	12.00
Library	5.12	5.12	5.00	5.50	5.90
SSMID	2.00	2.00	2.00	2.00	2.00
<b>Total Special Revenue Funds</b>	<b>26.12</b>	<b>26.12</b>	<b>26.00</b>	<b>25.50</b>	<b>24.90</b>
<b>Internal Service Funds</b>					
Joint Communications	22.00	22.00	22.00	24.00	23.00
Public Works	12.25	10.25	10.25	10.25	8.53
<b>Total Internal Service Funds</b>	<b>34.25</b>	<b>32.25</b>	<b>32.25</b>	<b>34.25</b>	<b>31.53</b>
<b>Total FTE's</b>	<b>1,418.31</b>	<b>1,453.46</b>	<b>1,466.85</b>	<b>1,490.19</b>	<b>1,502.62</b>

Source: City's Finance Department

Full-Time Equivalent Employees as of June 30

2002	2001	2000	1999	1998
10.00	11.82	11.82	10.82	10.82
18.15	20.52	20.33	19.98	19.98
6.00	6.00	6.00	5.00	5.50
2.00	4.47	5.47	5.47	5.47
25.00	26.00	26.00	26.00	25.00
5.00	5.00	5.00	5.00	6.00
6.00	6.00	6.00	6.00	6.00
14.00	14.00	14.00	14.00	14.00
12.10	12.10	12.00	12.00	12.00
14.25	14.61	13.61	12.36	11.36
44.00	47.00	47.11	39.61	39.61
153.00	155.00	154.50	155.23	155.23
19.36	21.41	21.43	20.83	20.83
7.00	9.00	9.00	9.00	9.00
17.50	16.75	16.50	15.50	13.50
12.75	12.75	10.50	7.00	6.00
66.33	68.41	67.90	68.01	73.42
9.41	7.41	7.68	7.68	7.68
65.17	65.17	65.52	70.97	71.97
242.50	249.50	248.50	241.50	239.00
3.38	3.38	3.38	3.00	3.00
37.15	38.22	38.54	28.06	27.92
5.18	6.89	6.99	6.99	6.99
124.95	128.45	124.00	127.61	124.28
26.94	26.94	26.94	25.94	25.94
4.00	4.00	4.00	4.00	4.00
4.80	5.14	5.07	5.07	5.07
<b>955.92</b>	<b>985.94</b>	<b>977.79</b>	<b>952.63</b>	<b>949.58</b>
48.00	44.53	43.53	42.33	38.33
38.62	36.01	39.93	42.97	42.97
36.94	37.20	37.16	39.49	35.33
28.00	28.00	25.54	24.54	23.54
63.00	63.00	63.00	63.00	71.00
73.25	69.90	69.60	68.60	68.60
123.29	119.79	118.79	108.54	100.04
83.48	82.82	82.82	81.82	80.82
<b>494.58</b>	<b>481.25</b>	<b>480.37</b>	<b>471.29</b>	<b>460.63</b>
5.00	4.00	4.00	4.00	4.00
12.00	12.00	12.00	10.00	9.00
5.90	6.30	6.30	6.30	-
2.00	1.00	1.00	1.00	1.00
<b>24.90</b>	<b>23.30</b>	<b>23.30</b>	<b>21.30</b>	<b>14.00</b>
23.00	23.00	23.00	23.14	19.50
8.53	7.53	8.03	8.03	7.53
<b>31.53</b>	<b>30.53</b>	<b>31.03</b>	<b>31.17</b>	<b>27.03</b>
<b>1,506.93</b>	<b>1,521.02</b>	<b>1,512.49</b>	<b>1,476.39</b>	<b>1,451.24</b>

