

CITY OF CEDAR RAPIDS, IOWA



Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2008



About the Cover

Pictured on the cover of this year's Comprehensive Annual Financial Report is an aerial view of Veterans Memorial Building that was occupied by the City of Cedar Rapids City Hall, before the June 2008 record flooding. Cedar Rapids, Iowa was by far the most severely devastated city in the Midwestern United States. The cost and damage statistics from the flood waters that reached 31.12 feet above flood level and covered 10 square miles of the city are staggering. The recovery costs are estimated to be as much as \$5 billion dollars and it will take as long as 15 years to complete the demolition, reconstruction, and installation of adequate flood protection for the community.

The smaller picture on the lower right side of the cover is an aerial view of pre-flood condition of Veterans Memorial Building and the island that it rested on.

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
OF THE
CITY OF CEDAR RAPIDS, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

**PUBLISHED BY
FINANCE DEPARTMENT**

**CITY OF
CEDAR RAPIDS, IOWA**

CITY OF CEDAR RAPIDS, IOWA

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January 7, 2009

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, 2008 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, 2008. 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

In June 2008, record floods besieged communities throughout the Midwestern United States. Among the many communities that suffered flood-related damage, Cedar Rapids, Iowa was by far the most severely devastated. The cost and damage statistics from flood waters that reached 31.12 feet above flood level and covered 10 square miles of the City are staggering. The recovery costs are estimated to be as much as \$5 billion dollars and it will take as long as 15 years to complete the demolition, reconstruction, and installation of adequate flood protection for the neighborhoods and downtown business district. The City is working closely with federal and state agencies to assist the City with recovery efforts.

City Council is clearly committed to a recovery and reinvestment effort that will not just return Cedar Rapids to pre-flood condition but make Cedar Rapids a greater, more vibrant community. A ten year financial plan which was in place last year has now been updated to reflect the financial challenges since the flood and will help the City identify its funding needs over the next ten years.

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 FY08 accomplishments:

Business Development

- Assisted in the creation of 640 jobs.
- Located four new companies in the area.
- Assisted twelve area companies in expansion, training, and support.
- 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 2008 Laborshed Study, conducted by the Workforce Research Bureau of Iowa Workforce Development, reveals the Technology Corridor laborshed region has grown. Based on figures in the 2008 study, the potential available labor force in the Cedar Rapids area is estimated to be 100,983. That amount is up from 88,500 in the 2005 study. 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.

The largest concentrations of workers in the Technology Corridor are employed in the following four areas: Management, Office & Administrative Support, Production, or Education, Training & Library. The top industries of the area are Health Care, Social Services, Manufacturing, Education, and Wholesale or Retail Trade.

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

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

Cedar Rapids' unemployment rate of 3.9% increased for fiscal year ending 2008, and is equal to the state unemployment rate of 3.9% but was lower than the national unemployment rate of 5.6% for the same time period.

The Cedar Rapids MSA mean household income in 2008 was \$69,349 as compared to \$68,155 in 2007. These amounts are presented in 1996 constant dollar.

Retail sales in the metro area increase to \$3.36 billion for calendar year 2008 compared to \$3.01 billion in calendar year 2007. Of this total, \$2.57 billion was generated in Cedar Rapids.

The total value of building permits in FY 2008 was approximately \$296.0 million. This compares with an amount of \$186 for FY 2007. This amount represents an increase of 59.13 percent from the previous fiscal year.

Long-term financial planning

Unreserved fund balance in the general fund was \$35.6 million or 45.3 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 3.9 percent of their salary--employers contribute 6.05 percent (prior to July 1, 1975, the rate of contribution was identical) except for airport safety employees, in which case the percentages are 5.64 percent and 8.47 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 25.48 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 75 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. FY08 marked our thirty-sixth 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 2008, the City transferred its risk through the purchase of liability insurance to cover its airport, underground fuel storage tanks, six vehicles, 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 and dental benefits without stop loss insurance. A combination of risk transfer and risk retention is employed in handling the City's property and health insurance exposures. Property insurance and health insurance are 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, 2008, financial statements. The amount of incurred but unpaid health and dental bills were determined by an independent actuary along with calculations to comply with Statement 45 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, 2007. This was the twenty-seventh 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.

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, 2007

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.

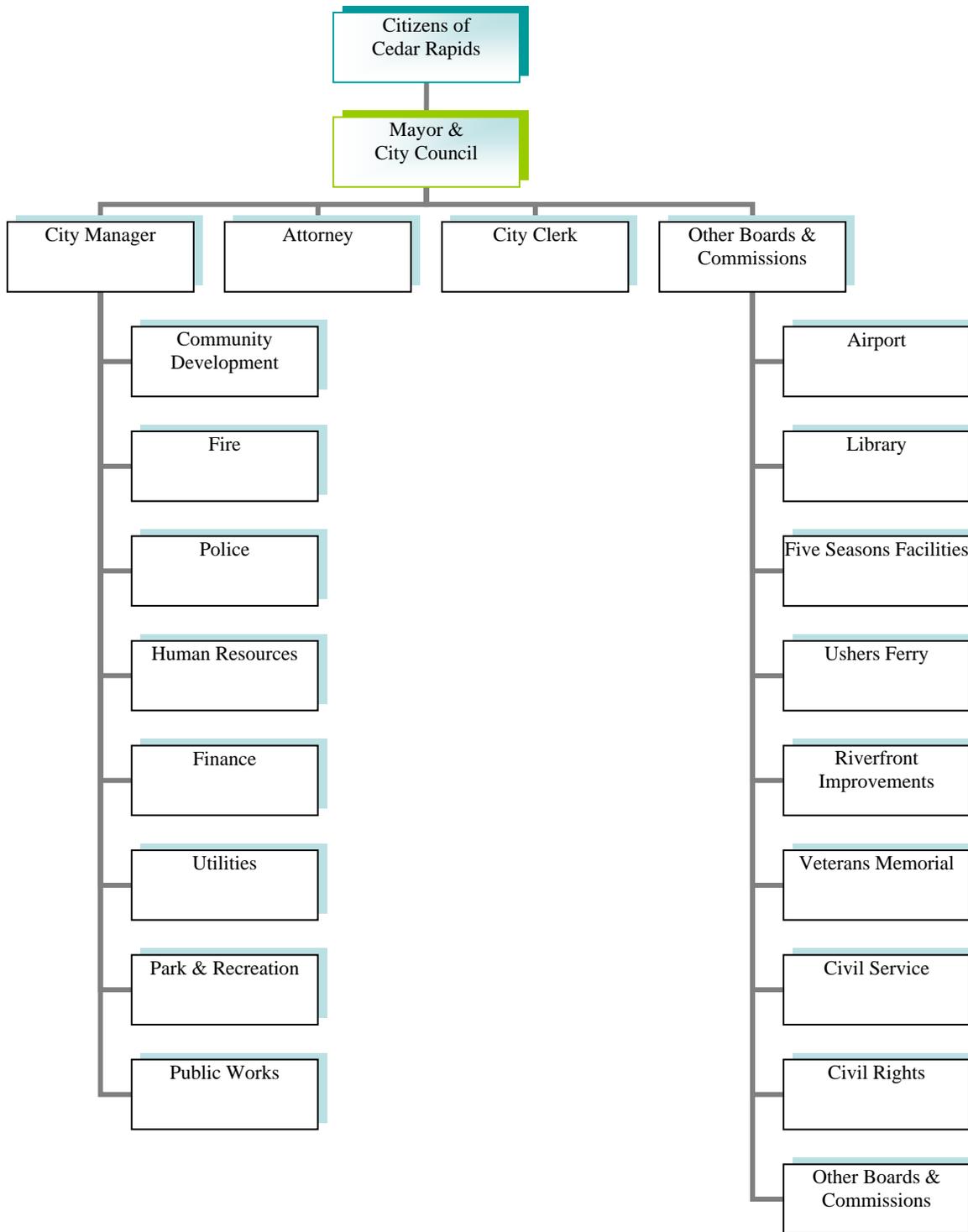


Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



CITY OF CEDAR RAPIDS, IOWA

City Manager Form of Government

CITY COUNCIL

Kay B. Halloran
Mayor

Brian J. Fagan
At-Large

Tomas A. Podzimek
At-Large

Patrick S. Shey
At-Large

Kris G. Gulick
District 1

Monica W. Vernon
District 2

Jerome W. McGrane
District 3

Charles H. Wieneke
District 4

Justin K. Shields
District 5

STAFF

Casey J. Drew, CPA
Finance Director

Jim D. 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, 2008, 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, 2008, 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 January 7, 2009 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
January 7, 2009

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, 2008. 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.

In June 2008, record floods besieged communities throughout the Midwestern United States. Among the many communities that suffered flood-related damage, Cedar Rapids, Iowa was by far the most severely devastated. The cost and damage statistics from flood waters that reached 31.12 feet above flood level and covered 10 square miles of the City are staggering. The recovery costs are estimated to be as much as \$5 billion dollars and it will take as long as 15 years to complete the demolition, reconstruction, and installation of adequate flood protection for the neighborhoods and downtown business district. The City is working closely with federal and state agencies to assist the City with recovery efforts.

City Council is clearly committed to a recovery and reinvestment effort that will not just return Cedar Rapids to pre-flood condition but make Cedar Rapids a greater, more vibrant community. A ten year financial plan which was in place last year has now been updated to reflect the financial challenges since the flood and will help the City identify its funding needs over the next ten years.

Financial Highlights

- The assets of the City of Cedar Rapids exceeded its liabilities at the close of June 30, 2008, by \$562.0 million (net assets). Of this amount, \$143.0 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$171,900.
- At the close of the current fiscal year, the City of Cedar Rapids' governmental funds reported combined ending fund balances of \$136.6 million, a decrease of 3.4 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 \$35.6 million, or 45.3 percent of the total general fund expenditures.
- Total debt decreased by \$7.6 million during the current fiscal year. The City issued \$24.23 million of new bonds and retired \$49.2 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, parks and recreation oriented activities, and flood recovery. 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, 2008 and 2007:

A condensed version of the Statement of Net Assets as of June 30, 2008 and 2007 follows:

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Cash and investments	\$ 226.5	\$ 253.0	\$ 1.9	\$ 1.6	\$ 228.4	\$ 254.6
Restricted assets	41.3	-	40.8	55.4	82.1	55.4
Other assets	49.6	44.7	77.1	64.9	126.7	109.6
Capital assets	300.1	300.6	300.4	317.3	600.5	617.9
Total assets	617.5	598.3	420.2	439.2	1,037.7	1,037.5
Other liabilities	166.0	143.4	37.2	21.4	203.0	164.8
Noncurrent liabilities	109.3	125.1	163.2	173.8	272.7	298.9
Total liabilities	275.3	268.5	200.4	195.2	475.7	463.7
Net assets:						
Invested in capital assets, net of debt	215.8	166.9	156.7	189.9	372.5	356.8
Restricted	46.3	53.0	0.2	-	46.5	53.0
Unrestricted (deficit)	80.1	109.8	62.9	54.1	143.0	163.9
Total net assets	\$ 342.2	\$ 329.7	\$ 219.8	\$ 244.0	\$ 562.0	\$ 573.7

Governmental Activities

Net assets increased \$12.5 million or 3.8 percent. The change is mainly a decrease in buildings and equipment due to the flooding of the Cedar River which resulted in a \$6 million impairment loss for fiscal year 2008, an increase in cash and investments due to increase in bond money available as of June 30, 2008, and a decrease in non-current liabilities. Bonds were issued in the 4th quarter of 2008 rather than 1st quarter as in past years. The decrease in non-current liabilities is due to the defeasement of bonds that were crossed over in FY 2008.

Business-Type Activities

Total net assets decreased by ten percent for fiscal year 2008. The decrease is mainly due to a decrease in buildings and equipment due to the flooding of the Cedar River which resulted in a \$23.6 million impairment loss for fiscal year 2008.

Statement of Activities for the Fiscal Years Ended June 30, 2008 and 2007:

A condensed version of the Statement of Activities as of June 30, 2008 and 2007 follows:

Table 2
Governmental and Business-type Activities
For Fiscal Years Ending June 30, 2008 and 2007
(in millions)

	Governmental		Business-type		2008	2007
	Activities		Activities			
	2008	2007	2008	2007		
Revenues						
Charges for services	\$ 12.7	\$ 11.6	\$ 69.7	\$ 68.7	\$ 82.4	\$ 80.3
Operating grants and contributions	32.5	23.2	3.2	2.8	35.7	26.0
Capital grants and contributions	11.3	8.6	2.2	8.1	13.5	16.7
General revenues:						
Property taxes	78.2	77.4	3.0	3.0	81.2	80.4
Other taxes	2.6	2.7	-	-	2.6	2.7
Franchise taxes	1.4	1.3	-	-	1.4	1.3
Investment income	7.6	6.2	5.3	3.8	12.9	10.0
Gain on sale of capital assets	0.4	0.5	-	-	0.4	0.5
Total revenues	146.7	131.5	83.4	86.4	230.1	217.9
Expenses						
Public safety	45.1	41.8	-	-	45.1	41.8
Public works	26.5	25.6	-	-	26.5	25.6
Culture and recreation	14.9	14.2	-	-	14.9	14.2
Community and economic development	16.7	17.3	-	-	16.7	17.3
General government	27.0	10.7	-	-	27.0	10.7
Debt service	6.1	4.9	-	-	6.1	4.9
Water	-	-	20.9	20.0	20.9	20.0
Water pollution control	-	-	40.4	25.0	40.4	25.0
Sanitary sewer	-	-	6.3	5.5	6.3	5.5
Ground transportation system	-	-	14.4	8.7	14.4	8.7
Parking system	-	-	5.5	3.6	5.5	3.6
Solid waste management	-	-	6.8	6.0	6.8	6.0
Golf	-	-	3.1	2.9	3.1	2.9
U.S. cellular center	-	-	1.9	2.4	1.9	2.4
Paramount theatre	-	-	4.5	1.1	4.5	1.1
Ice arena	-	-	1.7	1.8	1.7	1.8
Total expenses	136.3	114.5	105.5	77.0	241.8	191.5
Increase in net assets before special						
Items and transfers	10.4	17.0	(22.1)	9.4	(11.7)	26.4
Special items	-	(1.2)	(2.6)	(2.5)	-	(3.7)
Transfers	2.1	0.2	(2.1)	(0.2)	-	-
Changes in net assets	12.5	16.0	(24.2)	6.7	(11.7)	22.7
Beginning net assets	329.7	313.7	244.0	237.3	573.7	551.0
Ending net assets	<u>\$ 342.2</u>	<u>\$ 329.7</u>	<u>\$ 219.8</u>	<u>\$ 244.0</u>	<u>\$ 562.0</u>	<u>\$ 573.7</u>

Governmental Activities

Charges for services make up 8.7 percent of governmental revenues. Operating and capital grants, primarily due to street projects, make up another 29.9 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes, and interest revenue.

Business-type Activities

As expected, charges for services is the primary revenue source for business-type activities. Water fees, wastewater fees, and sanitary sewer charges are the primary charges for services that make up 83.6 percent of charges for services. Operating and capital grants make up 6.5 percent of overall revenue, grants for ground transportation system make up 61 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 sixteen 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, Employee Benefit fund, and Flood 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 did not change significantly over FY 2007, while expenditures decreased 1.0 percent over the prior year thus resulting in an increase in the change in fund balance of \$5.4 million compared to an increase in FY 2007 of \$3.5 million. The majority of the decrease in the General Fund expenditures was personal services, which decreased \$2.6 million. The City went through reorganization in FY 2008, resulting in a reduction of 18 positions in the General Fund. The City has continued to maintain its targeted unreserved fund balance policy of 25 percent of the next year's expenditure budget in the General Fund as it was at 45.3 percent. Infrastructure construction fund expenditures increased by 46.9 percent, operating and capital grant revenue increased 136.6 percent, and issuance of general obligation bonds decreased by 35.6 percent primarily due to an increase in street improvements and bridge construction projects, resulting in an increase in fund balance of \$5.5 million as compared to an increase of \$8.0 million in the prior year. The Debt Service Fund had a decrease in its fund balance by \$8.9 million primarily due to a defeasement of crossover refunding bonds issued in FY 2007. The total amount of the

defeasement was \$9.575 million. The Employee Benefits Fund had a decrease in its fund balance by \$0.2 million. The change in fund balance is due to a decrease in property taxes collected and an increase in employee benefits. The increase in employee benefits is due to a higher cost of health insurance. The Flood Fund was added in FY 2008 to capture the emergency protective measures and recovery costs of the City from the flooding of the Cedar River on June 13, 2008. The fund balance is currently negative \$9.5 million. The negative fund balance is due to a delay between expenditures and receiving reimbursement from federal and state funding and is expected to be temporary.

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, fleet services, and facilities maintenance functions. 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 operating revenues increased 1.9 percent over the prior year while operating expenses increased 3.0 percent thus decreasing the operating income from \$4.0 million in FY 2007 to \$3.9 million in FY 2008. The change in net assets increased \$2.2 million. The \$4.0 million increase in Water operating revenue is due to an increase in utility rates by 4.86%. Water operating expenditures increased due to an increase in non-personal services. Water Pollution Control's change in net assets decreased by \$16.6 million as compared to an increase of \$0.1 million in FY 2007, mainly due to impairment loss of \$14.0 million. Almost the entire facility was under water during the flooding of the Cedar River and sustained substantial amount of damage. More information on the impairment loss can be found in note 8 on pages 50-51 of this report. Sanitary Sewer's operating revenues increased 12.2 percent while operating expenses increased 7.9 percent thus increasing the net change in assets by \$3.7 million in FY 2008 as compared to an increase of \$1.1 million in FY 2007. Sanitary Sewer's operating revenues increase was due to an 8.45 percent increase in utility rates, and operating expenses increase was due to an increase in non-personal services, primarily in accounting services and other professional services.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-65 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 71-85 of this report.

Budgetary Highlights

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

The City had one budget amendment during the fiscal year that is our common practice. This amendment increased the expenditure budget by \$3.6 million to a total of \$355.4 million. This represented a 1.0 percent increase. The increase is primarily due to the creation of the Fleet Services internal service fund, the payment of the cross-over refunding bonds of \$9.575 million, and the changes in priority of capital projects in the governmental funds. Actual expenditures were \$294.0 million.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2008, the City had invested \$600.5 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 Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 31.6	\$ 29.0	\$ 12.3	\$ 12.3	\$ 43.9	\$ 41.3
Building and structures	36.2	44.8	74.5	104.5	110.7	149.3
Improvements other than buildings	217.8	211.7	180.5	169.7	398.3	381.4
Machinery and equipment	12.4	12.6	11.5	13.2	23.9	25.4
Construction in progress	2.1	2.5	21.6	17.6	23.7	20.1
Total	<u>\$ 300.1</u>	<u>\$ 300.6</u>	<u>\$ 300.4</u>	<u>\$ 317.3</u>	<u>\$ 600.5</u>	<u>\$ 617.9</u>

The following table reconciles the change in capital assets. Included with additions is construction in progress balances. The amount for governmental activities is \$300.1 million that represents a 0.01 percent decrease. For business type activities the amount is \$300.4 million that is a 5.2 percent decrease. Detail of this summary is presented on pages 48-49 of the notes.