City of Cedar Rapids, Iowa

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

Function/Program	Calendar Year			
	1998	1999	2000	2001
<b>Police:</b>				
Calls for service	N/A	86,713	102,526	101,350
Adult arrest	7,419	7,723	8,226	8,629
Juvenile arrest	1,341	1,212	970	1,014
Speeding citations	N/A	N/A	N/A	N/A
Traffic citations	N/A	N/A	N/A	N/A
<b>Fire:</b>				
Total fire runs	5,628	6,244	6,562	6,876
Total rescue runs	N/A	N/A	838	842
Property loss	N/A	2,060,400	N/A	3,186,641
<b>Building Safety:</b>				
Total building permits	7,144	7,780	7,544	6,831
Total value all permits	156,620,722	143,113,070	186,374,721	156,109,942
<b>Library, volumes in collection</b>				
		325,457	317,165	307,281
<b>Public Service:</b>				
Garbage collected (ton)	30,582	21,112	18,665	19,335
Recycling collected (ton)	258	8,069	9,006	8,551
Yard Waste collected (ton)	7,530	7,382	6,500	7,440
<b>Parks and Recreation:</b>				
Recreation program attendance (2)	192,996	205,209	207,708	217,621
Aquatics program attendance (2)	212,547	224,819	225,548	214,346
Golf rounds played	179,081	184,550	173,229	179,969
Bever Park Zoo attendance	N/A	N/A	N/A	41,094
Street trees maintained	13,827	10,432	5,546	6,830

Source: Various City departments

Notes: (1) Jan - Sept 2007

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Calendar Year					
2002	2003	2004	2005	2006	2007
102,539	101,488	110,169	113,496	89,459	86,973 (1)
8,742	7,838	8,919	8,932	6,662	6,583 (1)
1,031	1,077	1,092	1,171	1,075	1,205 (1)
7,406	7,069	7,570	7,922	7,763	3,233 (1)
14,828	17,034	21,541	21,193	23,285	17,539 (1)
7,028	3,852	3,720	3,691	3,572	3,192 (1)
675	3,769	3,923	4,410	4,858	3,988 (1)
3,446,745	3,106,053	3,216,753	3,630,392	2,757,297	2,862,367 (1)
9,990	7,002	7,018	6,092	5,694	4,275 (1)
176,772,362	130,535,821	153,813,966	173,012,680	191,227,753	238,236,142 (1)
298,178	301,545	292,951	304,212	290,524	297,680
19,454	19,898	19,957	19,870	19,920	20,050
8,344	8,546	8,705	8,834	9,045	9,174
9,586	13,287	13,316	12,993	12,864	13,876
216,042	235,069	235,152	222,345	252,507	237,954
225,177	221,716	273,749	230,504	302,291	264,749
149,492	154,550	155,654	162,542	138,171	113,732
47,758	40,343	33,120	51,800	17,787	40,082
7,945	4,845	9,234	8,357	4,710	4,845

**City of Cedar Rapids, Iowa**

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

Function/Program	1998	1999	2000	2001
Police:				
Stations	1	1	1	1
Fire, Fire Stations	9	9	9	9
Refuse Collections:				
Collection Trucks	45	45	45	45
Street (Miles)	587	589	590	590
Parks and Recreation:				
Acreage	4,046	4,046	4,040	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	27	32	32	32
Tennis Courts	20	22	22	22
Recreation Centers	2	2	2	2
Library:				
Facilities	3	3	2	2
Volumes	347,700	325,457	317,165	307,281
Water:				
Storage Capacity (MGPD)	25	25	25	25
Average Daily Consumption (MGPD)	35	36	36	36
Peak Consumption (MGPD)	49	48	46	44
Wastewater:				
Sanitary Sewers (miles)	572	580	592	602
Storm Sewers (miles)	276	276	276	277

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2002	2003	2004	2005	2006	2007
1	1	1	1	1	1
9	9	9	9	9	9
45	48	48	48	49	42
590	700	631	631	631	650
4,040	4,040	4,040	4,040	4,040	4,040
95	95	95	95	96	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
2	2	2	2	2	2
298,178	301,545	292,951	304,212	290,524	297,680
25	25	25	25	25	25
36	34	37	37	38	38
47	50	50	49	52	47
613	623	632	649	653	660
277	278	280	296	304	404



CITY OF CEDAR RAPIDS, IOWA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REVISED**  
 FISCAL YEAR ENDED JUNE, 30, 2007

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
<u>U.S. Department of Transportation</u>				
Direct:				
Federal Transit Administration				
Bus Department Grants				
	20.500	IA-04-0112-00	\$ 148,500	\$ 1,372
	20.507	IA-90-X235-01	320,158	156,137
	20.507	IA-90-X296-00	1,350,295	6,952
	20.507	IA-90-X283-00	103,155	8,474
	20.507	IA-90-X304-00	1,979,976	29,693
	20.507	IA-90-X320-00	1,730,013	1,730,013
	20.500	IA-03-0096-00	9,049,069	676,438
	20.507	IA-03-0082	4,477,302	17,494
Passed through Iowa Department of Transportation				
Bus Department Grants				
	20.516	IA-37-X006-118-04	35,000	20,000
	20.516	IA-37-X009-118-04	300,000	34,982
	20.516	IA-37-X010-118-05	265,000	138,909
	20.516	IA-37-X014-118-06 #08286	125,000	41,099
	20.516	IA-37-X014-118-06 #08997	150,000	86,895
	20.516	IA-37-X012-118-06	75,000	36,916
	20.500	IA-03-0104-118-05	946,200	115,986
	20.500	IA-03-0105-118-06	648,800	620,791
	20.500	IA-03-0103-118-04	742,250	176,764
	20.521	IA-57-X001-118-06		15,230
				<u>3,914,145</u>
Direct:				
Federal Aviation Administration				
Federal Aviation Administration				
	20.106	3-19-0012-29	2,643,611	161,161
	20.106	3-19-0012-30	1,398,395	9,207
	20.106	3-19-0012-31	4,344,189	10,000
	20.106	3-19-0012-33	5,120,588	4,337,413
	20.106	3-19-0012-34	8,181,060	1,912,360
				<u>6,430,141</u>
Direct:				
SCASD				
	20.930		200,000	123,713
Passed through Iowa Department of Transportation				
Surface Transportation Program				
	20.205	STP-U-1187(691)-70-57	1,608,480	283,756
	20.205	TCSP-1187(662)-9S-57	2,973,922	1,320,037
	20.205	HDP-1187(694)-71-57	5,000,000	628,837
	20.205	STP-U-1187(670)-70-57	1,000,000	139,353
	20.205	BRM-1187(681)-8N-57	1,000,000	185,051
	20.205	STP-U-1187(658)-70-57	4,245,830	1,841,028
	20.205	NRT-96(1)-9G-57		53,759
				<u>4,451,821</u>
<u>U.S. Department of Transportation / Iowa Department of Public Safety</u>				
Alcohol Incentive Grant				
	20.600	PAP 07-163, Task 11	22,900	11,923
	20.600	PAP 06-0410 Task 08	21,951	9,814
	20.600	PAP 06-163, Task 11	229,000	8,218
	20.600	PAP 07-03, Task 15	28,000	20,962
				<u>50,917</u>
<u>Federal Emergency Management Agency / Linn County, Iowa</u>				
FEMA Grant				
	97.044	EMW-2005-FP-03209	144,949	140,473
	97.044	EMW-2005-FG-16271	37,609	28,885
	97.044	EMW-2006-FG-11862	125,838	90,420
				<u>259,778</u>

CITY OF CEDAR RAPIDS, IOWA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REVISED** (continued)  
 FISCAL YEAR ENDED JUNE, 30, 2007