Table 4
Change in Capital Assets
(in millions)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Beginning Balance	\$ 300.6	\$ 294.2	\$ 317.3	\$ 312.6	\$ 617.9	\$ 606.8
Additions	22.4	21.1	25.2	25.0	47.6	46.1
Retirement	(8.6)	(0.2)	(35.6)	(3.1)	(44.2)	(3.3)
Depreciation	(14.3)	(14.5)	(6.5)	(17.2)	(20.8)	(31.7)
Ending Balance	\$ 300.1	\$ 300.6	\$ 300.4	\$ 317.3	\$ 600.5	\$ 617.9

Governmental Activities

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

- Street Improvements, \$7.8 million or 34.8% of total additions
- New Bridge over Union Pacific Railroad, \$5 million or 22.3% of total additions
- Storm Sewer Improvements, \$1.8 million or 8.0% of total additions
- Traffic Signal Improvements, \$1.0 million or 4.3% of total additions
- Impairment loss of flooded buildings & equipment, \$6.0 million

Business-type Activities

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

- Improvements at Water Pollution Control plant, \$5.9 million or 23.6% of total additions
- Improvements at Water Distribution plant, \$5.8 million or 23.0% of total additions
- Expansion of Main Lift Station, \$5.3 million or 21.1% of total additions
- Improvements to Sewer mains, \$2.4 million or 9.6% of total additions
- Impairment loss of flooded buildings & equipment, \$23.6 million

Additional information on the City of Cedar Rapids' capital assets can be found in notes 7 and 8 on pages 48-51 of this report.

Debt Administration

The amount of debt outstanding at fiscal year end was \$307.8 million as compared to \$314.7 million last fiscal year. The decrease in debt in FY08 is due defeasement of \$28.4 million in FY08 and an issuance of \$24.23. Of the total debt outstanding, \$124.1 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	
	2008	2007
Governmental		
General obligation	\$ 124.1	\$ 132.9
Note payable	0.6	0.6
Business-type		
General obligation		
Abated by:		
Water	78.0	64.8
Water Pollution Control	62.5	72.8
Sanitary Sewer	29.8	29.4
Others	12.8	14.2
Sub-totals	183.1	181.2
Totals	\$ 307.8	\$ 314.7

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

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

Economic Factors

Cedar Rapids' unemployment rate of 3.9% increased for fiscal year ending 2008, and is equal to the state unemployment rate of 3.9% but was lower than the national unemployment rate of 5.6% for the same time period.

The Cedar Rapids MSA mean household income in 2008 was \$69,349 as compared to \$68,155 in 2007. These amounts are presented in 1996 constant dollar.

Retail sales in the metro area increase to \$3.36 billion for calendar year 2008 compared to \$3.01 billion in calendar year 2007. Of this total, \$2.57 billion was generated in Cedar Rapids.

The total value of building permits in FY 2008 was approximately \$296.0 million. This compares with an amount of \$186 for FY 2007. This amount represents an increase of 59.13 percent from the previous fiscal year.

Next Year's Budget and Rates

Approximately 73 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 decreased by \$0.5 million or a decrease of 0.01 percent. Non-Personal Services were increased by \$5.7 million or 33.2 percent.

Water, Sewer, and Solid Waste fees combined are expected to increase approximately 11.43 percent in FY2009 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 \$12.16 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 increase to 75.377 cents/\$1000 that will result in an increase of approximately \$674,371 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 3851 River Ridge Drive NE, Cedar Rapids, Iowa, 52402.



City of Cedar Rapids, Iowa
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
ASSETS						
Current assets:						
Cash and investments	\$ 226,531,010	\$ 1,920,263	\$ 228,451,273	\$ 166,079	\$ 22,235,537	\$ -
Receivables:						
Taxes	82,264,596	3,989,820	86,254,416	-	-	-
Accounts and unbilled usage, net						
\$534,696 of allowance for doubtful accounts	4,659,123	7,992,072	12,651,195	777,392	1,266,202	-
Special assessments	1,733,509	-	1,733,509	-	-	-
Interest	1,431,470	3,919	1,435,389	-	93,465	-
Notes	-	-	-	-	821,015	-
Internal balances, net	(56,751,682)	56,751,682	-	-	-	-
Due from primary government	-	-	-	33,487,649	-	-
Due from other governments	14,250,191	6,064,028	20,314,219	1,123,706	902,423	-
Inventories	511,574	1,030,032	1,541,606	-	-	-
Prepaid items	837,573	105,213	942,786	-	80,804	-
Deferred charges	618,323	1,055,439	1,673,762	28,690	-	-
Restricted assets:						
Cash and investments	41,322,782	40,802,837	82,125,619	1,040,042	-	3,522,134
Total current assets	317,408,469	119,715,305	437,123,774	36,623,558	25,399,446	3,522,134
Noncurrent assets:						
Land	31,598,252	12,303,704	43,901,956	8,832,230	3,657,920	-
Buildings and structures	62,262,607	194,793,379	257,055,986	60,997,657	2,294,792	-
Improvements other than buildings	326,861,576	271,526,449	598,388,025	67,441,607	5,161,242	-
Machinery and equipment	38,488,357	38,135,058	76,623,415	4,857,247	5,583,628	4,341
Accumulated depreciation	(161,271,456)	(237,933,326)	(399,204,782)	(56,280,606)	(7,347,969)	(3,715)
Construction in progress	2,147,703	21,613,453	23,761,156	17,424,904	5,861,352	-
Total noncurrent assets	300,087,039	300,438,717	600,525,756	103,273,039	15,210,965	626
Total assets	617,495,508	420,154,022	1,037,649,530	139,896,597	40,610,411	3,522,760
LIABILITIES						
Current liabilities:						
Vouchers payable	14,180,565	6,687,900	20,868,465	3,756,849	1,718,392	17,038
Contracts payable	362,424	952,625	1,315,049	378,096	-	-
Claims and judgments payable	7,474,400	-	7,474,400	-	-	-
Accrued expenses	2,465,585	896,020	3,361,605	60,832	80,996	-
Revenues collected in advance	530,987	343,609	874,596	-	33,202	-
Unearned revenues	81,864,053	3,781,953	85,646,006	-	-	-
Due to component unit	33,487,649	-	33,487,649	-	-	-
Due to general public	174,600	-	174,600	-	-	-
Due to employees	8,803	-	8,803	-	-	-
Due to other governments	1,417,910	268,787	1,686,697	-	243,638	-
Security deposits	636	306,463	307,099	3,321	34,000	-
General obligation bonds payable	18,141,317	22,166,876	40,308,193	1,616,807	-	-
Unamortized bond premium	63,705	132,602	196,307	4,288	-	-
Interest payable	442,435	602,863	1,045,298	18,495	-	-
Closure/post closure landfill	-	-	-	-	993,713	-
Compensated absences	4,686,655	1,102,941	5,789,596	223,615	107,736	-
Note Payable	650,000	-	650,000	-	-	-
Total current liabilities	165,951,724	37,242,639	203,194,363	6,062,303	3,211,677	17,038
Noncurrent liabilities:						
General obligation bonds payable	105,906,599	143,649,205	249,555,804	2,954,197	-	-
Closure/post closure landfill	-	780,210	780,210	-	13,212,484	-
Unamortized bond premium	750,874	1,321,164	2,072,038	23,393	-	-
Note Payable	-	17,298,893	17,298,893	-	-	-
Post-employment liabilities	2,185,736	-	2,185,736	-	-	-
Compensated absences	506,618	101,532	608,150	943	-	-
Total noncurrent liabilities	109,349,827	163,151,004	272,500,831	2,978,533	13,212,484	-
Total liabilities	275,301,551	200,393,643	475,695,194	9,040,836	16,424,161	17,038
NET ASSETS						
Invested in capital assets, net of related debt	215,756,562	156,641,036	372,397,598	99,684,354	15,210,965	626
Restricted for:						
Closure/post closure landfill	-	-	-	-	15,151,091	-
Compost site closure	-	-	-	-	425,000	-
Donor restrictions	-	-	-	-	-	918,167
Debt service	20,559,552	211,003	20,770,555	30,042	-	-
Other special revenue	7,535,912	-	7,535,912	-	-	-
Tax increment financing projects	11,638,334	-	11,638,334	-	-	-
Road construction projects	2,761,226	-	2,761,226	-	-	-
SSMID projects	404,587	-	404,587	-	-	-
Employee benefits	2,786,576	-	2,786,576	-	-	-
Housing and Neighborhood projects	650,000	-	650,000	-	-	-
Unrestricted	80,101,208	62,908,340	143,009,548	31,141,365	(6,600,806)	2,586,929
	<u>\$ 342,193,957</u>	<u>\$ 219,760,379</u>	<u>\$ 561,954,336</u>	<u>\$ 130,855,761</u>	<u>\$ 24,186,250</u>	<u>\$ 3,505,722</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, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 45,079,704	\$ 3,196,635	\$ 606,657	\$ 39,170
Public works	26,490,183	917,932	20,396,467	10,676,970
Culture and recreation	14,947,142	2,721,975	868,402	135,476
Community and economic development	16,743,324	583,379	8,771,933	58,634
General government	26,964,118	5,240,941	1,820,576	433,984
Interest on long-term debt	6,090,164	-	-	-
Total governmental activities	<u>136,314,635</u>	<u>12,660,862</u>	<u>32,464,035</u>	<u>11,344,234</u>
Business-type activities:				
Water	20,928,498	22,048,658	-	920,951
Water pollution control	40,419,439	22,267,080	-	214
Sanitary sewer	6,221,906	8,046,981	-	696,432
Ground transportation system	14,411,599	1,126,602	3,214,133	398,045
Parking system	5,477,383	3,083,142	-	77,802
Solid waste management	6,783,763	7,033,832	10,707	48,000
Golf	3,087,089	2,544,561	4,862	39,691
U.S. Cellular center	1,920,761	1,767,484	-	-
Paramount theatre	4,521,021	782,525	-	-
Ice arena	1,748,772	960,531	-	-
Total business-type activities	<u>105,520,231</u>	<u>69,661,396</u>	<u>3,229,702</u>	<u>2,181,135</u>
Total primary government	<u>241,834,866</u>	<u>82,322,258</u>	<u>35,693,737</u>	<u>13,525,369</u>
Component units:				
Airport	12,049,258	13,710,187	693,081	7,922,378
Cedar Rapids / Linn County Solid Waste Agency	8,527,999	9,294,919	32,558	-
Cedar Rapids Public Library Foundation	117,598	338,585	-	-
Total component units	<u>20,694,855</u>	<u>23,343,691</u>	<u>725,639</u>	<u>7,922,378</u>

General revenues:
Property taxes
Other taxes
Franchise taxes
Investment income (loss)
Gain on sale of capital assets
Special items:
Retirement employee payouts
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
\$ (41,237,242)	\$ -	\$ (41,237,242)	\$ -	\$ -	\$ -
5,501,186	-	5,501,186	-	-	-
(11,221,289)	-	(11,221,289)	-	-	-
(7,329,378)	-	(7,329,378)	-	-	-
(19,468,617)	-	(19,468,617)	-	-	-
(6,090,164)	-	(6,090,164)	-	-	-
<u>(79,845,504)</u>	<u>-</u>	<u>(79,845,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,041,111	2,041,111	-	-	-
-	(18,152,145)	(18,152,145)	-	-	-
-	2,521,507	2,521,507	-	-	-
-	(9,672,819)	(9,672,819)	-	-	-
-	(2,316,439)	(2,316,439)	-	-	-
-	308,776	308,776	-	-	-
-	(497,975)	(497,975)	-	-	-
-	(153,277)	(153,277)	-	-	-
-	(3,738,496)	(3,738,496)	-	-	-
-	(788,241)	(788,241)	-	-	-
-	<u>(30,447,998)</u>	<u>(30,447,998)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(79,845,504)</u>	<u>(30,447,998)</u>	<u>(110,293,502)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	10,276,388	-	-
-	-	-	-	799,478	-
-	-	-	-	-	220,987
-	-	-	<u>10,276,388</u>	<u>799,478</u>	<u>220,987</u>
78,166,150	2,988,927	81,155,077	-	-	-
2,645,817	-	2,645,817	-	-	-
1,375,315	-	1,375,315	-	-	-
7,564,677	5,315,604	12,880,281	1,495,144	(1,624,850)	-
425,323	-	425,323	-	-	-
-	(17,274)	(17,274)	-	-	-
2,113,660	(2,113,660)	-	-	-	-
<u>92,290,942</u>	<u>6,173,597</u>	<u>98,464,539</u>	<u>1,495,144</u>	<u>(1,624,850)</u>	<u>-</u>
12,445,438	(24,274,401)	(11,828,963)	11,771,532	(825,372)	220,987
329,748,519	244,034,780	573,783,299	119,084,229	25,011,622	3,284,735
<u>\$ 342,193,957</u>	<u>\$ 219,760,379</u>	<u>\$ 561,954,336</u>	<u>\$ 130,855,761</u>	<u>\$ 24,186,250</u>	<u>\$ 3,505,722</u>

**City of Cedar Rapids, Iowa
Balance Sheet
Governmental Funds
June 30, 2008**

	General	Infrastructure Construction	Debt Service	Employee Benefits	Flood	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 224,128,007	\$ 19,887,251	\$ 16,920,764	\$ -	\$ -	\$ 6,233,495	\$ 267,169,517
Receivables:							
Taxes	42,028,623	-	10,259,413	14,634,534	-	15,342,026	82,264,596
Accounts and unbilled usage	970,416	167	-	104	1,000,679	1,680,101	3,651,467
Special assessments	113,651	1,619,858	-	-	-	-	1,733,509
Interest	1,422,309	-	-	-	-	6,436	1,428,745
Advance to other funds	88,000	-	-	-	-	-	88,000
Due from other funds	-	34,598,633	3,473,629	3,398,697	-	28,944,860	70,415,819
Due from other governments	452,559	1,898,857	-	-	8,475,148	3,380,712	14,207,276
Due from general public	-	-	-	-	-	150,000	150,000
Inventories	112,913	-	-	-	1,450	17,120	131,483
Prepaid items	120,045	1,020	-	-	-	242,557	363,622
Total assets	<u>269,436,523</u>	<u>58,005,786</u>	<u>30,653,806</u>	<u>18,033,335</u>	<u>9,477,277</u>	<u>55,997,307</u>	<u>441,604,034</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers payable	1,202,965	2,307,293	19,911	201,342	8,076,712	834,952	12,643,175
Contracts payable	-	225,935	-	-	64,980	64,539	355,454
Accrued expenditures	1,715,726	-	-	-	-	585,167	2,300,893
Revenues collected in advance	102,616	-	-	243	-	428,128	530,987
Deferred revenues	41,989,664	3,362,113	10,215,107	14,575,246	8,370,865	17,829,868	96,342,863
Due to other funds	151,802,854	-	-	-	2,469,485	289,830	154,562,169
Advance from other funds	-	-	-	-	-	2,992,000	2,992,000
Due to component unit	33,487,649	-	-	-	-	-	33,487,649
Due to general public	-	-	-	-	-	324,600	324,600
Due to employees	-	-	-	8,803	-	-	8,803
Due to other governments	956,729	-	-	460,989	-	192	1,417,910
Security deposits	-	-	-	136	-	500	636
Total liabilities	<u>231,258,203</u>	<u>5,895,341</u>	<u>10,235,018</u>	<u>15,246,759</u>	<u>18,982,042</u>	<u>23,349,776</u>	<u>304,967,139</u>
Fund balances:							
Reserved for:							
Advance to other funds	88,000	-	-	-	-	-	88,000
Prepaid items	120,045	1,020	-	-	-	242,557	363,622
Encumbrances	1,623,677	7,610,419	-	-	-	3,773,214	13,007,310
Inventories	112,913	-	-	-	1,450	17,120	131,483
Future construction	169,731	-	-	-	-	-	169,731
Employee retirement	447,532	2,089,588	-	-	-	2,435,503	4,972,623
Debt service	-	-	20,418,788	-	-	-	20,418,788
Unreserved, designated:							
Targeted fund balance	21,845,387	-	-	-	-	-	21,845,387
Unreserved, undesignated reported in:							
General fund	13,771,035	-	-	-	-	-	13,771,035
Special revenue funds	-	-	-	2,786,576	-	21,951,646	24,738,222
Capital projects funds	-	42,409,418	-	-	(9,506,215)	4,227,491	37,130,694
Total fund balances	<u>38,178,320</u>	<u>52,110,445</u>	<u>20,418,788</u>	<u>2,786,576</u>	<u>(9,504,765)</u>	<u>32,647,531</u>	<u>136,636,895</u>
Total liabilities and fund balances	<u>\$ 269,436,523</u>	<u>\$ 58,005,786</u>	<u>\$ 30,653,806</u>	<u>\$ 18,033,335</u>	<u>\$ 9,477,277</u>	<u>\$ 55,997,307</u>	<u>\$ 441,604,034</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, 2008

Fund balances-total governmental funds		\$ 136,636,895
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.		294,920,220
Other long-term assets not available to pay for current-period expenditures and, therefore, are deferred in the funds		14,478,809
Internal service funds:		
Capital assets	5,166,819	
Other current assets	2,591,613	
Internal balances	32,106,969	
Other current liabilities	(9,573,134)	
Noncurrent liabilities	(2,263,224)	28,029,043
Internal service funds allocated to business-type activities		(1,808,301)
Long-term liabilities, including bonds payable, are not due and payable in current period and therefore are not reported in the funds:		
Compensated absences	(4,820,956)	
Bonds payable	(123,956,416)	
Bond premium	(811,538)	
Accrued interest on long-term debt	(442,122)	
Note payable	(650,000)	
Deferred charges	618,323	(130,062,709)
Net assets of governmental activities		<u>\$ 342,193,957</u>

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

City of Cedar Rapids, Iowa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Infrastructure Construction	Debt Service	Employee Benefits	Flood	Other Governmental Funds	Total
Revenues:							
Property taxes	\$ 39,070,253	\$ -	\$ 9,594,660	\$ 13,948,934	\$ -	\$ 18,185,410	\$ 80,799,257
Other taxes	1,375,314	-	-	-	-	-	1,375,314
Licenses and permits	2,296,809	-	-	-	-	26,665	2,323,474
Intergovernmental	386,053	7,967,472	-	-	101,654	22,056,000	30,511,179
Charges for services	3,188,570	145,461	-	-	-	72,937	3,406,968
Fines and forfeits	314,978	-	-	-	-	9,440	324,418
Use of money and property	1,692,173	2,214,592	933,057	107,200	2	1,431,060	6,378,084
Rents and royalties	366,564	11,083	-	-	-	541,000	918,647
Miscellaneous	1,646,765	694,307	52,500	-	679	1,033,343	3,427,594
Total revenues	<u>50,337,479</u>	<u>11,032,915</u>	<u>10,580,217</u>	<u>14,056,134</u>	<u>102,335</u>	<u>43,355,855</u>	<u>129,464,935</u>
Expenditures:							
Current:							
Public safety	39,930,840	-	-	-	-	933,449	40,864,289
Public works	16,363,252	368,677	-	-	-	9	16,731,938
Culture and recreation	9,952,721	-	-	-	-	1,214,821	11,167,542
Community and economic development	2,601,870	-	-	-	-	13,566,781	16,168,651
General government	8,790,439	-	799	884	9,915,490	1,291,574	19,999,186
Debt service:							
Principal	-	-	18,319,213	-	-	-	18,319,213
Interest	-	-	6,009,775	-	-	36,766	6,046,541
Bond issuance costs	-	20,073	-	-	-	10,677	30,750
Capital outlay	212,960	13,213,503	-	-	691,610	3,928,999	18,047,072
Total expenditures	<u>77,852,082</u>	<u>13,602,253</u>	<u>24,329,787</u>	<u>884</u>	<u>10,607,100</u>	<u>20,983,076</u>	<u>147,375,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,514,603)</u>	<u>(2,569,338)</u>	<u>(13,749,570)</u>	<u>14,055,250</u>	<u>(10,504,765)</u>	<u>22,372,779</u>	<u>(17,910,247)</u>
Other Financing Sources (Uses):							
Long-term debt issued	-	6,318,655	-	-	-	3,361,000	9,679,655
Premium (Discount) on bonds issued	-	29,615	-	-	-	6,665	36,280
Settlement reimbursement	3	-	-	-	-	1,577	1,580
Sale of capital assets	438,456	-	-	-	-	456	438,912
Insurance proceeds	-	-	-	-	1,000,000	-	1,000,000
Transfers in	32,899,504	2,163,114	4,814,164	-	-	4,959,563	44,836,345
Transfers (out)	(384,598)	(443,720)	-	(14,272,412)	-	(27,801,020)	(42,901,750)
Total other financing sources (uses)	<u>32,953,365</u>	<u>8,067,664</u>	<u>4,814,164</u>	<u>(14,272,412)</u>	<u>1,000,000</u>	<u>(19,471,759)</u>	<u>13,091,022</u>
Net change in fund balances	5,438,762	5,498,326	(8,935,406)	(217,162)	(9,504,765)	2,901,020	(4,819,225)
Fund balances - July 1, 2007	32,739,558	46,612,119	29,354,194	3,003,738	-	29,746,511	141,456,120
Fund balances - June 30, 2008	<u>\$ 38,178,320</u>	<u>\$ 52,110,445</u>	<u>\$ 20,418,788</u>	<u>\$ 2,786,576</u>	<u>\$ (9,504,765)</u>	<u>\$ 32,647,531</u>	<u>\$ 136,636,895</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, 2008**

Net change in fund balances-total governmental funds \$ (4,819,225)

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

Governmental funds reported capital outlays as expenditures.