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
FEMA Public Assistance Grant	97.036	FEMA-DR-1518-IA	N/A	44,331
	97.036	FEMA-DR-1688-IA	507,378	<u>391,681</u>
				<u>436,012</u>
<u>U.S. Department of Homeland Security/ Iowa Department of Public Defense</u>				
State Homeland Security Program	97.067	FY 2004	500,000	38,498
	97.067	FY 2005	500,000	313,083
	97.067	FY 2006	325,000	5,393
				<u>356,974</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct:				
Community Development Block Grants	14.218	B03-04-MC-19-001	2,827,373	1,246,904
Leased Housing Authority Grant: Voucher Assist. Program	14.871	IA024VO	5,852,373	5,852,373
H.O.M.E.	14.239	B-00-MC-19-0204	486,463	510,805
Lead Based Paint Abatement Program	14.900	IALHB028705	2,000,000	824,579
Fair Housing Assistance Program	14.401	FF207K067012	49,500	2,400
	14.401	FF207K057012	208,714	208,714
	14.401	FF207K047012	12,500	12,500
				<u>223,614</u>
EDI Grant	14.xxx	B-03-SP-IA-0190	268,245	268,245
	14.xxx	B-06-SP-IA-0276	445,500	445,500
				<u>713,745</u>
<u>U.S. Department of Justice</u>				
Passed through from 6th Judicial District Weed and Seed	16.595	2005-WS-Q5-0162/ 2006-WS-Q6-0044	115,962	38,515
Partnership for Safe Neighborhoods	16.609	03S-ND01/06-PSNAG-ND01	33,800	19,294
				<u>57,809</u>
<u>U.S. Department of Justice Division of Criminal / Juvenile Justice Planning</u>				
Pass through Linn County EDUL	16.727	CJJP-04-C6-003	10,045	7,926
	16.727	JJYD-F06-31	10,045	2,250
				<u>10,176</u>
Edward Byrne Justice Assistance Grant	16.738	2005-DJ-BX-0345	46,170	279
	16.738	2006-DJ-BX-0188	28,055	28,716
				<u>28,995</u>
Pass through Sixth Judicial Dist; Dept of Correctional Services GREAT Grant	16.737	2006-JV-FX-0139	57,295	26,273
				<u>26,273</u>
<u>U.S. Environmental Protection Agency</u>				
Direct:				
Brownfield Grant	66.811	BF-98764201-0	200,000	41,783
Brownfield Grant (Iowa Iron)	66.818	BF-98746901-0	200,000	3,408
Brownfield Grant (Iowa Steel)	66.818	BF-98746801-0	200,000	3,133
				<u>48,324</u>

CITY OF CEDAR RAPIDS, IOWA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REVISED** (continued)  
 FISCAL YEAR ENDED JUNE, 30, 2007

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
<u>U.S. Office of Drug Policy</u>				
Passed through Office of Drug Policy Health Protection Grant	66.032	588-7P-101	3,126	<u>4,259</u> <u>4,259</u>
<u>U.S. Department of Agriculture / Iowa Department of Public Health</u>				
WIC Grant	10.557	588-7P-101	40,000	<u>21,976</u> <u>21,976</u>
<u>U.S. Department of Health and Human Services / Iowa Department of Public Health</u>				
Dental Grant	93.994	588-7P-101	5,920	4,734
Drug Abuse Information Grant	93.283	588-7P-101	19,129	21,805
Drug Abuse Information Grant	93.959	588-7P-101	347,215	310,115
Drug Abuse Information Grant	93.988	588-7P-101	1,000	458
Drug Abuse Information Grant	93.991	588-7P-101	1,877	<u>654</u> <u>337,766</u>
<u>U.S. Department of Health and Human Services / Division of Health Protection</u>				
Health Protection Grant	93.116	588-7P-101	915	538
Health Protection Grant	93.268	588-7P-101	48,576	52,560
Health Protection Grant	93.940	588-7P-101	2,500	2,996
Health Protection Grant	93.977	588-7P-101	2,500	<u>1,688</u> <u>57,782</u>
<u>U.S. Department of Health and Human Services / Substance Abuse &amp; Mental Health Services</u>				
ASAC Meth grant	93.243	1-H79-TI17233-01	499,969	<u>321,934</u> <u>321,934</u>
<u>U.S. Department of Treasury</u>				
Passed through Iowa Department of Economic Development Community Economic Betterment Account	21.000	05-CEBA-026	331,760	<u>33,760</u> <u>33,760</u>
Total Expenditures of Federal Awards				<u>\$ 26,344,575</u>