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

Capital outlay	18,047,073	
Contributions of capital assets	3,261,019	
Depreciation expense	<u>(14,366,158)</u>	6,941,934

Governmental funds reported proceeds from sale of capital assets		(438,912)
Gain on sale of capital assets		425,323
Impairment loss on capital assets		(6,080,702)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		8,936,286
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Premium on bond issued	(36,280)	
Payments of bond principal	18,319,213	
Issuance of debt	(9,679,655)	
Accrued interest	(53,030)	
Bond issuance costs	30,749	
Amortization on premium	68,940	
Amortization on discount	(37,172)	8,612,765

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.		(221,622)
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Internal service funds net change reported in governmental activities		(910,409)
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Change in net assets - governmental activities		<u>\$ 12,445,438</u>
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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, 2008

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Water Pollution Control	Sanitary Sewer	Other	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 1,064,935	\$ 246,247	\$ -	\$ 609,081	\$ 1,920,263	\$ 684,275
Receivables:						
Taxes	-	-	268,754	3,721,066	3,989,820	-
Accounts and unbilled usage, net						
\$534,696 of allowance for doubtful accounts	2,040,184	4,053,727	-	1,898,161	7,992,072	1,007,656
Interest	3,912	-	-	7	3,919	2,725
Due from other funds	11,265,030	12,268,850	10,174,554	21,055,234	54,763,668	29,114,969
Advance to other funds	-	-	-	-	-	2,992,000
Due from other governments	5,908,296	-	4,003	151,729	6,064,028	42,915
Inventories	722,039	-	1,029	306,964	1,030,032	380,091
Prepaid items	3,870	11,399	730	89,214	105,213	473,951
Deferred charges	708,921	201,003	120,774	24,741	1,055,439	-
Restricted Assets:						
Cash and investments	5,079,805	20,169,799	12,917,115	2,636,118	40,802,837	-
Due from other funds	-	780,210	-	-	780,210	-
Total current assets	26,796,992	37,731,235	23,486,959	30,492,315	118,507,501	34,698,582
Noncurrent assets:						
Land	437,328	1,355,790	408,869	10,101,717	12,303,704	1,016,663
Buildings and structures	55,054,474	84,080,830	-	55,658,075	194,793,379	6,082,507
Improvements other than buildings	106,700,246	54,213,119	92,488,538	18,124,546	271,526,449	1,843,172
Machinery and equipment	5,001,572	4,964,603	3,349,107	24,819,776	38,135,058	1,604,135
Accumulated depreciation	(56,849,552)	(86,893,381)	(35,844,148)	(58,346,245)	(237,933,326)	(5,492,117)
Construction in progress	19,059,393	2,456,914	-	97,146	21,613,453	112,459
Total noncurrent assets	129,403,461	60,177,875	60,402,366	50,455,015	300,438,717	5,166,819
Total assets	156,200,453	97,909,110	83,889,325	80,947,330	418,946,218	39,865,401
LIABILITIES						
Current liabilities:						
Vouchers payable	4,239,052	787,566	277,542	1,383,740	6,687,900	1,537,390
Claims and judgements payable	-	-	-	-	-	7,474,400
Contracts payable	824,322	62,929	53,786	11,588	952,625	6,970
Accrued expenses	161,247	142,382	64,048	528,343	896,020	164,692
Compensated absences	354,235	286,825	86,814	375,067	1,102,941	294,828
Revenues collected in advance	66,985	340	-	276,284	343,609	-
Deferred revenues	-	-	-	3,781,953	3,781,953	-
Due to other funds	-	-	-	512,497	512,497	-
Due to other governments	-	111,194	-	157,593	268,787	-
Advance from other funds	-	-	-	88,000	88,000	-
Security deposits	279,145	-	-	27,318	306,463	-
General obligation bonds payable	4,748,717	11,136,442	4,650,217	1,631,500	22,166,876	91,500
Unamortized bond premium	48,099	63,482	16,347	4,674	132,602	3,041
Matured bonds interest payable	209,918	227,128	109,980	55,837	602,863	313
Total current liabilities	10,931,720	12,818,288	5,258,734	8,834,394	37,843,136	9,573,134
Noncurrent liabilities:						
General obligation bonds payable	55,906,487	51,391,750	25,156,435	11,194,533	143,649,205	-
Notes payable	17,298,893	-	-	-	17,298,893	-
Post-employment liability	-	-	-	-	-	2,185,736
Closure/post closure landfill	-	780,210	-	-	780,210	-
Unamortized bond premium	367,998	715,086	180,297	57,783	1,321,164	-
Compensated absences	54,903	21,529	-	25,100	101,532	77,488
Total noncurrent liabilities	73,628,281	52,908,575	25,336,732	11,277,416	163,151,004	2,263,224
Total liabilities	84,560,001	65,726,863	30,595,466	20,111,810	200,994,140	11,836,358
NET ASSETS						
Invested in capital assets, net of related debt	56,080,389	17,212,166	43,324,158	40,024,323	156,641,036	5,166,819
Restricted for debt service	32,683	-	-	178,320	211,003	-
Unrestricted	15,527,380	14,970,081	9,969,701	20,632,877	61,100,039	22,862,224
	\$ 71,640,452	\$ 32,182,247	\$ 53,293,859	\$ 60,835,520	\$ 217,952,078	\$ 28,029,043

Total enterprise fund net assets

\$ 217,952,078

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

1,808,301
\$ 219,760,379

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, 2008

	Business-type Activities - Enterprise Funds			
	Water	Water Pollution Control	Sanitary Sewer	Other
Operating revenues:				
Charges for services	\$ 20,953,250	\$ 22,154,557	\$ 7,976,684	\$ 13,742,748
Fines and forfeits	-	-	-	258,003
Use of money and property	105,594	15	-	2,925
Rents and royalties	39,208	12,383	-	1,546,987
Miscellaneous	950,606	100,125	66,911	769,081
Total operating revenues	<u>22,048,658</u>	<u>22,267,080</u>	<u>8,043,595</u>	<u>16,319,744</u>
Operating expenses:				
Personal services	7,439,442	5,980,482	1,668,877	11,312,392
Purchased services	3,697,668	5,595,854	489,965	6,456,927
Supplies and materials	2,670,904	3,886,602	376,738	3,070,666
Other	305,874	907,280	256,950	1,136,135
Depreciation	4,059,137	6,933,871	2,069,645	4,520,381
Total operating expenses	<u>18,173,025</u>	<u>23,304,089</u>	<u>4,862,175</u>	<u>26,496,501</u>
Operating income (loss)	<u>3,875,633</u>	<u>(1,037,009)</u>	<u>3,181,420</u>	<u>(10,176,757)</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	3,229,702
Investment earnings	1,012,487	2,075,530	1,107,386	1,120,201
Settlement Reimbursement	-	-	3,386	978,933
Property tax revenue	-	-	-	2,988,927
Gain (loss) on sale of capital assets	22,584	214	(10,174)	(1,534,651)
(Loss) on impairment of fixed assets	(135,232)	(13,955,237)	(30,111)	(9,466,731)
Contributions and donations	-	-	-	-
Interest expense	(2,880,705)	(3,355,461)	(1,384,562)	(755,511)
Total nonoperating revenue (expenses)	<u>(1,980,866)</u>	<u>(15,234,954)</u>	<u>(314,075)</u>	<u>(3,439,130)</u>
Capital contributions	<u>898,367</u>	<u>-</u>	<u>696,432</u>	<u>475,847</u>
Income (loss) before transfers and special item	2,793,134	(16,271,963)	3,563,777	(13,140,040)
Special items:				
Water retirement employee payouts	(17,274)	-	-	-
Transfers:				
Transfers in	3,698	188,672	523,068	1,850,550
Transfers out	(595,000)	(494,000)	(424,080)	(3,166,568)
Change in net assets	2,184,558	(16,577,291)	3,662,765	(14,456,058)
Total net assets, beginning	69,455,894	48,759,538	49,631,094	75,291,578
Total net assets, ending	<u>\$ 71,640,452</u>	<u>\$ 32,182,247</u>	<u>\$ 53,293,859</u>	<u>\$ 60,835,520</u>

Net changes in net assets in enterprise funds

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

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 64,827,239	\$ 25,595,048
258,003	-
108,534	-
1,598,578	1,362,387
<u>1,886,723</u>	<u>899,985</u>
<u>68,679,077</u>	<u>27,857,420</u>
26,401,193	5,645,421
16,240,414	19,262,990
10,004,910	819,089
2,606,239	1,023,845
<u>17,583,034</u>	<u>609,890</u>
<u>72,835,790</u>	<u>27,361,235</u>
<u>(4,156,713)</u>	<u>496,185</u>
3,229,702	-
5,315,604	1,203,216
982,319	-
2,988,927	-
(1,522,027)	-
(23,587,311)	(1,875,424)
-	20,535
<u>(8,376,239)</u>	<u>(22,361)</u>
<u>(20,969,025)</u>	<u>(674,034)</u>
<u>2,070,646</u>	<u>-</u>
(23,055,092)	(177,849)
(17,274)	-
2,565,988	944,028
<u>(4,679,648)</u>	<u>(764,963)</u>
(25,186,026)	1,216
243,138,104	28,027,827
<u>\$ 217,952,078</u>	<u>\$ 28,029,043</u>
(25,186,026)	
<u>911,625</u>	
<u>\$ (24,274,401)</u>	

**City of Cedar Rapids, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Water Pollution Control	Sanitary Sewer	Other		
Cash flows from operating activities:						
Cash received from users	\$ 16,363,836	\$ 21,716,677	\$ 8,014,451	\$ 16,295,543	\$ 62,390,507	\$ 27,086,756
Cash paid to employees	(7,458,283)	(5,965,763)	(1,607,561)	(11,292,729)	(26,324,336)	(4,163,100)
Cash paid to suppliers	(3,905,792)	(9,545,342)	(1,296,866)	(10,321,440)	(25,069,440)	(19,777,817)
Net cash flows from operating activities	<u>4,999,761</u>	<u>6,205,572</u>	<u>5,110,024</u>	<u>(5,318,626)</u>	<u>10,996,731</u>	<u>3,145,839</u>
Cash flows from non-capital financing activities:						
Borrowing from other funds	9,004,722	5,069,164	1,882,285	8,316,968	24,273,139	14,126,700
Loans to other funds	(10,647,856)	(5,774,597)	(5,138,333)	(6,634,610)	(28,195,396)	(17,519,126)
Closure/post closure landfill	-	-	-	(1,610,980)	(1,610,980)	-
Contributions and donations	-	-	-	-	-	20,535
Intergovernmental	-	-	-	3,229,702	3,229,702	-
Settlement reimbursement	-	-	3,386	978,933	982,319	-
Transfers in	3,698	188,672	523,068	1,850,550	2,565,988	944,028
Transfers out	(595,000)	(494,000)	(424,080)	(3,166,568)	(4,679,648)	(764,963)
Property taxes	-	-	-	3,025,872	3,025,872	-
Net cash flows from non-capital financing activities	<u>(2,234,436)</u>	<u>(1,010,761)</u>	<u>(3,153,674)</u>	<u>5,989,867</u>	<u>(409,004)</u>	<u>(3,192,826)</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(18,132,541)	(2,710,352)	(2,218,287)	(923,800)	(23,984,980)	(1,150,945)
Proceeds from disposition of property and equipment	22,584	214	3,608	191,372	217,778	-
Capital contributions	-	-	-	475,847	475,847	-
General obligation bonds issued	3,030,000	7,795,000	3,725,345	-	14,550,345	-
State Revolving Fund loan	17,298,893	-	-	-	17,298,893	-
Premium on bonds	5,919	15,232	7,783	-	28,934	-
Principal paid	(7,174,797)	(18,059,058)	(3,327,193)	(1,385,493)	(29,946,541)	(178,500)
Issuance costs on issue	(431,728)	(24,762)	(11,834)	-	(468,324)	-
Interest paid	(2,882,809)	(3,359,156)	(1,367,704)	(748,669)	(8,358,338)	(16,457)
Net cash flows from capital and related financing activities	<u>(8,264,479)</u>	<u>(16,342,882)</u>	<u>(3,188,282)</u>	<u>(2,390,743)</u>	<u>(30,186,386)</u>	<u>(1,345,902)</u>
Cash flows from investing activities:						
Interest on investments	1,014,521	2,075,530	1,107,386	1,114,602	5,312,039	1,197,120
Net cash flows from investing activities	<u>1,014,521</u>	<u>2,075,530</u>	<u>1,107,386</u>	<u>1,114,602</u>	<u>5,312,039</u>	<u>1,197,120</u>
Net increase (decrease) in cash and cash equivalents	(4,484,633)	(9,072,541)	(124,546)	(604,900)	(14,286,620)	(195,769)
Cash and cash equivalents, July 1, 2007	10,629,373	29,488,587	13,041,661	3,850,099	57,009,720	880,044
Cash and cash equivalents, June 30, 2008	<u>\$ 6,144,740</u>	<u>\$ 20,416,046</u>	<u>\$ 12,917,115</u>	<u>\$ 3,245,199</u>	<u>\$ 42,723,100</u>	<u>\$ 684,275</u>
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	\$ 3,875,633	\$ (1,037,009)	\$ 3,181,420	\$ (10,176,757)	\$ (4,156,713)	\$ 496,185
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	4,059,137	6,933,871	2,069,645	4,520,381	17,583,034	609,890
Change in assets and liabilities:						
(Increase) decrease in prepaid items	1,859	(9,599)	(730)	134	(8,336)	41,297
Increase (decrease) in vouchers payable	2,766,795	73,783	(171,968)	77,603	2,746,213	1,079,630
Increase in accrued expenses	39,699	11,977	32,359	124,746	208,781	128,149
Increase (decrease) in compensated absences	(41,266)	2,742	28,957	(105,083)	(114,650)	250,110
(Increase) decrease in accounts receivable	186,735	(592,481)	(29,144)	(296,466)	(731,356)	(756,538)
(Increase) (decrease) in inventories	-	-	(515)	251,804	251,289	(154,552)
(Increase) decrease in due from other governments	(5,847,119)	-	-	162,489	(5,684,630)	(7,521)
Increase due to other governments	-	41,738	-	22,050	63,788	-
Increase (decrease) in revenues collected in advance	16,371	340	-	86,691	103,402	-
Increase (decrease) in security deposit	18,568	-	-	12,160	30,728	(473)
Increase (decrease) in deferred revenue	(59,377)	-	-	1,622	(57,755)	-
Increase in post-employment liability	-	-	-	-	-	1,104,062
Increase in open claims payable	-	-	-	-	-	355,600
Retirement payment	(17,274)	-	-	-	(17,274)	-
Increase in closure/post closure liability	-	780,210	-	-	780,210	-
Net cash flows from operating activities	<u>\$ 4,999,761</u>	<u>\$ 6,205,572</u>	<u>\$ 5,110,024</u>	<u>\$ (5,318,626)</u>	<u>\$ 10,996,731</u>	<u>\$ 3,145,839</u>
Schedule of noncash capital and related financing activities:						
Acquisition of capital assets through contracts payable	\$ 613,342	\$ (95,779)	\$ (36,502)	\$ 6,779	\$ 487,840	\$ -
Acquisition of capital assets through private contributions	\$ 898,367	\$ -	\$ 696,432	\$ -	\$ 1,594,799	\$ -

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, 2008**

	<u>Agency Funds</u>
ASSETS	
Due from other governments	684,226
Total assets	<u>\$ 684,226</u>
 LIABILITIES	
Vouchers payable	13,065
Due to other governments	276,633
Security deposits	394,528
Total liabilities	<u>\$ 684,226</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, 2008

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 15 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 did not publish its own annual financial report as of December 31, 2007.

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, 2008

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, 2008

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 capital 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.

Flood

The Flood fund accounts for the emergency protective measures and recovery efforts from the 2008 flooding of the Cedar River.

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, joint communications, fleet, and facility maintenance 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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

Other enterprise funds account for operations and activities that are financed and operated in a manner similar to a private business enterprise, and where the costs of providing goods or services to the general public on a continuing basis are expected to be financed or recovered primarily through user charges, or where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has seven funds classified as other enterprise funds and they are as follows: Ground Transportation System, Parking System, Solid Waste Management, Golf, U.S. Cellular Center, Paramount Theatre, and Ice Arena.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government wide and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are user fees and charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, liabilities, and net assets or equity

Cash Management and Investments

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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

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

Property taxes levied by the Linn County Auditor for the year ended June 30, 2008, were due by July 1, 2007, with the first half installment being delinquent after September 30, 2007, and the second half installment being delinquent after March 31, 2008. 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 2008 levy certified on March 15, 2008, based on 2007 assessed valuations. As the levy is intended for use in the 2009 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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

bonded debt requirements, grant provisions, or other requirements are classified as restricted assets. Liabilities which are payable from restricted assets, are classified as such.

Capital Assets

Capital assets, which include land, buildings and structures, improvements other than buildings, which includes infrastructure, construction in progress, and machinery and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended June 30, 2008, 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, 2008, are as follows:

Governmental	\$ 13,704,484
Business-type	<u>3,275,538</u>
Subtotal	16,980,022
Component Units	<u>496,743</u>
Total	<u>\$ 17,476,765</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.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Long-term obligations

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

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

Deferred Revenue

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

Fund equity

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

Net assets

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

Net assets restricted through enabling legislation included \$20,770,555 for debt service, \$7,535,912 for other special revenue, \$11,638,334 for tax increment financing projects, \$2,761,226 for road construction projects, \$404,587 for Self-Supported Municipal Improvement District (SSMID) projects, \$2,786,576 for employee benefits, and \$650,000 for housing and neighborhood projects.

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, 2008

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

Fund receivables and payables at June 30, 2008, were:

	<u>Receivables</u>	<u>Payables</u>
Due to/from other funds:		
Governmental:		
General Fund	\$ -	\$ 151,802,854
Infrastructure Construction Fund	34,598,633	-
Debt Service Fund	3,473,629	-
2008 Flood Recovery Fund	-	2,469,485
Employee Benefits Fund	3,398,697	-
Nonmajor Funds	28,944,860	289,830
Internal Service Funds	<u>29,114,969</u>	<u>-</u>
Total Governmental	<u>99,530,788</u>	<u>154,562,169</u>
Business-type:		
Water	11,265,030	-
Water Pollution Control	13,049,060	-
Sanitary Sewer	10,174,554	-
Nonmajor Funds	<u>21,055,234</u>	<u>512,497</u>
Total Business-type	<u>55,543,878</u>	<u>512,497</u>
Total due to/from other funds	<u>\$ 155,074,666</u>	<u>\$ 155,074,666</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	\$ 88,000	\$ -
Internal Service Funds	2,992,000	-
Nonmajor Funds	-	2,992,000
Business-type		
Nonmajor Funds	<u>-</u>	<u>88,000</u>
Total advance to/from other funds	<u>\$ 3,080,000</u>	<u>\$ 3,080,000</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	\$ -	\$ 33,487,649
Component Unit:		
Airport - Unrestricted	33,487,649	-
Total primary government and component unit	<u>\$ 33,487,649</u>	<u>\$ 33,487,649</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, 2008, were:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental:		
General Fund	\$ 32,899,504	\$ 384,598
Infrastructure Construction Fund	2,163,114	443,720
Debt Service Fund	4,814,164	-
Employee Benefits Fund	-	14,272,412
Nonmajor Funds	4,959,563	27,801,020
Internal Service Funds	944,028	764,963
Total Governmental	<u>45,780,373</u>	<u>43,666,713</u>
Business-type:		
Water Fund	3,698	595,000
Water Pollution Control Fund	188,672	494,000
Sanitary Sewer Fund	523,068	424,080
Other Business-Type Funds	1,850,550	3,166,568
Total Business-Type	<u>2,565,988</u>	<u>4,679,648</u>
Total	<u>\$ 48,346,361</u>	<u>\$ 48,346,361</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, 2007, and continuing for 9 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 10 years. Even though the boundaries of SSMID overlap the Tax Incremental Financing District, as amended, they are not co-terminus.

CITY OF CEDAR RAPIDS, IOWA
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The amount of property taxes received for SSMID during the year ended June 30, 2008, between the district overlapping the Tax Incremental Financing District (TIF) and the district associated only to SSMID were as follows:

SSMID only	\$	290,800
SSMID within TIF		135,094
		<u>425,894</u>
	\$	<u>425,894</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, 2008 amounts to \$78,320,689. Of these commitments, \$41,011,378 will be funded by federal and state grants. The total outstanding construction commitment of the Airport, a component unit, at June 30, 2008 amounts to \$10,854,786. Of these commitments, \$5,832,433 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 instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

CITY OF CEDAR RAPIDS, IOWA
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As of June 30, 2008, the City had the following investments with the following maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Total
Investment Type:						
U.S. Agencies	\$ 6,726,237	\$ 5,991,875	\$ -	\$ -	\$ 734,362	\$ 6,726,237
GNMA'S	2,460,141	-	-	35,451	2,424,690	2,460,141
IPAIT	48,300,362	48,300,362	-	-	-	48,300,362
Total	<u>\$ 57,486,740</u>	<u>\$ 54,292,237</u>	<u>\$ -</u>	<u>\$ 35,451</u>	<u>\$ 3,159,052</u>	<u>\$ 57,486,740</u>

As of June 30, 2008, the Cedar Rapids/Linn County Solid Waste Agency had 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
Commercial Paper	<u>\$ 2,430,608</u>	<u>\$ 2,430,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,430,608</u>

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, 2008, the City had the following ratings:

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

As of June 30, 2008, the Cedar Rapids/Linn County Solid Waste Agency had the following ratings:

	Moody's	Standard & Poors
Investment Type:		
Commercial Paper	Not rated	Not rated

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.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
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Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2008, 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, 2008.

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, 2008 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 29,073,835	\$ 2,524,417	\$ -	\$ 31,598,252
Construction in progress	2,453,037	1,272,788	(1,578,122)	2,147,703
Total capital assets, not being depreciated	<u>31,526,872</u>	<u>3,797,205</u>	<u>(1,578,122)</u>	<u>33,745,955</u>
Capital assets, being depreciated:				
Buildings and structures	68,950,855	1,093,762	(7,782,010)	62,262,607
Improvements other than buildings	310,112,320	16,749,256	-	326,861,576
Machinery and equipment	36,935,096	2,396,936	(843,675)	38,488,357
Total capital assets being depreciated	<u>415,998,271</u>	<u>20,239,954</u>	<u>(8,625,685)</u>	<u>427,612,540</u>
Less accumulated depreciation for:				
Buildings and structures	(24,232,452)	(1,908,432)	-	(26,140,884)
Improvements other than buildings	(98,375,058)	(10,709,136)	-	(109,084,194)
Machinery and equipment	(24,343,870)	(2,358,480)	655,972	(26,046,378)
Total accumulated depreciation	<u>(146,951,380)</u>	<u>(14,976,048)</u>	<u>655,972</u>	<u>(161,271,456)</u>
Total capital assets, being depreciated, net	<u>269,046,891</u>	<u>5,263,906</u>	<u>(7,969,713)</u>	<u>266,341,084</u>
Governmental activities capital assets, net	<u>\$ 300,573,763</u>	<u>\$ 9,061,111</u>	<u>\$ (9,547,835)</u>	<u>\$ 300,087,039</u>

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

Governmental activities:	
Public safety	\$ 1,304,788
Public works	9,597,143
Culture and recreation	1,995,095
Community and economic development	537,674
General government	931,458
Internal service funds	609,890
Total depreciation expense - governmental activities	<u>\$ 14,976,048</u>

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 12,284,866	\$ 18,838	\$ -	\$ 12,303,704
Construction in progress	17,635,607	18,072,785	(14,094,939)	21,613,453
Total capital assets, not being depreciated	<u>29,920,473</u>	<u>18,091,623</u>	<u>(14,094,939)</u>	<u>33,917,157</u>
Capital assets, being depreciated:				
Buildings and structures	218,059,145	247,721	(23,513,486)	194,793,379
Improvements other than buildings	260,146,271	19,249,681	(7,869,503)	271,526,449
Machinery and equipment	40,621,585	1,695,842	(4,182,369)	38,135,058
Total capital assets being depreciated	<u>518,826,001</u>	<u>21,193,244</u>	<u>(35,565,358)</u>	<u>504,454,886</u>
Less accumulated depreciation for:				
Buildings and structures	(113,655,494)	(6,658,943)	-	(120,314,437)
Improvements other than buildings	(90,374,814)	(8,527,419)	7,869,502	(91,032,731)
Machinery and equipment	(27,435,918)	(2,396,672)	3,246,432	(26,586,158)
Total accumulated depreciation	<u>(231,466,226)</u>	<u>(17,583,034)</u>	<u>11,115,934</u>	<u>(237,933,326)</u>
Total capital assets, being depreciated, net	<u>287,360,775</u>	<u>3,610,210</u>	<u>(24,449,425)</u>	<u>266,521,560</u>
Business-type activities capital assets, net	<u>\$ 317,281,248</u>	<u>\$ 21,701,833</u>	<u>\$ (38,544,364)</u>	<u>\$ 300,438,717</u>
Business-type activities:				
Water			\$ 4,059,137	
Water Pollution Control			6,933,871	
Sanitary Sewer			2,069,645	
Other Business-Type Funds			4,520,381	
Total depreciation expense - business-type activities			<u>\$ 17,583,034</u>	

Activity for the Airport for the year ended June 30, 2008, 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	4,809,344	16,432,551	(3,816,991)	17,424,904
Total capital assets, not being depreciated	<u>13,641,574</u>	<u>16,432,551</u>	<u>(3,816,991)</u>	<u>26,257,134</u>
Capital assets, being depreciated:				
Buildings and structures	60,975,765	21,892	-	60,997,657
Improvements other than buildings	67,122,313	3,306,618	(2,987,324)	67,441,607
Machinery and equipment	3,846,194	1,126,795	(115,742)	4,857,247
Total capital assets being depreciated	<u>131,944,272</u>	<u>4,455,305</u>	<u>(3,103,066)</u>	<u>133,296,511</u>
Less accumulated depreciation for:				
Buildings and structures	(21,539,160)	(1,536,609)	-	(23,075,769)
Improvements other than buildings	(29,927,147)	(3,253,376)	2,987,321	(30,193,202)
Machinery and equipment	(2,798,517)	(286,844)	73,726	(3,011,635)
Total accumulated depreciation	<u>(54,264,824)</u>	<u>(5,076,829)</u>	<u>3,061,047</u>	<u>(56,280,606)</u>
Total capital assets, being depreciated, net	<u>77,679,448</u>	<u>(621,524)</u>	<u>(42,019)</u>	<u>77,015,905</u>
Airport capital assets, net	<u>\$ 91,321,022</u>	<u>\$ 15,811,027</u>	<u>\$ (3,859,010)</u>	<u>\$ 103,273,039</u>

CITY OF CEDAR RAPIDS, IOWA
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Activity for Cedar Rapids/Linn County Solid Waste Agency for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: CRLCSWA				
Capital assets, not being depreciated:				
Land	\$ 3,657,920	\$ -	\$ -	\$ 3,657,920
Construction in progress	328,463	5,532,889	-	5,861,352
Total capital assets, not being depreciated	<u>3,986,383</u>	<u>5,532,889</u>	<u>-</u>	<u>9,519,272</u>
Capital assets, being depreciated:				
Buildings and structures	1,512,690	782,102	-	2,294,792
Improvements other than buildings	5,593,696	-	(432,454)	5,161,242
Machinery and equipment	5,053,984	1,011,733	(482,089)	5,583,628
Total capital assets being depreciated	<u>12,160,370</u>	<u>1,793,835</u>	<u>(914,543)</u>	<u>13,039,662</u>
Less accumulated depreciation for:				
Buildings and structures	(634,214)	(83,217)	-	(717,431)
Improvements other than buildings	(2,718,565)	(444,393)	432,454	(2,730,504)
Machinery and equipment	(3,968,937)	(413,186)	482,089	(3,900,034)
Total accumulated depreciation	<u>(7,321,716)</u>	<u>(940,796)</u>	<u>914,543</u>	<u>(7,347,969)</u>
Total capital assets, being depreciated, net	<u>4,838,654</u>	<u>853,039</u>	<u>-</u>	<u>5,691,693</u>
CRLCSWA capital assets, net	<u>\$ 8,825,037</u>	<u>\$ 6,385,928</u>	<u>\$ -</u>	<u>\$ 15,210,965</u>

Activity for Cedar Rapids Public Library Foundation for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit: Cedar Rapids Library Foundation				
Capital assets, being depreciated:				
Machinery and equipment	\$ 3,216	\$ 1,125	\$ -	\$ 4,341
Accumulated depreciation	(3,216)	(499)	-	(3,715)
Total capital assets, being depreciated, net	<u>\$ -</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 626</u>

Note 8: Impairment of Capital Assets

The City of Cedar Rapids, Iowa sustained significant damage to property and impairment to capital assets as a result of the June 2008 flooding of the Cedar River. A net impairment loss associated with the impairment of buildings and equipment has been calculated as required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

The gross impairment loss is calculated using the restoration cost approach. As a result, assets fully depreciated prior to the flood would have an impairment loss of zero, regardless of damage. For Governmental Activities, the expected cost to restore the impaired capital assets is \$36,304,859 and the estimated capital asset replacement cost is \$87,798,062. The carrying value at year end is \$23,280,857, resulting in a gross impairment loss of \$7,956,127. The estimated realizable insurance recovery associated with impaired governmental activities capital assets is \$1,000,000, resulting in a net impairment loss of \$6,956,127. For Water Fund, the expected cost to restore the impaired capital assets is \$8,100,000 and the estimated capital asset replacement cost is \$8,761,700. The carrying value at year end is \$146,279, resulting in a gross impairment loss of \$135,232. For Water Pollution Control Fund, the expected cost to restore the impaired capital assets is \$33,290,826 and the estimated capital asset replacement cost is \$99,942,500. The carrying value at year end is \$41,895,063, resulting in a gross impairment loss of \$13,955,237. For Sewer Fund, the expected cost to restore the impaired capital assets is \$0 and the

CITY OF CEDAR RAPIDS, IOWA
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estimated capital asset replacement cost is \$158,000. The carrying value at year end is \$46,873, resulting in a gross impairment loss of \$30,111. For non-major Business-type Activities, the expected cost to restore the impaired capital assets is \$20,482,872 and the estimated capital asset replacement cost is \$71,638,700. The carrying value at year end is \$30,213,975, resulting in a gross impairment loss of \$9,466,731.

Impaired capital assets that are idle at year-end include the Public Works facility, Veterans Memorial building, Animal Control facilities, Ellis Pool, Central Fire Station, Forestry buildings, Library, Paramount, WPC, Hydroelectric Plant, five parkades, transit office and garage, Jones Golf Course clubhouse, and several vehicles. The total carrying amount of idle impaired capital assets as of June 30, 2008 is \$55,634,053.

Note 9: Retirement Systems

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

Iowa Public Employees Retirement System (IPERS)

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

Plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of annual covered payroll except for airport safety employees, in which case the percentages are 5.64% and 8.47%, respectively. Contribution requirements are established by State statute.

The City contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$2,751,893, \$2,664,920, and \$2,639,937, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

Plan members are required to contribute 9.35% of their annual covered salary and the City is required to contribute at an actuarially determined rate; the current rate is 25.48% of annual covered payroll. Contribution requirements are established by State statute. The City contributions to MFPRSI for the years ended June 30, 2008, 2007, and 2006 were \$5,015,628, \$5,340,880, and \$5,327,050, respectively, equal to the required contributions for each year.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 10: Long-Term Debt

Bonded Debt

General Obligation Bonds

There was \$294,435,000 of general obligation bonds outstanding as of June 30, 2008. Unmatured general obligation bonds to be paid by governmental funds totaled \$124,047,916. General obligation bonds to be paid by enterprise revenue and therefore included as Enterprise Fund obligations total \$165,816,081. General obligation bonds to be paid by Airport, a component unit, and therefore included in the Airport Fund obligations total \$4,571,004. All the general obligation bonds bear interest rates ranging from 3.1% to 6.625% and mature in varying amounts ranging from \$1,150,000 to \$23,205,000 with the final payments due in the year ending June 30, 2027.

During the year ended June 30, 2008, the City issued \$24,230,000 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 fire department; aiding in the planning, undertaking and carrying out of urban renewal projects within each of the Cedar Lake/Daniels Urban Renewal Area, Southwest Urban Renewal Area, Technology Park Urban Renewal Area, Time Check Urban Renewal Area, aiding in planning, undertaking and carrying out of an urban renewal project within the Central Business District Urban Renewal Area. The average life of the issue is 10.008 years for the Series A and Series B. These bonds bear interest at 3.25% to 4.5% and mature in varying amounts ranging from \$1,150,000 to \$1,185,000 with the final payment due in the year ending June 30, 2027.

Notes Payable

During the year, the City entered into an agreement with the Iowa State Revolving Fund for a line of credit up to \$39.39 million dollars. As of June 30, 2008, the City has received \$11,366,061. This line of credit was taken out to finance the ultra-violet disinfection system improvements by the Water department. The interest rate for this line of credit is 3.25%. Payments will not begin until the project is completed in FY 2010, and payments will be annually with the last payment in fiscal year 2029. The City has pledged future water customer revenues, net of specified operating expenses, to repay the note payable. The note payable is payable solely from water customer net revenues. Annual principal and interest payments on the note payable are expected to require less than 24% of net revenues. Total interest and principal remaining to be paid is \$21,478,684. Interest paid for the current year and total customer net revenues were \$180,935 and \$7,989,066, respectively.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Changes in long-term liabilities

Long-term debt activity for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	New Issues	Paid	Balance June 30, 2008
Primary government:				
Governmental:				
General obligation	\$ 132,865,974	\$ 9,679,655	\$ 18,497,713	\$ 124,047,916
Note payable	650,000	-	-	650,000
Business-type activities				
Water pollution control	72,792,250	7,795,000	18,059,058	62,528,192
Sanitary Sewer	29,408,500	3,725,345	3,327,193	29,806,652
Water	64,800,000	20,328,893	7,174,797	77,954,097
Other business-type funds	14,211,526	-	1,385,493	12,826,033
Total primary government	<u>314,728,250</u>	<u>41,528,893</u>	<u>48,444,254</u>	<u>307,812,890</u>
Component unit:				
General obligation abated by Airport	5,281,750	-	710,746	4,571,004
Total Long-Term Debt	<u>\$ 320,010,000</u>	<u>\$ 41,528,893</u>	<u>\$ 49,155,000</u>	<u>\$ 312,383,893</u>

	Due within one year
Primary government:	
Governmental	
General obligation	\$ 18,141,317
Notes payable	650,000
Business-type activities:	
Water pollution control	11,136,442
Sanitary Sewer	4,650,217
Water	4,748,717
Other business-type funds	1,631,500
Total primary government	<u>40,958,193</u>
Component unit:	
General obligation abated by Airport	1,616,807
Total long-term debt current	<u>\$ 42,575,000</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, 2008, 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>\$ 8,135,685,113</u>
Debt limit - 5% of total valuation	<u>\$ 406,784,256</u>
Debt applicable to debt limit:	
General obligation bonded debt outstanding	\$ 294,435,001
Note payable	<u>650,000</u>
Legal Debt Margin	<u>\$ 111,699,255</u>

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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
2009	\$ 18,141,317	\$ 5,335,560	\$ 22,166,876	\$ 7,208,016	\$ 40,308,193	\$ 12,543,576
2010	18,451,758	4,477,197	23,864,110	6,153,093	42,315,868	10,630,290
2011	9,413,151	3,698,419	11,590,717	5,066,759	21,003,869	8,765,178
2012	9,321,207	3,329,621	10,541,110	4,598,874	19,862,317	7,928,495
2013	9,086,810	2,962,578	11,785,090	4,169,431	20,871,900	7,132,009
2014-2018	34,221,655	9,860,594	49,315,196	14,231,291	83,536,851	24,091,885
2019-2023	20,752,018	3,571,632	28,422,982	5,136,851	49,175,000	8,708,483
2024-2027	4,660,000	369,332	8,130,000	704,482	12,790,000	1,073,814
	<u>\$ 124,047,916</u>	<u>\$ 33,604,933</u>	<u>\$ 165,816,081</u>	<u>\$ 47,268,797</u>	<u>\$ 289,863,997</u>	<u>\$ 80,873,730</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
2009	\$ 1,616,807	\$ 221,943
2010	494,132	130,986
2011	496,132	111,435
2012	492,683	91,408
2013	148,100	71,278
2014-2018	673,150	259,811
2019-2023	650,000	101,985
	<u>\$ 4,571,004</u>	<u>\$ 988,846</u>

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

Year Ending	Note Payable	
	Principal	Interest
2009	650,000	413,048
2010	-	411,745
2011	643,823	411,745
2012	1,346,169	530,514
2013	1,428,151	486,107
2014-2018	8,556,260	1,663,802
2019-2021	5,324,490	264,133
	<u>\$ 17,948,893</u>	<u>\$ 4,181,094</u>

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
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Changes in other long-term liabilities:

Other long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Claims and Judgments	\$ 7,118,800	\$ 556,600	\$ 201,000	\$ 7,474,400	\$ 7,474,400
Compensated absences	4,721,540	635,685	163,952	5,193,273	4,686,655
Governmental activity					
Long-term liabilities	<u>\$ 11,840,340</u>	<u>\$ 1,192,285</u>	<u>\$ 364,952</u>	<u>\$ 12,667,673</u>	<u>\$ 12,161,055</u>
Business-type activities:					
Compensated absences	\$ 1,319,124	\$ 68,105	\$ 182,756	\$ 1,204,473	\$ 1,102,941
Closure/post closure landfill	1,610,980	780,210	1,610,980	780,210	-
Business-type activity					
Long-term liabilities	<u>\$ 2,930,104</u>	<u>\$ 848,315</u>	<u>\$ 1,793,736</u>	<u>\$ 1,945,683</u>	<u>\$ 1,102,941</u>
Component Units:					
Airport					
Compensated absences	<u>\$ 248,699</u>	<u>\$ -</u>	<u>\$ 24,141</u>	<u>\$ 224,558</u>	<u>\$ 223,615</u>
CRLCSWA:					
Compensated absences	\$ 119,246	\$ 170,531	\$ 182,041	\$ 107,736	\$ 107,736
Closure/post closure landfill	12,938,534	4,241,163	2,973,500	14,206,197	993,713
Long-term liabilities	<u>\$ 13,057,780</u>	<u>\$ 4,411,694</u>	<u>\$ 3,155,541</u>	<u>\$ 14,313,933</u>	<u>\$ 1,101,449</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 13, also). The Risk Management Fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by the individual funds. Currently, the General Fund bears approximately 65% of the claims and judgement costs; no other individual fund is charged more than 9% of the total amount.