See notes to Schedule of Expenditures of Federal Awards

City of Cedar Rapids, Iowa

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

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**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, 2007. 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	\$ 465,019
Lead Based Paint Abatement Program	14.900	400,457

City of Cedar Rapids, Iowa

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2007

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Number	Comment	Status	Other Explanation
<b>Findings Related to Basic Financial Statements:</b>			
<b><u>Significant Deficiencies:</u></b>			
06-II-A	Inadequate segregation of duties over licenses and permit receipts.	Not corrected	See corrective action plan at 07-II-A
06-II-B	Inadequate segregation of duties over EDP.	Not corrected	See corrective action plan at 07-II-B
06-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	Not corrected	See corrective action plan at 07-II-C
06-II-D	Inadequate segregation of duties over US Cellular Center disbursements.	Corrected	
<b>Findings Related to Federal Awards:</b>			
<b><u>Significant Deficiencies:</u></b>			
06-III-A	An adequate system is not in place to ensure compliance with the Buy American Act.	Not corrected	See corrective action plan at 07-III-A
06-III-B	Weekly receipts of payrolls for Davis-Bacon Act was not received.	Not corrected	See corrective action plan at 07-III-B

# 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, 2007, and have issued our report thereon dated December 5, 2007. 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, but not for the purpose of expressing an opinion on the effectiveness of the City of Cedar Rapids, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cedar Rapids, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting 07-II-A through 07-II-C.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are a material weakness.

### **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, 2007 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based upon tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of those statutes.

We noted certain matters that we reported to management of the City in a separate letter dated December 5, 2007.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and City Council, management, others within the entity, 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  
December 5, 2007

# McGladrey & Pullen

Certified Public Accountants

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

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

### **Compliance**

We have audited the compliance of the City of Cedar Rapids, Iowa with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 of Cedar Rapids, Iowa's management. Our responsibility is to express an opinion on the City of Cedar Rapids, Iowa'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 Nonprofit 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, 2007. 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 07-III-B and 07-III-C.

### **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 the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cedar Rapids, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-III-A to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider none of the items to be material weaknesses.

The City of Cedar Rapids, Iowa's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Cedar Rapids, Iowa's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and City Council, others within the entity, 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  
December 5, 2007

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

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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
- Significant deficiency(ies) 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
- Significant deficiency(ies) 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
20.507	Federal Transit - Formula Grants
20.500	Federal Transit - Capital Investment Grants
14.871	Section 8 Housing Choice Vouchers
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing

Dollar threshold used to distinguish between type A and type B programs: \$791,204

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

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II. Findings Related to the Basic Financial Statements

Significant Deficiencies

07-II-A

Finding: The City has an improper segregation of duties over licenses and permit receipts.

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.

Criteria: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

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.

07-II-B

Finding: The City has an inadequate segregation of duties over EDP.

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.

Criteria: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

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.

(Continued)

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

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**07-II-C**

Finding: The City has an inadequate segregation of duties over the Treasurer's office receipts.

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.

Criteria: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

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 is implementing new procedures to adequately segregate the duties in the Treasurer's office. The Treasury Operation employees will be responsible for collecting receipts from customers and entering them into the financial management information system. The City is moving the reconciliation of receipts to the General Accounting Division and removing the access to the subsidiary ledger from the Treasury Operation employees. Access to the subsidiary ledger will reside in the Financial Operations division.