Industrial Revenue Bonds

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

As of June 30, 2008, 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, 2008 due on bonds issued after July 1, 1995, is \$87,990,000.

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 11: Deficit Fund Equity

At June 30, 2008, individual fund with deficit fund balances was as follows:

Flood	\$9,504,765
Special Revenue:	
H.O.M.E.	\$ 688
Fire Retirement	\$ 446,516

The Flood fund is funded by federal and state revenues that have not been received but expenditures were incurred. 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, 2008. 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 12: 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 13: 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 2008 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 2008, the City purchased liability insurance to cover its airport, underground fuel tanks, six vehicles, 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 liability premium according to their loss exposure and past losses. The total premium charged for fiscal year 2008 was determined by an actuary at an 80% confidence

CITY OF CEDAR RAPIDS, IOWA
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level. A claims liability of \$2,822,600 as of June 30, 2008, was calculated by an independent actuary at a 95% confidence level and includes claims reported but not settled and those incurred but not reported. The claims liabilities shown below are in accordance with the requirements of GASB Statement 10.

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

	Beginning Fiscal Year	Claim Expenses	Claims Paid	Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
7/91 - 6/92	\$625,843	\$441,403	(\$161,765)	\$905,481
7/92 - 6/93	\$905,481	\$236,349	(\$244,080)	\$897,750
7/93 - 6/94	\$897,750	\$830,630	(\$177,804)	\$1,550,576
7/94 - 6/95	\$1,550,576	(\$92,496)	(\$139,916)	\$1,318,164
7/95 - 6/96	\$1,318,164	\$2,340,616	(\$209,293)	\$3,449,487
7/96 - 6/97	\$3,449,487	\$609,019	(\$274,034)	\$3,784,472
7/97 - 6/98	\$3,784,472	\$47,916	(\$1,216,679)	\$2,615,709
7/98 - 6/99	\$2,615,709	(\$945,872)	(\$324,767)	\$1,345,070
7/99 - 6/00	\$1,345,070	\$2,010,967	(\$1,956,037)	\$1,400,000
7/00 - 6/01	\$1,400,000	\$2,294,149	(\$564,149)	\$3,130,000
7/01 - 6/02	\$3,130,000	(\$798,744)	(\$621,256)	\$1,710,000
7/02 - 6/03	\$1,710,000	\$290,252	(\$672,252)	\$1,328,000
7/03 - 6/04	\$1,328,000	\$3,381,049	(\$1,985,049)	\$2,724,000
7/04 - 6/05	\$2,724,000	\$1,155,306	(\$1,109,306)	\$2,770,000
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
7/07 - 6/08	\$2,325,900	\$1,450,021	(\$953,321)	\$2,822,600

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, 2008 claims liability of \$3,817,800 was calculated at a 95% confidence level by an independent actuary.

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

	Beginning Fiscal Year	Claim		Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
7/91 – 6/92	\$775,089	\$463,735	(\$262,637)	\$976,187
7/92 – 6/93	\$976,187	\$419,090	(\$629,060)	\$766,217
7/93 – 6/94	\$766,217	\$1,510,326	(\$568,421)	\$1,708,122
7/94 – 6/95	\$1,708,122	\$735,825	(\$574,389)	\$1,869,558
7/95 – 6/96	\$1,869,558	\$918,252	(\$669,014)	\$2,118,796
7/96 – 6/97	\$2,118,796	\$465,671	(\$605,530)	\$1,978,937
7/97 – 6/98	\$1,978,937	\$57,267	(\$443,934)	\$1,592,270
7/98 – 6/99	\$1,592,270	\$933,605	(\$569,150)	\$1,956,725
7/99 – 6/00	\$1,956,725	\$238,860	(\$775,585)	\$1,420,000
7/00 – 6/01	\$1,420,000	\$843,216	(\$783,216)	\$1,480,000
7/01 – 6/02	\$1,480,000	\$1,352,243	(\$932,243)	\$1,900,000
7/02 – 6/03	\$1,900,000	\$2,291,308	(\$1,185,308)	\$3,006,000
7/03 – 6/04	\$3,006,000	\$1,108,627	(\$1,137,627)	\$2,977,000
7/04 – 6/05	\$2,977,000	\$1,008,467	(\$1,131,467)	\$2,854,000
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
7/07 – 6/08	\$3,757,900	\$1,803,554	(\$1,743,654)	\$3,817,800

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. Individual Stop loss insurance was purchased for the period July 1, 2007 thru June 30, 2008. 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, 2008 to be \$800,000. Changes in the Health Fund's claims liability amount since January 1, 1992 are as follows:

	Beginning Fiscal Year	Claim		Ending Fiscal Year
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
1/92 – 6/92	\$0	\$2,229,374	(\$1,869,088)	\$360,286
7/92 – 6/93	\$360,286	\$5,157,419	(\$4,564,705)	\$953,000
7/93 – 6/94	\$953,000	\$5,599,388	(\$5,162,388)	\$1,390,000
7/94 – 6/95	\$1,390,000	\$4,549,217	(\$4,659,217)	\$1,280,000
7/95 – 6/96	\$1,280,000	\$4,509,449	(\$4,839,449)	\$950,000
7/96 – 6/97	\$950,000	\$5,236,036	(\$5,611,036)	\$575,000
7/97 – 6/98	\$575,000	\$5,421,607	(\$5,366,607)	\$630,000
7/98 – 6/99	\$630,000	\$6,289,703	(\$6,149,703)	\$770,000
7/99 – 6/00	\$770,000	\$7,104,771	(\$7,034,771)	\$840,000
7/00 – 6/01	\$840,000	\$7,946,000	(\$7,896,000)	\$890,000
7/01 – 6/02	\$890,000	\$8,203,086	(\$8,288,086)	\$805,000
7/02 – 6/03	\$805,000	\$8,573,153	(\$8,638,153)	\$740,000
7/03 – 6/04	\$740,000	\$10,568,789	(\$10,463,789)	\$845,000
7/04 – 6/05	\$845,000	\$11,156,688	(\$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
7/07 – 6/08	\$996,000	\$15,220,863	(\$15,416,863)	\$800,000

CITY OF CEDAR RAPIDS, IOWA
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Dental Care benefits for employees and dependents:

Effective April 1, 1993, the City began to account for and finance dental care benefits under a separate subdivision of the Risk Management Fund. Claims administration is provided by a third party administrator. All City Departments and Enterprise Funds are charged a premium based on the number of plans in place each month. Employees pay the extra cost to purchase family plan coverage. COBRA participants pay 102% of the single or family plan monthly premium. The total premium charged is the estimated amount needed to pay expected claim and administrative costs. An independent actuary examined the claims payment records and determined the claims liability for incurred but unpaid dental bills as of June 30, 2008 to be \$34,000. Changes in the Dental Fund's claims liability amount since April 1, 1993 are as follows:

	Beginning Fiscal Year	Claim Expenses	Claims Paid	Ending Fiscal Year Liability
	<u>Liability</u>	<u>Expenses</u>	<u>Claims Paid</u>	<u>Liability</u>
4/93 – 6/93	\$0	\$98,776	(\$75,801)	\$22,975
7/93 – 6/94	\$22,975	\$394,188	(\$370,663)	\$46,500
7/94 – 6/95	\$46,500	\$398,553	(\$397,053)	\$48,000
7/95 – 6/96	\$48,000	\$456,220	(\$453,220)	\$51,000
7/96 – 6/97	\$51,000	\$482,906	(\$488,906)	\$45,000
7/97 – 6/98	\$45,000	\$569,900	(\$564,900)	\$50,000
7/98 – 6/99	\$50,000	\$551,341	(\$566,541)	\$34,800
7/99 – 6/00	\$34,800	\$652,097	(\$639,897)	\$47,000
7/00 – 6/01	\$47,000	\$626,600	(\$629,600)	\$44,000
7/01 – 6/02	\$44,000	\$722,902	(\$722,902)	\$44,000
7/02 – 6/03	\$44,000	\$737,813	(\$740,813)	\$41,000
7/03 – 6/04	\$41,000	\$791,097	(\$788,097)	\$44,000
7/04 – 6/05	\$44,000	\$770,899	(\$780,899)	\$34,000
7/05 – 6/06	\$34,000	\$782,716	(\$780,816)	\$35,900
7/06 – 6/07	\$35,900	\$792,842	(\$789,742)	\$39,000
7/07 – 6/08	\$39,000	\$762,930	(\$767,930)	\$34,000

Note 14: 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 15: 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

CITY OF CEDAR RAPIDS, IOWA
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date the landfill stops accepting waste, the liabilities of closure and postclosure care costs are to be expensed in each period based upon landfill capacity used as of each statement date.

As of July 1, 1994, the City entered into an agreement with Linn County to form the Cedar Rapids/Linn County Solid Waste Agency. The City and Linn County's liability for closure and postclosure care costs as of July 1, 1994, were fixed as part of the agreement based on estimated care costs and the percentage of landfill capacity utilized for each of the two respective landfill sites. The City's liability for closure and postclosure costs as of July 1, 1994, was \$6,553,050. As part of the agreement, the City transferred its landfill site and certain other assets with a fair value of \$3,202,554 and an equal amount of closure and postclosure care liabilities to the agency. These liabilities as well as those transferred by Linn County, in connection with the transfer of its landfill site, are recognized as liabilities by the component unit. The remaining amount of the City's closure and postclosure care costs were fully recognized by the primary government as of June 30, 2008.

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, 2008, is summarized below.

These amounts are based on what it would cost to perform all closure and postclosure care costs as of June 30, 2008. 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	\$ 9,476,146	\$ 6,453,883	\$ 15,930,029
Care costs remaining to be recognized attributable to unutilized capacity	-	(1,723,832)	(1,723,832)
Care costs recognized attributable to utilized capacity	\$ 9,476,146	\$ 4,730,051	\$ 12,938,534
Capacity utilized	100.00%	73.29%	
Estimated remaining life	0 years	4.0 years	

The City operates an ash sanitary landfill consisting of two lagoons at the city's Water Pollution Control facility. The purpose of the landfill is to hold the sandy material leftover from the incineration of solids created during treatment or settled out of the wastewater. Each lagoon will hold up to two to three years of waste. Once filled, the lagoon is permitted to rest for a year or two and then the ash is excavated and used as daily cover at the Cedar Rapids/Linn County Solid Waste Agency landfill. Once the lagoon is excavated, it will be ready to receive more ash. The estimated total current costs of the landfill closure and post-closure care costs as of June 30, 2008, was estimated by a professional engineer and is \$780,210. This liability is accrued in the Water Pollution Control fund. The City is required by federal and state laws and regulations to provide some form of financial assurance to finance closure and post-closure care. The City will meet its financial assurance obligations through existing cash reserves.

CITY OF CEDAR RAPIDS, IOWA
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Note 16: Operating Leases

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 2009 and January 2048.

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

<u>Fiscal Year</u>	<u>Amount</u>
2009	\$ 3,294,579
2010	2,930,455
2011	2,531,267
2012	2,516,025
2013	1,991,719
2014-2018	4,549,971
2019-2023	1,320,557
2024-2028	1,320,557
2029-2033	618,236
2034-2038	5,350
2039-2043	5,350
2044-2048	<u>977</u>
Total lease payments	<u>\$ 21,085,043</u>

Cedar Rapids/Linn County Solid Waste Agency, a component unit, leases certain equipment under operating leases expiring at various dates through the year 2012. Minimum lease payments under noncancellable operating leases with an initial term of one year or more as of June 30, 2008 are summarized as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2009	52,000
2010	52,000
2011	52,000
2012	<u>52,000</u>
Total lease payments	<u>\$ 208,000</u>

Note 17: Special items

Water Retirement Employee Payout

During the year ended June 30, 2008, \$17,274 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.

CITY OF CEDAR RAPIDS, IOWA
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Note 18: 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 2008, the City contributed \$0. Retiree and COBRA participants receiving benefits contributed \$810,832 through their required contribution of \$511.02 per month for single health coverage, \$1,213.80 for family health coverage, \$23.46 per month for single dental coverage, and \$70.38 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:

Annual required contribution	\$ 1,051,488
Interest on net OPEB obligation	52,574
Adjustment to annual required contribution	810,832
Annual OPEB cost (expense)	\$ 1,914,894
Contributions made	(810,832)
Increase in net OPEB obligation	\$ 1,104,062
Net OPEB obligation – July 1, 2008	1,081,674
Net OPEB obligation – June 30, 2008	\$ 2,185,736

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations are as 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
6/30/08	\$1,914,894	42.3%	\$2,185,736

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Funded Status and Funding Progress

Post Employment Benefit Obligations Under GASB 45 calculated as of July 1, 2008, the most recent actuarial valuation date:

Actuarial Accrued Liability	Total	Members
Actives not yet eligible to receive benefits	\$ 4,345,197	1,136
Actives eligible to receive benefits	2,531,704	64
Retirees	4,940,195	64
Total Actuarial Accrued Liability (AAL)	11,817,096	
OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	11,817,096	

The covered payroll (annual payroll of active employees covered by the plan was \$61,789,964 and the ratio of the UAAL to the covered payroll was 19.1%.

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. RP2000 Mortality Table with projection to 2010 was used. 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. 80% of current actives who receive benefits in the future will be Retirees married but only 40% of their spouses will participate due to the “family rate” surcharge. 25% of future retirees eligible to participate are expected to choose benefits due to cost based on City experience.

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 2008 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	\$ 1,583
62	1,952

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

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Retiree required monthly contributions are equal to the COBRA rates. The rate of contribution for FY2009 is shown below and is assumed to increase by the HCCT shown below.

Category	Required Monthly Contributions
Single Health	\$ 562.02
Family Health	1,335.18

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 3.5%, and real economic growth of 1.5%.

Fiscal Year Beginning Change Over Prior	Medical Trend
2010	8.50%
2011	8.00%
2012	7.50%
2013	7.00%
2014	6.50%
2015	6.00%
2016	5.50%
2017+	5.00%

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, 2008 and do not explicitly reflect the potential effects of legal or contractual funding limitations.

Note 19: New Pronouncements

The City implemented the following Governmental Accounting Standard Board (GASB) Statements during the year:

GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues: This Statement establishes accounting and financial reporting standards for transactions in which an entity 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 an entity that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues. This Statement modified the disclosures for long-term obligations.

GASB Statement No. 50, Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27: 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. This Statement had no effect to the City.

As of June 30, 2008, the GASB has issued the following statements not yet implemented by the City. The statements which might impact the City are as follows:

CITY OF CEDAR RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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. 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.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

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, 2008

	Governmental Fund Types Actual Budgetary Basis	Proprietary Fund Types Actual Budgetary Basis	Discretely Presented Component Units Actual Budgetary Basis
Revenues:			
Property taxes	\$ 66,824,128	\$ 2,988,928	\$ -
TIF revenues	11,342,022	-	-
Other taxes	4,008,419	-	-
Licenses and permits	2,323,473	-	1,736
Use of money and property	7,622,996	9,832,911	10,315,233
Intergovernmental	30,511,178	3,774,821	8,648,017
Charges for services	3,352,092	67,074,574	10,911,190
Special assessments	222,762	-	13,333
Miscellaneous	3,189,694	26,135,666	1,633,906
Total revenues	<u>129,396,764</u>	<u>109,806,900</u>	<u>31,523,415</u>
Expenditures:			
Current:			
Public safety	40,845,983	-	-
Public works	16,395,388	-	-
Culture and recreation	10,974,165	-	-
Community and economic development	16,829,456	-	-
General government	10,134,405	-	-
Debt service	24,933,524	-	-
Capital projects	31,193,003	-	-
Business-type	-	109,201,950	33,286,774
Total expenditures	<u>151,305,924</u>	<u>109,201,950</u>	<u>33,286,774</u>
Excess (deficiency) of revenues over (under) expenditures	(21,909,160)	604,950	(1,763,359)
Other financing sources, net	(25,075,959)	29,173,629	22,500
Net change in fund balances, net assets	(46,985,119)	29,778,579	(1,740,859)
Fund balances, budgetary basis net assets - July 1, 2007	183,169,692	260,566,549	134,129,575
Fund balances, budgetary basis net assets - June 30, 2008	<u>\$ 136,184,573</u>	<u>\$ 290,345,128</u>	<u>\$ 132,388,716</u>
Adjustments not budgeted:			
Other accrued liabilities	452,322	17,274	-
Sale of capital assets	-	1,522,027	(42,018)
Impairment of capital assets	-	25,462,736	-
Bond proceeds	-	(50,192,243)	-
Accrued bond interest	-	(29,955,130)	8,061,886
Capital outlay variance from depreciation	-	8,781,329	11,994,035
Fund balances, net assets - June 30, 2008 GAAP basis	<u>\$ 136,636,895</u>	<u>\$ 245,981,121</u>	<u>\$ 152,402,619</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	
\$ 69,813,056	\$ 66,420,244	\$ 66,420,244	\$ 3,392,812
11,342,022	11,301,945	11,307,945	34,077
4,008,419	6,723,104	6,723,104	(2,714,685)
2,325,209	2,166,005	2,166,005	159,204
27,771,140	20,832,835	20,971,515	6,799,625
42,934,016	55,687,113	44,199,497	(1,265,481)
81,337,856	79,585,669	84,430,500	(3,092,644)
236,095	1,836,620	1,849,753	(1,613,658)
30,959,266	34,060,789	34,623,817	(3,664,551)
<u>270,727,079</u>	<u>278,614,324</u>	<u>272,692,380</u>	<u>(1,965,301)</u>
40,845,983	42,174,620	43,817,598	2,971,615
16,395,388	17,482,529	18,168,832	1,773,444
10,974,165	11,923,721	12,257,683	1,283,518
16,829,456	18,544,271	19,403,411	2,573,955
10,134,405	9,344,311	12,254,824	2,120,419
24,933,524	14,657,075	25,394,561	461,037
31,193,003	45,424,646	27,954,987	(3,238,016)
<u>142,488,724</u>	<u>192,169,683</u>	<u>196,117,479</u>	<u>53,628,755</u>
<u>293,794,648</u>	<u>351,720,856</u>	<u>355,369,375</u>	<u>61,574,727</u>
(23,067,569)	(73,106,532)	(82,676,995)	59,609,426
4,120,170	39,405,681	34,945,897	(30,825,727)
(18,947,399)	(33,700,851)	(47,731,098)	28,783,699
577,865,816	434,944,915	434,944,915	142,920,901
<u>\$ 558,918,417</u>	<u>\$ 401,244,064</u>	<u>\$ 387,213,817</u>	<u>\$ 171,704,600</u>

CITY OF CEDAR RAPIDS, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2008

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, and permanent funds. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increase budget disbursements by \$3,648,519. 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%
6/30/2008	\$ -	\$11,817,096	\$11,817,096	0.00%	\$ 61,789,964	19.10%

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, 2008. 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 5.0-8.5%; 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, 2008**

	Special Revenue Funds					
	Community Development Block Grants	H.O.M.E.	Hotel-Motel Tax	Tax Incremental Financing	Road Use Tax	Leased Housing
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:						
Taxes	-	-	-	10,597,904	-	-
Accounts and unbilled usage, net						
\$221,242 of allowance for doubtful accounts	6,378	21,921	-	-	-	49,810
Interest	-	-	-	-	-	-
Due from other funds	-	57,897	1,269,862	11,598,284	1,090,735	1,197,859
Due from other governments	255,111	25,221	682,350	-	1,670,491	-
Due from general public	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	216,369
Total assets	<u>261,489</u>	<u>105,039</u>	<u>1,952,212</u>	<u>22,196,188</u>	<u>2,761,226</u>	<u>1,464,038</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Vouchers payable	85,258	272	21,595	63,652	-	41,787
Contracts payable	-	-	-	-	-	-
Accrued expenditures	6,170	27	-	-	-	6,707
Revenues collected in advance	-	-	-	-	-	-
Deferred revenues	31,433	105,428	682,350	10,493,902	-	-
Advance from other funds	-	-	-	-	-	-
Due to other funds	137,125	-	-	-	-	-
Due to general public	-	-	-	-	-	324,600
Due to employees	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	192
Security deposits	-	-	-	300	-	-
Total liabilities	<u>259,986</u>	<u>105,727</u>	<u>703,945</u>	<u>10,557,854</u>	<u>-</u>	<u>373,286</u>
Fund balances (deficits):						
Reserved for:						
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	216,369
Encumbrances	792,343	632,676	-	-	-	10,718
Employee retirement	-	394,292	-	-	-	-
Unreserved, reported in:						
Capital projects funds	-	-	-	-	-	-
Special revenue funds	(790,840)	(1,027,656)	1,248,267	11,638,334	2,761,226	863,665
Total fund balances (deficits)	<u>1,503</u>	<u>(688)</u>	<u>1,248,267</u>	<u>11,638,334</u>	<u>2,761,226</u>	<u>1,090,752</u>
Total liabilities and fund balances	<u>\$ 261,489</u>	<u>\$ 105,039</u>	<u>\$ 1,952,212</u>	<u>\$ 22,196,188</u>	<u>\$ 2,761,226</u>	<u>\$ 1,464,038</u>

SSMID	Fire Retirement	Police Retirement	Other	Total	Capital Projects	Total Nonmajor Governmental Funds
					Other Construction	
\$ -	\$ 269,809	\$ 994,580	\$ 454,340	\$ 1,718,729	\$ 4,514,766	\$ 6,233,495
299,297	1,776,120	2,471,113	197,592	15,342,026	-	15,342,026
-	-	-	338,917	417,026	1,263,075	1,680,101
-	1,226	4,999	211	6,436	-	6,436
404,667	-	1,034,823	6,809,783	23,463,910	5,480,950	28,944,860
-	-	-	742,508	3,375,681	5,031	3,380,712
-	-	-	150,000	150,000	-	150,000
-	-	-	465	465	16,655	17,120
-	-	-	-	216,369	26,188	242,557
<u>703,964</u>	<u>2,047,155</u>	<u>4,505,515</u>	<u>8,693,816</u>	<u>44,690,642</u>	<u>11,306,665</u>	<u>55,997,307</u>
-	3,524	2,985	214,151	433,224	401,728	834,952
-	-	-	-	-	64,539	64,539
921	567,849	-	3,493	585,167	-	585,167
-	-	-	158,128	158,128	270,000	428,128
298,456	1,769,593	2,461,319	782,132	16,624,613	1,205,255	17,829,868
-	-	-	-	-	2,992,000	2,992,000
-	152,705	-	-	289,830	-	289,830
-	-	-	-	324,600	-	324,600
-	-	-	-	-	-	-
-	-	-	-	192	-	192
-	-	-	-	300	200	500
<u>299,377</u>	<u>2,493,671</u>	<u>2,464,304</u>	<u>1,157,904</u>	<u>18,416,054</u>	<u>4,933,722</u>	<u>23,349,776</u>
-	-	-	465	465	16,655	17,120
-	-	-	-	216,369	26,188	242,557
-	-	-	234,868	1,670,605	2,102,609	3,773,214
-	-	2,041,211	-	2,435,503	-	2,435,503
-	-	-	-	-	4,227,491	4,227,491
404,587	(446,516)	-	7,300,579	21,951,646	-	21,951,646
404,587	(446,516)	2,041,211	7,535,912	26,274,588	6,372,943	32,647,531
<u>\$ 703,964</u>	<u>\$ 2,047,155</u>	<u>\$ 4,505,515</u>	<u>\$ 8,693,816</u>	<u>\$ 44,690,642</u>	<u>\$ 11,306,665</u>	<u>\$ 55,997,307</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, 2008

	Special Revenue Funds					
	Community Development Block Grants	H.O.M.E.	Hotel-Motel Tax	Tax Incremental Financing	Road Use Tax	Leased Housing
Revenues:						
Property taxes	\$ -	\$ -	\$ 2,633,105	\$ 11,342,022	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,306,381	491,330	-	-	10,381,695	5,887,689
Charges for services	12,986	50	-	-	-	26
Fines and forfeits	-	-	-	-	-	-
Use of money and property	-	-	53,413	342,907	49,231	61,699
Rents and royalties	-	-	-	1,855	-	-
Miscellaneous	63,037	93,419	-	-	-	12,649
Total revenues	<u>1,382,404</u>	<u>584,799</u>	<u>2,686,518</u>	<u>11,686,784</u>	<u>10,430,926</u>	<u>5,962,063</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	1,413,853	575,729	1,581,693	2,432,378	-	5,767,057
General government	-	-	-	-	283	-
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Interest expense	-	-	-	36,766	-	-
Capital outlay	-	-	-	699,116	-	-
Total expenditures	<u>1,413,853</u>	<u>575,729</u>	<u>1,581,693</u>	<u>3,168,260</u>	<u>283</u>	<u>5,767,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,449)</u>	<u>9,070</u>	<u>1,104,825</u>	<u>8,518,524</u>	<u>10,430,643</u>	<u>195,006</u>
Other Financing Sources (Uses):						
Settlement reimbursement	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(407,647)	(7,073,820)	(10,492,180)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(407,647)</u>	<u>(7,073,820)</u>	<u>(10,492,180)</u>	<u>-</u>
Net change in fund balances	(31,449)	9,070	697,178	1,444,704	(61,537)	195,006
Fund balances (deficits) - July 1, 2007	32,952	(9,758)	551,089	10,193,630	2,822,763	895,746
Fund balances (deficits) - June 30, 2008	<u>\$ 1,503</u>	<u>\$ (688)</u>	<u>\$ 1,248,267</u>	<u>\$ 11,638,334</u>	<u>\$ 2,761,226</u>	<u>\$ 1,090,752</u>

SSMID	Fire Retirement	Police Retirement	Other	Total	Capital Projects	Total Nonmajor Governmental Funds
					Other Construction	
\$ 290,800	\$ 1,863,942	\$ 1,867,209	\$ 188,332	\$ 18,185,410	\$ -	\$ 18,185,410
-	-	-	26,665	26,665	-	26,665
-	-	-	3,906,725	21,973,820	82,180	22,056,000
-	-	-	59,875	72,937	-	72,937
-	-	-	9,440	9,440	-	9,440
15,603	84,884	157,431	284,113	1,049,281	381,779	1,431,060
-	-	-	539,145	541,000	-	541,000
-	-	-	398,554	567,659	465,684	1,033,343
<u>306,403</u>	<u>1,948,826</u>	<u>2,024,640</u>	<u>5,412,849</u>	<u>42,426,212</u>	<u>929,643</u>	<u>43,355,855</u>
-	220,024	142,905	311,094	674,023	259,426	933,449
-	-	-	-	-	9	9
-	-	-	1,015,267	1,015,267	199,554	1,214,821
394,799	-	-	1,190,376	13,355,885	210,896	13,566,781
-	-	-	1,239,566	1,239,849	51,725	1,291,574
-	-	-	-	-	10,677	10,677
-	-	-	-	36,766	-	36,766
-	-	-	172,752	871,868	3,057,131	3,928,999
<u>394,799</u>	<u>220,024</u>	<u>142,905</u>	<u>3,929,055</u>	<u>17,193,658</u>	<u>3,789,418</u>	<u>20,983,076</u>
<u>(88,396)</u>	<u>1,728,802</u>	<u>1,881,735</u>	<u>1,483,794</u>	<u>25,232,554</u>	<u>(2,859,775)</u>	<u>22,372,779</u>
-	-	-	1,577	1,577	-	1,577
-	-	-	-	-	3,361,000	3,361,000
-	-	-	-	-	6,665	6,665
-	-	-	456	456	-	456
135,094	-	-	3,839,537	3,974,631	984,932	4,959,563
<u>(97,750)</u>	<u>(2,148,881)</u>	<u>(3,151,241)</u>	<u>(4,367,701)</u>	<u>(27,739,220)</u>	<u>(61,800)</u>	<u>(27,801,020)</u>
<u>37,344</u>	<u>(2,148,881)</u>	<u>(3,151,241)</u>	<u>(526,131)</u>	<u>(23,762,556)</u>	<u>4,290,797</u>	<u>(19,471,759)</u>
(51,052)	(420,079)	(1,269,506)	957,663	1,469,998	1,431,022	2,901,020
455,639	(26,437)	3,310,717	6,578,249	24,804,590	4,941,921	29,746,511
<u>\$ 404,587</u>	<u>\$ (446,516)</u>	<u>\$ 2,041,211</u>	<u>\$ 7,535,912</u>	<u>\$ 26,274,588</u>	<u>\$ 6,372,943</u>	<u>\$ 32,647,531</u>

City of Cedar Rapids, Iowa
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	Business-type Activities - Other Enterprise Funds			
	Transit System	Parking System	Solid Waste Management	Golf
ASSETS				
Current assets:				
Cash and investments	\$ 6,654	\$ 19,106	\$ -	\$ 26,553
Receivables:				
Taxes	3,721,066	-	-	-
Accounts and unbilled usage, net				
\$204,170 of allowance for doubtful accounts	102,685	164,109	1,099,470	32,244
Interest	-	7	-	-
Due from other funds	1,065,511	3,371,908	14,583,951	293,069
Due from other governments	51,754	9,791	2,690	2,849
Inventories	127,168	19	9,405	170,372
Prepaid items	22,816	-	6,220	8,683
Deferred charges	-	3,247	-	12,244
Restricted assets:				
Cash and investments	-	752,798	-	1,110,196
Total current assets	5,097,654	4,320,985	15,701,736	1,656,210
Noncurrent assets:				
Land	2,445,367	5,910,123	27,229	602,967
Buildings and structures	8,496,680	21,365,501	214,837	1,167,692
Improvements other than buildings	7,413,244	4,397,274	-	5,318,110
Machinery and equipment	13,202,762	754,592	6,091,602	1,550,424
Accumulated depreciation	(22,238,710)	(16,092,303)	(3,718,378)	(3,240,188)
Construction in progress	-	-	97,146	-
Total noncurrent assets	9,319,343	16,335,187	2,712,436	5,399,005
Total assets	14,416,997	20,656,172	18,414,172	7,055,215
LIABILITIES				
Current liabilities:				
Vouchers payable	177,072	52,691	669,858	174,049
Contracts payable	1,115	-	-	-
Accrued expenses	65,605	19,233	106,325	48,266
Compensated absences	127,903	50,721	118,600	77,843
Revenues collected in advance	14,290	14,504	-	(1,400)
Deferred revenues	3,721,187	-	-	-
Due to other funds	-	-	-	-
Due to other governments	46,099	-	-	26,214
Security deposits	1,000	-	-	-
Advance from other funds	-	-	-	-
General obligation bonds payable	-	45,000	-	800,833
Unamortized bond premium	-	-	-	3,550
Matured bonds interest payable	-	3,183	-	16,222
Total current liabilities	4,154,271	185,332	894,783	1,145,577
Noncurrent liabilities:				
General obligation bonds payable	-	910,000	-	3,524,044
Unamortized bond premium	-	-	-	43,454
Compensated absences	20,629	4,471	-	-
Total noncurrent liabilities	20,629	914,471	-	3,567,498
Total liabilities	4,174,900	1,099,803	894,783	4,713,075
NET ASSETS				
Invested in capital assets, net of related debt	9,319,343	16,132,985	2,712,436	2,127,124
Restricted for debt service	-	-	-	10,196
Unrestricted (deficit)	922,754	3,423,384	14,806,953	204,820
\$ 10,242,097	\$ 19,556,369	\$ 17,519,389	\$ 2,342,140	

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 498,936	\$ -	\$ 57,832	\$ 609,081
-	-	-	3,721,066
263,305	-	236,348	1,898,161
-	-	-	7
1,515,611	-	225,184	21,055,234
-	84,645	-	151,729
-	-	-	306,964
43,487	-	8,008	89,214
-	9,250	-	24,741
-	773,124	-	2,636,118
<u>2,321,339</u>	<u>867,019</u>	<u>527,372</u>	<u>30,492,315</u>
807,500	308,531	-	10,101,717
10,118,154	4,895,644	9,399,567	55,658,075
687,265	56,119	252,534	18,124,546
1,057,239	275,897	1,887,260	24,819,776
(8,133,936)	(1,785,821)	(3,136,909)	(58,346,245)
-	-	-	97,146
<u>4,536,222</u>	<u>3,750,370</u>	<u>8,402,452</u>	<u>50,455,015</u>
<u>6,857,561</u>	<u>4,617,389</u>	<u>8,929,824</u>	<u>80,947,330</u>
133,123	(301)	177,248	1,383,740
4,760	-	5,713	11,588
274,690	-	14,224	528,343
-	-	-	375,067
248,890	-	-	276,284
38,136	-	22,630	3,781,953
-	512,497	-	512,497
84,645	-	635	157,593
26,318	-	-	27,318
88,000	-	-	88,000
35,000	425,667	325,000	1,631,500
-	1,124	-	4,674
885	9,001	26,546	55,837
<u>934,447</u>	<u>947,988</u>	<u>571,996</u>	<u>8,834,394</u>
260,000	1,915,489	4,585,000	11,194,533
-	14,329	-	57,783
-	-	-	25,100
<u>260,000</u>	<u>1,929,818</u>	<u>4,585,000</u>	<u>11,277,416</u>
<u>1,194,447</u>	<u>2,877,806</u>	<u>5,156,996</u>	<u>20,111,810</u>
4,241,222	1,998,761	3,492,452	40,024,323
-	168,124	-	178,320
1,421,892	(427,302)	280,376	20,632,877
<u>\$ 5,663,114</u>	<u>\$ 1,739,583</u>	<u>\$ 3,772,828</u>	<u>\$ 60,835,520</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, 2008

	Business-type Activities - Other Enterprise Funds			
	Transit System	Parking System	Solid Waste Management	Golf
Operating revenues:				
Charges for services	\$ 815,173	\$ 2,801,098	\$ 7,026,230	\$ 1,793,118
Fines and forfeits	(30)	258,033	-	-
Use of money and property	-	2,925	-	-
Rents and royalties	110,062	720	-	497,624
Miscellaneous	201,397	20,366	7,602	253,819
Total operating revenues	<u>1,126,602</u>	<u>3,083,142</u>	<u>7,033,832</u>	<u>2,544,561</u>
Operating expenses:				
Personal services	3,714,587	1,401,425	3,347,069	1,384,266
Purchased services	1,348,931	774,200	2,091,979	472,812
Supplies and materials	1,402,146	104,379	868,142	583,398
Other	918,118	135,162	35,645	18,078
Depreciation	1,658,319	994,487	603,718	318,291
Total operating expenses	<u>9,042,101</u>	<u>3,409,653</u>	<u>6,946,553</u>	<u>2,776,845</u>
Operating income (loss)	<u>(7,915,499)</u>	<u>(326,511)</u>	<u>87,279</u>	<u>(232,284)</u>
Nonoperating revenues (expenses):				
Intergovernmental	3,214,133	-	10,707	4,862
Investment income	-	169,688	702,677	130,205
Property tax revenue	2,988,927	-	-	-
Gain (loss) on sale of capital assets	(754,223)	(868,119)	48,000	39,691
Loss on impairment of capital assets	(4,772,202)	(1,153,501)	-	(99,095)
Interest expense	(5,863)	(78,668)	-	(243,708)
Total nonoperating revenue (expenses)	<u>670,772</u>	<u>(1,930,600)</u>	<u>761,384</u>	<u>(168,045)</u>
Capital contributions	<u>398,045</u>	<u>77,802</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(6,846,682)</u>	<u>(2,179,309)</u>	<u>848,663</u>	<u>(400,329)</u>
Transfers in	-	8,147	694,050	1,800
Transfers out	-	(144,000)	(2,880,068)	(142,500)
Change in net assets	<u>(6,846,682)</u>	<u>(2,315,162)</u>	<u>(1,337,355)</u>	<u>(541,029)</u>
Total net assets, beginning	<u>17,088,779</u>	<u>21,871,531</u>	<u>18,856,744</u>	<u>2,883,169</u>
Total net assets, ending	<u>\$ 10,242,097</u>	<u>\$ 19,556,369</u>	<u>\$ 17,519,389</u>	<u>\$ 2,342,140</u>

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 452,501	\$ 260,329	\$ 594,299	\$ 13,742,748
-	-	-	258,003
-	-	-	2,925
492,195	98,534	347,852	1,546,987
822,788	423,662	18,380	1,748,014
<u>1,767,484</u>	<u>782,525</u>	<u>960,531</u>	<u>17,298,677</u>
711,681	378,064	375,300	11,312,392
846,233	337,537	585,235	6,456,927
70,284	2,991	39,326	3,070,666
16,768	9,285	3,079	1,136,135
264,127	271,777	409,662	4,520,381
<u>1,909,093</u>	<u>999,654</u>	<u>1,412,602</u>	<u>26,496,501</u>
<u>(141,609)</u>	<u>(217,129)</u>	<u>(452,071)</u>	<u>(9,197,824)</u>
-	-	-	3,229,702
72,618	30,766	14,247	1,120,201
-	-	-	2,988,927
-	-	-	(1,534,651)
-	(3,441,933)	-	(9,466,731)
(11,668)	(79,434)	(336,170)	(755,511)
<u>60,950</u>	<u>(3,490,601)</u>	<u>(321,923)</u>	<u>(4,418,063)</u>
-	-	-	475,847
(80,659)	(3,707,730)	(773,994)	(13,140,040)
82,263	302,019	762,271	1,850,550
-	-	-	(3,166,568)
1,604	(3,405,711)	(11,723)	(14,456,058)
5,661,510	5,145,294	3,784,551	75,291,578
<u>\$ 5,663,114</u>	<u>\$ 1,739,583</u>	<u>\$ 3,772,828</u>	<u>\$ 60,835,520</u>