**Instances of Noncompliance**

None

**III. Findings and Questioned Costs for Federal Awards**

**Significant Deficiency**

**07-III-A**

**U.S. Department of Homeland Security/Passed through Iowa Department of Public Defense  
State Homeland Security Program (CFDA 97.067 & CFDA 97.004)  
Federal Award Year: 2003-2007**

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.

(Continued)

## City of Cedar Rapids, Iowa

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2007

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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 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**

##### **07-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: 2004-2007**

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 nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).*

Prevalence: In the current year, selected one contract to test.

(Continued)

**City of Cedar Rapids, Iowa**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007**

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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. The City is revising the DBE contracts and funding agreements to include language requiring weekly certified payroll transcripts prior to issuance of payment to subcontractor or requesting agency. When the transcripts are received, a date stamp will be used to document the date the transcripts were received.

**07-III-C**

**U.S. Department of Housing and Urban Development  
Lead-Based Paint Abatement Program (CFDA 14.900)  
Federal Award Year: 2006-2007**

Finding: The City of Cedar Rapids, Iowa did not properly calculate income for participants in the Lead-Based Paint program which resulted in a participant being over the income limit for participation in the program.

Condition: The City obtained income verification from the participants but did not properly compute the annual gross income received by the participant.

Questioned Costs: None

Effect: Ineligible applicants may be accepted into the program.

Criteria: The United States division of Housing and Urban Development (HUD) publishes an income limit chart that grant recipients are to use to compare to the income eligibility calculation on prospective participants. If the income eligibility calculation on a participant exceeds the income limit chart, then the prospective participant cannot be allowed to participate in the Lead-Based Paint Abatement Program.

Prevalence: One out of 12 items tested.

Recommendation: We recommend the City perform a more thorough review of the income verification forms and ensure propriety of the gross income calculation.

City's Response and Corrective Action Plan: The City is in the process of developing and implementing a policy on reviewing of income verification forms.

(Continued)

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2007

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IV. Other Findings Related to Required Statutory Reporting

**07-IV-A: Certified Budget:** Expenditures for the year ended June 30, 2007 did not exceed the budgeted amounts.

**07-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.

**07-IV-C: Travel Expense:** No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**07-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	\$ 10,987

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.

**07-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.

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

**07-IV-G: Deposits and Investments:** We noted no instances of noncompliance with the deposit and investment provisions of Chapters 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, 2007**

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<b>Comment Number</b>	<b>Comment</b>	<b>Corrective Action Plan</b>	<b>Contact Person</b>	<b>Initial Date of Communication</b>	<b>Anticipated Date of Completion</b>
<b>Findings Related to Basic Financial Statements:</b>					
<b><u>Reportable Conditions:</u></b>					
07-II-A	Inadequate segregation of duties over licenses and permit receipts.	See corrective action plan at 07-II-A.	Ann Olinger, City Clerk	June 1996	June 2008
07-II-B	Inadequate segregation of duties over EDP.	See corrective action plan at 07-II-B.	Linda Tebussek, Financial Operations Manager	June 1996	N/A
07-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	See corrective action plan at 07-II-C.	Susan Vavroch, Treasury Operations Management	June 1997	June 2008
<b>Findings Related to Federal Awards:</b>					
<b><u>Significant Deficiency</u></b>					
07-III-A	An adequate system is not in place to ensure compliance with the Buy American Act.	See corrective action plan at 07-III-A.	Casey Drew, City Finance Director	June 2006	June 2008
<b><u>Instance of Noncompliance</u></b>					
07-III-B	Weekly receipt of payrolls for Davis-Bacon Act was not received.	See corrective action plan at 07-III-B.	Casey Drew, City Finance Director	June 2005	June 2008
07-III-C	The City did not properly calculate annual gross income received by a participant in the lead-based paint program.	See corrective action plan at 07-III-C.	Casey Drew, City Finance Director	June 2007	June 2008