City of Cedar Rapids, Iowa
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	Business-type Activities -			
	Transit System	Parking System	Solid Waste Management	Golf
Cash flows from operating activities:				
Cash received from users	\$ 1,285,748	\$ 3,108,433	\$ 6,907,170	\$ 2,530,196
Cash paid to employees	(3,846,757)	(1,435,577)	(3,270,017)	(1,401,891)
Cash paid to suppliers	(3,440,668)	(1,073,893)	(2,982,487)	(1,070,470)
Net cash flows from operating activities	<u>(6,001,677)</u>	<u>598,963</u>	<u>654,666</u>	<u>57,835</u>
Cash flows from non-capital financing activities:				
Borrowing from other funds	2,642,096	149,214	3,719,438	978,234
Loans to other funds	(3,035,484)	(1,003,803)	(964,242)	(559,214)
Closure/post closure landfill	-	-	(1,610,980)	-
Intergovernmental	3,214,133	-	10,707	4,862
Transfers in	-	8,147	694,050	1,800
Transfers out	-	(144,000)	(2,880,068)	(142,500)
Property taxes	3,025,872	-	-	-
Net cash flows from non-capital financing activities	<u>5,846,617</u>	<u>(990,442)</u>	<u>(1,031,095)</u>	<u>283,182</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(322,392)	(7,498)	(374,248)	(5,925)
Proceeds from disposition of property and equipment	87,924	9,572	48,000	45,876
Capital contributions	398,045	77,802	-	-
Principal paid	-	(25,000)	-	(825,123)
Interest paid	-	(78,400)	-	(243,716)
Net cash flows from capital and related financing activities	<u>163,577</u>	<u>(23,524)</u>	<u>(326,248)</u>	<u>(1,028,888)</u>
Cash flows from investing activities:				
Interest on investments	(5,863)	169,952	702,677	130,205
Net cash flows from investing activities	<u>(5,863)</u>	<u>169,952</u>	<u>702,677</u>	<u>130,205</u>
Net decrease in cash and cash equivalents	2,654	(245,051)	-	(557,666)
Cash and cash equivalents, July 1, 2007	4,000	1,016,955	-	1,694,415
Cash and cash equivalents, June 30, 2008	<u>\$ 6,654</u>	<u>\$ 771,904</u>	<u>\$ -</u>	<u>\$ 1,136,749</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (7,915,499)	\$ (326,511)	\$ 87,279	\$ (232,284)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	1,658,319	994,487	603,718	318,291
Change in assets and liabilities:				
(Increase) decrease in prepaid items	(19,234)	-	(6,220)	6
Increase (decrease) in vouchers payable	(30,894)	(60,152)	23,625	13,790
(Increase) decrease in accrued expenses	(49,295)	(6,438)	61,446	(7,525)
Increase (decrease) in compensated absences	(82,875)	(27,714)	15,606	(10,100)
(Increase) decrease in accounts receivable	(2,441)	(14,608)	(126,606)	(12,827)
(Increase) decrease in inventories	265,908	-	(4,126)	(9,978)
(Increase) decrease in due from other governments	115,488	47,261	(56)	(204)
Increase (decrease) due to other governments	46,099	-	-	66
Increase (decrease) in revenues collected in advance	12,747	(7,362)	-	(1,400)
Increase (decrease) in security deposit	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Net cash flows from operating activities	<u>\$ (6,001,677)</u>	<u>\$ 598,963</u>	<u>\$ 654,666</u>	<u>\$ 57,835</u>
Schedule of noncash capital and related financing activities:				
Acquisition of capital assets through contracts payable	<u>\$ 1,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Enterprise Funds

U.S. Cellular Center	Paramount Theatre	Ice Arena	Total
\$ 1,725,673	\$ 782,825	\$ 934,431	\$ 17,274,476
(591,436)	(378,064)	(368,987)	(11,292,729)
(935,502)	(350,113)	(468,307)	(10,321,440)
<u>198,735</u>	<u>54,648</u>	<u>97,137</u>	<u>(4,339,693)</u>
36,749	238,029	553,208	8,316,968
(104,209)	(285,111)	(682,547)	(6,634,610)
-	-	-	(1,610,980)
-	-	-	3,229,702
82,263	302,019	762,271	1,850,550
-	-	-	(3,166,568)
-	-	-	<u>3,025,872</u>
<u>14,803</u>	<u>254,937</u>	<u>632,932</u>	<u>5,010,934</u>
(85,065)	(19,695)	(108,977)	(923,800)
-	-	-	191,372
-	-	-	475,847
(35,000)	(190,370)	(310,000)	(1,385,493)
(11,763)	(77,019)	(337,771)	(748,669)
<u>(131,828)</u>	<u>(287,084)</u>	<u>(756,748)</u>	<u>(2,390,743)</u>
72,618	30,766	14,247	1,114,602
<u>72,618</u>	<u>30,766</u>	<u>14,247</u>	<u>1,114,602</u>
154,328	53,267	(12,432)	(604,900)
344,608	719,857	70,264	3,850,099
<u>\$ 498,936</u>	<u>\$ 773,124</u>	<u>\$ 57,832</u>	<u>\$ 3,245,199</u>
\$ (141,609)	\$ (217,129)	\$ (452,071)	\$ (9,197,824)
264,127	271,777	409,662	4,520,381
25,038	-	544	134
(27,255)	(300)	158,789	77,603
120,245	-	6,313	124,746
-	-	-	(105,083)
(116,225)	300	(24,059)	(296,466)
-	-	-	251,804
-	-	-	162,489
(24,711)	-	596	22,050
82,706	-	-	86,691
12,160	-	-	12,160
4,259	-	(2,637)	1,622
<u>\$ 198,735</u>	<u>\$ 54,648</u>	<u>\$ 97,137</u>	<u>\$ (4,339,693)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,712</u>	<u>\$ 6,779</u>

City of Cedar Rapids, Iowa
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Facilities Maintenance	Fleet Services	Joint Communications	Risk Management	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 432	\$ -	\$ 683,843	\$ 684,275
Receivables:					
Accounts and unbilled usage, net	988,318	8,102	71	11,165	1,007,656
Interest	-	-	-	2,725	2,725
Due from other funds	72,999	813,498	1,144,763	27,083,709	29,114,969
Advance to other funds	-	-	-	2,992,000	2,992,000
Due from other governments	21,428	21,487	-	-	42,915
Inventories	331,210	48,881	-	-	380,091
Prepaid items	(620)	110	8,192	466,269	473,951
Total current assets	1,413,335	892,510	1,153,026	31,239,711	34,698,582
Noncurrent assets:					
Land	1,016,663	-	-	-	1,016,663
Buildings and structures	6,082,507	-	-	-	6,082,507
Improvements other than buildings	1,843,172	-	-	-	1,843,172
Machinery and equipment	160,332	686,846	756,957	-	1,604,135
Accumulated depreciation	(4,974,556)	(13,145)	(504,416)	-	(5,492,117)
Construction in progress	-	53,052	59,407	-	112,459
Total noncurrent assets	4,128,118	726,753	311,948	-	5,166,819
Total assets	5,541,453	1,619,263	1,464,974	31,239,711	39,865,401
LIABILITIES					
Current liabilities:					
Vouchers payable	36,244	1,023,594	43,160	434,392	1,537,390
Claims and judgments payable	-	-	-	7,474,400	7,474,400
Contracts payable	6,970	-	-	-	6,970
Accrued expenses	38,394	85,617	38,736	1,945	164,692
Compensated absences	76,718	158,449	59,661	-	294,828
General obligation bonds payable	-	-	-	91,500	91,500
Unamortized bond premium	-	-	-	3,041	3,041
Matured bonds interest payable	-	-	-	313	313
Total current liabilities	158,326	1,267,660	141,557	8,005,591	9,573,134
Noncurrent liabilities:					
Compensated absences	-	77,488	-	-	77,488
Post-employment liability	-	-	-	2,185,736	2,185,736
Total noncurrent liabilities	-	77,488	-	2,185,736	2,263,224
Total liabilities	158,326	1,345,148	141,557	10,191,327	11,836,358
NET ASSETS					
Invested in capital assets, net of related debt	4,128,118	726,753	311,948	-	5,166,819
Unrestricted	1,255,009	(452,638)	1,011,469	21,048,384	22,862,224
	\$ 5,383,127	\$ 274,115	\$ 1,323,417	\$ 21,048,384	\$ 28,029,043

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, 2008

	Facilities Maintenance	Fleet Services	Joint Communications	Risk Management	Total
Operating revenues:					
Charges for services	\$ -	\$ 2,231,999	\$ 2,343,647	\$ 21,019,402	\$ 25,595,048
Rents and royalties	1,362,387	-	-	-	1,362,387
Miscellaneous	144,684	755,301	-	-	899,985
Total operating revenues	<u>1,507,071</u>	<u>2,987,300</u>	<u>2,343,647</u>	<u>21,019,402</u>	<u>27,857,420</u>
Operating expenses:					
Personal services	1,085,898	2,442,390	1,399,660	717,473	5,645,421
Purchased services	293,797	396,042	383,249	18,189,902	19,262,990
Supplies and materials	136,176	649,676	16,819	16,418	819,089
Other	1,020	4,856	3,535	1,014,434	1,023,845
Depreciation	482,764	13,145	113,981	-	609,890
Total operating expenses	<u>1,999,655</u>	<u>3,506,109</u>	<u>1,917,244</u>	<u>19,938,227</u>	<u>27,361,235</u>
Operating income (loss)	<u>(492,584)</u>	<u>(518,809)</u>	<u>426,403</u>	<u>1,081,175</u>	<u>496,185</u>
Nonoperating revenues (expenses):					
Investment earnings	44,367	-	31,091	1,127,758	1,203,216
Gain on sale of capital assets	-	-	-	-	-
Loss on impairment of capital assets	(1,875,424)	-	-	-	(1,875,424)
Contributions & Donations	-	20,535	-	-	20,535
Interest expense	-	(7,548)	-	(14,813)	(22,361)
Total nonoperating revenue (expenses)	<u>(1,831,057)</u>	<u>12,987</u>	<u>31,091</u>	<u>1,112,945</u>	<u>(674,034)</u>
Income (loss) before transfers	<u>(2,323,641)</u>	<u>(505,822)</u>	<u>457,494</u>	<u>2,194,120</u>	<u>(177,849)</u>
Transfers in	39,577	779,937	60,000	64,514	944,028
Transfers out	<u>(33,855)</u>	<u>-</u>	<u>-</u>	<u>(731,108)</u>	<u>(764,963)</u>
Change in net assets	<u>(2,317,919)</u>	<u>274,115</u>	<u>517,494</u>	<u>1,527,526</u>	<u>1,216</u>
Total net assets, beginning	<u>7,701,046</u>	<u>-</u>	<u>805,923</u>	<u>19,520,858</u>	<u>28,027,827</u>
Total net assets, ending	<u>\$ 5,383,127</u>	<u>\$ 274,115</u>	<u>\$ 1,323,417</u>	<u>\$ 21,048,384</u>	<u>\$ 28,029,043</u>

City of Cedar Rapids, Iowa
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	Facilities Maintenance	Fleet Services	Joint Communications	Risk Management	Total
Cash flows from operating activities:					
Cash received from users	\$ 780,913	\$ 2,957,711	\$ 2,343,647	\$ 21,004,485	\$ 27,086,756
Cash paid to employees	(1,039,417)	(2,120,836)	(1,390,958)	388,111	(4,163,100)
Cash paid to suppliers	(593,722)	(75,971)	(380,165)	(18,727,959)	(19,777,817)
Net cash flows from operating activities	<u>(852,226)</u>	<u>760,904</u>	<u>572,524</u>	<u>2,664,637</u>	<u>3,145,839</u>
Cash flows from non-capital financing activities:					
Borrowing from other funds	11,409,028	2,081,575	160,208	475,889	14,126,700
Loans to other funds	(10,386,208)	(2,895,073)	(633,459)	(3,604,386)	(17,519,126)
Contributions and donations	-	20,535	-	-	20,535
Transfers in	39,577	779,937	60,000	64,514	944,028
Transfers out	(33,855)	-	-	(731,108)	(764,963)
Net cash flows from non-capital financing activities	<u>1,028,542</u>	<u>(13,026)</u>	<u>(413,251)</u>	<u>(3,795,091)</u>	<u>(3,192,826)</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(220,683)	(739,898)	(190,364)	-	(1,150,945)
Principal paid	-	-	-	(178,500)	(178,500)
Interest paid	-	-	-	(16,457)	(16,457)
Net cash flows from capital and related financing activities	<u>(220,683)</u>	<u>(739,898)</u>	<u>(190,364)</u>	<u>(194,957)</u>	<u>(1,345,902)</u>
Cash flows from investing activities:					
Interest on investments	44,367	(7,548)	31,091	1,129,210	1,197,120
Net cash flows from investing activities	<u>44,367</u>	<u>(7,548)</u>	<u>31,091</u>	<u>1,129,210</u>	<u>1,197,120</u>
Net decrease in cash and cash equivalents					
Cash and cash equivalents, July 1, 2007	-	432	-	(196,201)	(195,769)
Cash and cash equivalents, June 30, 2008	<u>\$ -</u>	<u>\$ 432</u>	<u>\$ -</u>	<u>\$ 683,843</u>	<u>\$ 684,275</u>
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ (492,584)	\$ (518,809)	\$ 426,403	\$ 1,081,175	\$ 496,185
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	482,764	13,145	113,981	-	609,890
Change in assets and liabilities:					
(Increase) decrease in prepaid items	-	(110)	(8,192)	49,599	41,297
Increase (decrease) in vouchers payable	(57,058)	1,023,594	31,630	81,464	1,079,630
Increase in accrued expenses	28,210	85,617	12,800	1,522	128,149
Increase (decrease) in compensated absences	18,271	235,937	(4,098)	-	250,110
(Increase) in accounts receivable	(740,124)	(8,102)	-	(8,312)	(756,538)
(Increase) in inventories	(105,671)	(48,881)	-	-	(154,552)
(Increase) decrease in due from other governments	13,966	(21,487)	-	-	(7,521)
(Decrease) in security deposit	-	-	-	(473)	(473)
Increase post-employment liability	-	-	-	1,104,062	1,104,062
Increase in open claims payable	-	-	-	355,600	355,600
Net cash flows from operating activities	<u>\$ (852,226)</u>	<u>\$ 760,904</u>	<u>\$ 572,524</u>	<u>\$ 2,664,637</u>	<u>\$ 3,145,839</u>

City of Cedar Rapids, Iowa
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2008

	Developers Security Deposit	Contractors Permit Deposit	Regional Planning	Area Ambulance	Total
ASSETS					
Receivables:					
Due from other governments	\$ 353,434	\$ 41,155	\$ 230,928	\$ 58,709	\$ 684,226
Total Assets	<u>\$ 353,434</u>	<u>\$ 41,155</u>	<u>\$ 230,928</u>	<u>\$ 58,709</u>	<u>\$ 684,226</u>
LIABILITIES					
Vouchers payable	\$ -	\$ 61	\$ 13,004	\$ -	\$ 13,065
Due to other governments	-	-	217,924	58,709	276,633
Security deposits	353,434	41,094	-	-	394,528
Total liabilities	<u>\$ 353,434</u>	<u>\$ 41,155</u>	<u>\$ 230,928</u>	<u>\$ 58,709</u>	<u>\$ 684,226</u>

**CITY OF CEDAR RAPIDS, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2008**

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Developers Security Deposit				
Assets:				
Due from other governments	\$ 346,337	\$ 13,097	\$ 6,000	\$ 353,434
Liabilities:				
Security deposits	\$ 346,337	\$ 13,097	\$ 6,000	\$ 353,434
Contractors Permit Deposit				
Assets:				
Due from other governments	\$ 42,771	\$ 41,155	\$ 42,771	\$ 41,155
Liabilities:				
Vouchers payable	\$ 61	\$ -	\$ -	\$ 61
Security deposits	42,710	196,805	198,421	41,094
Total liabilities	\$ 42,771	\$ 196,805	\$ 198,421	\$ 41,155
Regional Planning				
Assets:				
Due from other governments	\$ 332,035	\$ 232,896	\$ 334,003	\$ 230,928
Total Assets	\$ 332,035	\$ 232,896	\$ 334,003	\$ 230,928
Liabilities:				
Vouchers payable	\$ 54,690	\$ 383,331	\$ 425,017	\$ 13,004
Due to other governments	277,345	-	59,421	217,924
Total liabilities	\$ 187,642	\$ 383,331	\$ 484,438	\$ 230,928
Area Ambulance				
Assets:				
Due from other governments	\$ 59,628	\$ 59,307	\$ 60,226	\$ 58,709
Liabilities:				
Due to other governments	59,628	49,750	50,669	58,709
Total liabilities	\$ 59,628	\$ 49,750	\$ 50,669	\$ 58,709
Total				
Assets:				
Due from other governments	780,771	346,455	443,000	684,226
	\$ 780,771	\$ 346,455	\$ 443,000	\$ 684,226
Liabilities:				
Vouchers payable	\$ 54,751	\$ 383,331	\$ 425,017	\$ 13,065
Due to other governments	336,973	49,750	110,090	276,633
Security deposits	389,047	209,902	204,421	394,528
Total liabilities	\$ 780,771	\$ 642,983	\$ 739,528	\$ 684,226

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, 2008

	<u>Airport</u>	<u>Cedar Rapids/ Linn County Solid Waste Agency</u>	<u>Cedar Rapids Public Library Foundation</u>
Operating revenues:			
Charges for services	\$ 3,284,478	\$ 7,626,712	\$ -
Licenses and permits	1,736	-	-
Use of money and property	2,281	54,172	338,585
Rents and royalties	10,360,987	27,500	-
Miscellaneous	60,705	1,586,535	-
Total operating revenues	<u>13,710,187</u>	<u>9,294,919</u>	<u>338,585</u>
Operating expenses:			
Personal services	3,149,394	2,093,929	-
Purchased services	2,907,953	1,669,235	64,633
Supplies and materials	539,471	1,176,621	52,466
Other	73,594	2,647,418	-
Depreciation	5,076,829	940,796	499
Total operating expenses	<u>11,747,241</u>	<u>8,527,999</u>	<u>117,598</u>
Operating income (loss)	<u>1,962,946</u>	<u>766,920</u>	<u>220,987</u>
Nonoperating revenues (expenses):			
Intergovernmental	693,081	32,558	-
Investment income (loss)	1,495,144	(1,624,850)	-
Loss on sale of assets	(19,518)	-	-
Interest expense	(282,499)	-	-
Total nonoperating revenue (expenses)	<u>1,886,208</u>	<u>(1,592,292)</u>	<u>-</u>
Capital contributions	<u>7,922,378</u>	<u>-</u>	<u>-</u>
Change in net assets	11,771,532	(825,372)	220,987
Total net assets, beginning	119,084,229	25,011,622	3,284,735
Total net assets, ending	<u>\$ 130,855,761</u>	<u>\$ 24,186,250</u>	<u>\$ 3,505,722</u>

City of Cedar Rapids, Iowa
Statements of Cash Flows
Discretely Presented Component Units
For the Year Ended June 30, 2008

	Airport	Cedar Rapids/ Linn County Solid Waste Agency	Cedar Rapids Public Library Foundation
Cash flows from operating activities:			
Cash received from users	\$ 14,256,519	\$ 8,253,941	\$ 338,585
Cash paid to employees	(3,161,232)	(2,104,163)	-
Cash paid to suppliers	(1,621,907)	(3,654,807)	(115,911)
Net cash flows from operating activities	<u>9,473,380</u>	<u>2,494,971</u>	<u>222,674</u>
Cash flows from non-capital financing activities:			
Borrowing from other funds	3,988,441	-	-
Loans to other funds	(5,751,404)	-	-
Intergovernmentals	693,081	32,558	-
Permanently restricted contributions	-	-	6,571
Net cash flows from non-capital financing activities	<u>(1,069,882)</u>	<u>32,558</u>	<u>6,571</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(16,811,540)	(7,326,724)	(1,125)
Capital contributions	7,922,378	-	-
Proceeds from disposition of property and equipment	22,501	-	-
Principal paid	(710,746)	-	-
Interest paid	(282,650)	-	-
Net cash flows from capital and related financing activities	<u>(9,860,057)</u>	<u>(7,326,724)</u>	<u>(1,125)</u>
Cash flows from investing activities:			
Interest on investments	1,495,144	1,003,591	-
Realized loss on investments	-	(2,639,392)	-
Proceeds from sale and maturities of investment securities	-	-	388,074
Purchase of investment securities	-	-	(493,153)
Net cash flows from investing activities	<u>1,495,144</u>	<u>(1,635,801)</u>	<u>(105,079)</u>
Net (increase) decrease in cash and cash equivalents	38,585	(6,434,996)	123,041
Cash and cash equivalents, July 1, 2007	1,167,536	28,670,533	135,313
Cash and cash equivalents, June 30, 2008	<u>\$ 1,206,121</u>	<u>\$ 22,235,537</u>	<u>\$ 258,354</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income	\$ 1,962,946	\$ 766,920	\$ 220,987
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation expense	5,076,829	940,796	499
Change in assets and liabilities:			
(Increase) in prepaid items	-	(18,929)	-
Increase in vouchers payable	1,899,111	577,971	1,188
(Decrease) in compensated absences	(24,141)	(11,510)	-
Increase in accrued expenses	12,303	1,276	-
(Increase) decrease in accounts receivable	151,735	(764,526)	-
(Increase) in notes receivable	-	(39,346)	-
Decrease in inventories	-	11,762	-
(Increase) decrease in due from other governments	394,597	(326,525)	-
Increase in due to other governments	-	80,036	-
Increase in security deposits	-	9,000	-
Increase in revenues collected in advance	-	383	-
Increase in closure/postclosure payable	-	1,267,663	-
Net cash flows from operating activities	<u>\$ 9,473,380</u>	<u>\$ 2,494,971</u>	<u>\$ 222,674</u>
Reconciliation of cash and cash equivalents to specific assets on statement of net assets:			
Cash and investments	\$ 1,206,121	\$ 22,235,537	\$ 3,522,134
Less: Items not meeting the definition of cash and cash equivalents	-	-	3,270,351
	<u>\$ 1,206,121</u>	<u>\$ 22,235,537</u>	<u>\$ 251,783</u>
Schedule of noncash capital and related financing activities:			
Acquisition of assets through prior year contracts paid	<u>\$ 259,325</u>	<u>\$ -</u>	<u>\$ -</u>

City of Cedar Rapids, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2008

Governmental funds capital assets:	
Land	\$ 30,581,589
Building	56,180,100
Improvements other than Building	325,018,405
Machinery and equipment	36,884,222
Construction in progress	2,035,243
Total governmental funds capital assets	<u>\$ 450,699,559</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 83,435,838
Special revenue funds	45,081,854
Capital projects funds	305,690,294
Donations	16,491,573
Total governmental funds capital assets	<u>\$ 450,699,559</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, 2008

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
Function and Activity						
Public Safety:						
Police	\$ 1,057,050	\$ 10,511,279	\$ 557,413	\$ 4,191,960	\$ 61,027	\$ 16,378,729
Flood Control	-	-	10,616	-	-	10,616
Fire	459,523	4,943,194	87,371	6,116,434	365,248	11,971,770
Building Inspections	-	266,930	-	166,627	4,699	438,256
Animal Control	-	183,212	28,381	162,631	-	374,224
Total Public Safety	1,516,573	15,904,615	683,781	10,637,652	430,974	29,173,595
Public Works:						
Roads, Bridges, Sidewalks	13,235,799	-	243,703,752	472,367	18,113	257,430,031
Traffic Control and Safety	12,477	9,739	10,665,116	1,195,205	-	11,882,537
Street Cleaning	-	70,316	-	10,676,978	-	10,747,294
Flood Recovery	-	-	-	630,029	-	630,029
Other Public Works	1,014	-	39,538,313	-	61,581	39,600,908
Total Public Works	13,249,290	80,055	293,907,181	12,974,579	79,694	320,290,799
Culture & Recreation:						
Library Services	1,397,574	7,309,629	34,377	1,061,523	33,466	9,836,569
Museum, Band, Theater	-	-	-	13,010	-	13,010
Parks	4,921,618	3,733,894	13,551,028	3,548,727	13,414	25,768,681
Recreation	63,287	8,590,578	6,175,979	4,521,609	-	19,351,453
Other Culture and Recreation	-	309,106	245,008	49,033	-	603,147
Total Culture and Recreation	6,382,479	19,943,207	20,006,392	9,193,902	46,880	55,572,860
Community & Economic Development:						
Community Beautification	10,500	96,880	-	925,816	-	1,033,196
Economic Development	5,665,209	541,000	68,114	79,283	1,245,525	7,599,131
Housing and Urban Renewal	28,445	-	89,494	175,184	-	293,123
Other Community and Economic Development	2,470,841	-	-	137,754	-	2,608,595
Total Community and Economic Development	8,174,995	637,880	157,608	1,318,037	1,245,525	11,534,045
General Government:						
Mayor and Council	-	-	-	15,892	-	15,892
Clerk, Treasurer, Finance	-	-	1,370,769	881,174	-	2,251,943
City Attorney	-	-	-	6,048	-	6,048
City Hall and Other Buildings	85,100	17,095,586	3,866,505	229,684	217,608	21,494,483
Other General Government	1,173,152	2,518,757	5,026,169	1,627,254	14,562	10,359,894
Total General Government	1,258,252	19,614,343	10,263,443	2,760,052	232,170	34,128,260
Total governmental funds capital assets	\$ 30,581,589	\$ 56,180,100	\$ 325,018,405	\$ 36,884,222	\$ 2,035,243	\$ 450,699,559

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

City of Cedar Rapids, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
Year Ended June 30, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deletions	Governmental Funds Capital Assets June 30, 2008
Public Safety:				
Police	18,205,542	\$ 87,589	\$ (1,914,402)	\$ 16,378,729
Flood Control	10,616	-	-	10,616
Fire	12,930,474	550,655	(1,509,359)	11,971,770
Building Inspections	457,890	4,699	(24,333)	438,256
Animal Control	433,521	-	(59,297)	374,224
Total Public Safety	<u>32,038,043</u>	<u>642,943</u>	<u>(3,507,391)</u>	<u>29,173,595</u>
Public Works:				
Roads, Bridges, Sidewalks	240,412,045	17,179,088	(161,102)	257,430,031
Traffic Control and Safety	12,288,665	-	(406,128)	11,882,537
Street Cleaning	11,196,213	134,360	(583,279)	10,747,294
Flood	-	630,029	-	630,029
Other Public Works	39,539,327	61,581	-	39,600,908
Total Public Works	<u>303,436,250</u>	<u>18,005,058</u>	<u>(1,150,509)</u>	<u>320,290,799</u>
Culture & Recreation:				
Library Services	10,978,913	586,522	(1,728,866)	9,836,569
Museum, Band, Theater	13,010	-	-	13,010
Parks	25,768,527	277,980	(277,826)	25,768,681
Recreation	19,413,937	97,768	(160,252)	19,351,453
Other Culture and Recreation	603,147	-	-	603,147
Total Culture and Recreation	<u>56,777,534</u>	<u>962,270</u>	<u>(2,166,944)</u>	<u>55,572,860</u>
Community & Economic Development:				
Community Beautification	1,057,181	-	(23,985)	1,033,196
Economic Development	5,638,608	2,010,584	(50,061)	7,599,131
Housing and Urban Renewal	293,123	-	-	293,123
Other Community and Economic Development	1,802,042	806,553	-	2,608,595
Total Community and Economic Development	<u>8,790,954</u>	<u>2,817,137</u>	<u>(74,046)</u>	<u>11,534,045</u>
General Government:				
Mayor and council	15,892	-	-	15,892
Clerk, Treasurer, Finance	2,204,626	47,317	-	2,251,943
City Attorney	6,048	-	-	6,048
City Hall and Other Buildings	22,651,995	271,977	(1,429,489)	21,494,483
Other General Government	10,220,385	139,509	-	10,359,894
Total General Government	<u>35,098,946</u>	<u>458,803</u>	<u>(1,429,489)</u>	<u>34,128,260</u>
Total governmental funds capital assets	<u>\$ 436,141,727</u>	<u>\$ 22,886,211</u>	<u>\$ (8,328,379)</u>	<u>\$ 450,699,559</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
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	93
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	99
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	108
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	115
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	118

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 Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 170,293,419	\$ 180,212,606	\$ 182,522,603	\$ 188,024,772	\$ 166,859,345	\$ 215,756,562
Restricted	-	-	22,186,515	22,186,515	\$ 53,058,213	\$ 46,336,187
Unrestricted	120,141,715	110,680,666	95,704,733	103,526,477	\$ 109,830,961	\$ 80,101,208
Total governmental activities net assets	290,435,134	290,893,272	300,413,851	313,737,764	\$ 329,748,519	\$ 342,193,957
Business-type activities:						
Invested in capital assets, net of related debt	155,123,651	163,871,381	163,821,373	171,583,350	\$ 189,931,481	\$ 156,641,036
Restricted	18,660,585	-	-	-	\$ -	\$ 211,003
Unrestricted	68,725,552	72,525,516	70,100,125	65,769,024	\$ 54,103,299	\$ 62,908,340
Total business-type activities net assets	242,509,788	236,396,897	233,921,498	237,352,374	\$ 244,034,780	\$ 219,760,379
Primary government:						
Invested in capital assets, net of related debt	325,417,070	344,083,987	346,343,976	359,608,122	\$ 356,790,826	\$ 372,397,598
Restricted	18,660,585	-	22,186,515	22,186,515	\$ 53,058,213	\$ 46,547,190
Unrestricted	188,867,267	183,206,182	165,804,858	169,295,501	\$ 163,934,260	\$ 143,009,548
Total primary government assets net assets	\$ 532,944,922	\$ 527,290,169	\$ 534,335,349	\$ 551,090,138	\$ 573,783,299	\$ 561,954,336

GASB Statement No. 34 Implemented in Fiscal Year 2003

City of Cedar Rapids, Iowa

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses:						
Governmental activities:						
Public safety	\$ 42,461,754	\$ 24,546,647	\$ 36,598,588	\$ 39,604,205	\$ 41,827,493	\$ 45,079,704
Public Works	22,539,198	15,340,165	23,476,595	24,486,391	25,633,415	26,490,183
Culture and recreation	11,984,656	17,658,329	14,448,265	14,403,753	14,150,160	14,947,142
Community and economic development	15,375,249	7,837,144	17,737,847	15,124,554	17,316,122	16,743,324
General government	7,800,987	40,513,052	9,620,708	8,470,505	10,671,203	26,964,118
Interest on long-term debt	5,253,908	5,523,401	4,736,327	5,051,146	4,965,549	6,090,164
Total governmental activities expenses	105,415,752	111,418,738	106,618,330	107,140,554	114,563,942	136,314,635
Business -type activities:						
Water	18,271,399	20,146,454	20,183,395	20,292,696	19,981,289	20,928,498
Water pollution control	20,786,914	21,474,470	21,155,005	23,457,134	25,013,567	40,419,439
Sanitary sewer	4,810,188	5,574,981	5,212,436	5,483,443	5,521,451	6,221,906
Ground transportation system	3,568,144	7,663,828	7,941,027	8,591,187	8,710,141	14,411,599
Parking system	7,599,819	3,565,956	4,028,604	3,542,614	3,614,899	5,477,383
Solid waste management	5,100,289	5,138,653	5,381,234	5,549,469	5,978,733	6,783,763
Golf	2,551,173	2,877,597	2,765,321	2,763,139	2,854,476	3,087,089
U.S. Cellular center	3,244,067	2,769,182	2,322,972	1,995,824	2,450,662	1,920,761
Paramount theatre	907,611	849,346	835,535	805,021	1,106,828	4,521,021
Ice arena	2,123,700	2,019,690	1,785,060	1,755,007	1,800,805	1,748,772
Total business-type activities expenses	68,963,304	72,080,157	71,610,589	74,235,534	77,032,851	105,520,231
Total primary government expenses	174,379,056	183,498,895	178,228,919	181,376,088	191,596,793	241,834,866
Program revenue:						
Governmental activities:						
Charges for services:						
Public safety	2,265,967	2,832,903	2,680,541	2,890,022	3,494,651	3,196,635
Public works	1,589,680	524,970	1,224,718	2,268,030	1,031,583	917,932
Culture and recreation	2,747,057	2,999,278	2,798,179	2,816,206	2,911,609	2,721,975
Community and economic development	617,896	815,056	905,983	922,365	1,934,766	583,379
General government	5,206,303	5,796,903	1,915,122	2,220,615	2,313,792	5,240,941
Operating grants and contributions:						
Public safety	203,508	392,858	809,715	1,061,761	669,139	606,657
Public works	329,782	180,961	10,417,038	10,030,359	11,296,337	20,396,467
Culture and recreation	1,082,402	699,075	796,327	767,141	813,981	868,402
Community development	8,686,198	10,964,745	10,606,097	5,759,726	9,402,242	8,771,933
General government	270,070	5,021	150,078	397,655	1,053,915	1,820,576
Capital grants and contributions						
Public safety	90,090	330,515	34,795	57,070	19,264	39,170
Public works	7,436,448	8,943,185	6,747,161	7,153,621	6,739,142	10,676,970
Culture and recreation	179,104	333,811	1,017,806	238,773	686,758	135,476
Community and economic development	-	32,500	10,987	303,597	106,404	58,634
General government	-	222,078	40,518	53,809	1,008,250	433,984
Total governmental activities program revenue	30,704,505	35,073,859	40,155,065	36,940,750	43,481,833	56,469,131
Business-type activities:						
Charges for services:						
Water	18,602,903	19,385,375	20,062,822	21,237,980	21,630,046	22,048,658
Water pollution control	15,901,594	16,221,332	17,614,839	20,692,758	22,131,342	22,267,080
Sanitary sewer	5,963,162	5,690,924	6,211,361	6,727,767	7,171,948	8,046,981
Ground transportation system	2,832,670	999,253	1,055,043	1,155,707	1,136,814	1,126,602
Parking system	917,935	2,913,465	2,989,577	2,935,889	2,992,440	3,083,142
Solid waste management	6,125,152	6,339,836	6,544,751	6,724,886	6,977,774	7,033,832
Golf	2,117,423	2,492,765	2,550,384	2,656,282	2,708,739	2,544,561
U.S. Cellular center	2,722,636	2,206,412	2,145,149	1,822,931	2,161,352	1,767,484
Paramount theatre	693,800	472,227	1,182,730	614,984	698,640	782,525
Ice arena	1,292,572	1,284,726	1,085,718	1,087,155	1,046,058	960,531

	2003	2004	2005	2006	2007	2008
Operating grants and contributions:						
Water	229,947	16,021	-	37,761	-	-
Water pollution control	8,033	-	-	-	-	-
Sanitary sewer	23,311	60	-	-	-	-
Ground transportation system	7,560	2,529,406	2,115,981	2,947,652	2,844,586	3,214,133
Parking system	2,759,884	3,021	-	-	-	-
Solid waste management	43,747	38,825	48,564	49,417	685	10,707
Golf	2,390	14,118	3,175	4,619	-	4,862
U.S. Cellular center	-	-	-	-	-	-
Paramount theatre	-	27,226	-	-	-	-
Ice arena	-	-	-	-	-	-
Capital grants and contributions						
Water	964,537	1,054,631	766,990	1,133,306	4,413,811	920,951
Water pollution control	402,939	-	2,628	7,011	5,202	214
Sanitary sewer	1,555,210	1,116,109	962,370	1,218,319	1,818,977	696,432
Ground transportation system	-	3,413	850,198	1,637,058	969,200	398,045
Parking system	-	4,142	12,613	457,750	676,759	77,802
Solid waste management	-	57,879	25,185	161,000	204,888	48,000
Golf	-	21,321	3,926	7,798	-	39,691
U.S. Cellular center	-	-	12,071	25	-	-
Paramount theatre	697,144	681,322	-	-	-	-
Ice arena	-	21,350	-	85	-	-
Total business-type activities program revenues	63,864,549	63,595,159	66,246,075	73,318,140	79,589,261	75,072,233
Total primary government program revenues	94,569,054	98,669,018	106,401,140	110,258,890	123,071,094	131,541,364
Net (expense) revenue						
Governmental activities	(74,711,247)	(76,344,879)	(66,463,265)	(70,199,804)	(71,082,109)	(79,845,504)
Business-type activities	(5,098,755)	(8,484,998)	(5,364,514)	(917,394)	2,556,410	(30,447,998)
Total primary government net expense	(79,810,002)	(84,829,877)	(71,827,779)	(71,117,198)	(68,525,699)	(110,293,502)
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Property taxes	61,937,376	62,981,585	67,750,613	72,572,215	77,333,284	78,166,150
Franchise taxes	1,139,903	1,107,784	1,190,521	1,248,496	1,298,253	2,645,817
Other taxes	13,754,156	2,023,758	2,044,472	2,466,054	2,662,816	1,375,315
Gain on sale of capital assets	9,824,910	10,230,803	366,958	240,860	491,285	425,323
Investment Earnings	272,088	113,855	2,881,115	5,124,109	6,220,908	7,564,677
Loss on Investments	4,571,055	1,086,954	-	-	(1,144,096)	-
Transfers	477,955	(763,538)	1,750,165	1,871,983	230,414	2,113,660
Total governmental activities	91,977,443	76,781,201	75,983,844	83,523,717	87,092,864	92,290,942
Business-type activities						
Taxes:						
Property taxes	2,889,721	2,995,517	2,960,123	2,964,142	3,008,087	2,988,927
Gain on sale of capital assets	123,486	-	-	-	-	-
Investment earnings	2,868,785	781,719	1,817,105	3,256,111	3,850,562	5,315,604
Retirement employee payouts	13,745,119	(2,168,667)	(137,948)	-	(1,981,523)	(17,274)
Loss on Investments	(8,879,964)	-	-	-	(520,716)	-
Transfers	(477,955)	763,538	(1,750,165)	(1,871,983)	(230,414)	(2,113,660)
Total business-type activities	10,269,192	2,372,107	2,889,115	4,348,270	4,125,996	6,173,597
Total primary government	102,246,635	79,153,308	78,872,959	87,871,987	91,218,860	98,464,539
Changes in net assets:						
Governmental activities	19,530,866	458,138	9,520,579	13,323,913	16,010,755	12,445,438
Business-type activities	5,170,437	(6,112,891)	(2,475,399)	3,430,876	6,682,406	(24,274,401)
Total primary government	\$ 24,701,303	\$ (5,654,753)	\$ 7,045,180	\$ 16,754,789	\$ 22,693,161	\$ (11,828,963)

City of Cedar Rapids, Iowa

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

Function/Program	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Public safety	\$ 2,559,565	\$ 3,556,276	\$ 3,525,051	\$ 4,008,853	\$ 4,183,054	\$ 3,842,462
Public works	9,355,910	9,649,116	18,388,917	19,452,010	19,067,062	31,991,369
Culture and recreation	4,008,563	4,032,164	4,612,312	3,822,120	4,412,348	3,725,853
Community and economic development	9,304,094	11,812,301	11,523,067	6,985,688	11,443,412	9,413,946
General government	5,476,373	6,024,002	2,105,718	2,672,079	4,375,957	7,495,501
Total governmental activities	30,704,505	35,073,859	40,155,065	36,940,750	43,481,833	56,469,131
Business-type activities:						
Water	19,797,387	20,456,027	20,829,812	22,409,047	26,043,857	22,969,609
Water pollution control	16,312,566	16,221,332	17,617,467	20,699,769	22,136,544	22,267,294
Sanitary sewer	7,541,683	6,807,093	7,173,731	7,946,086	8,990,925	8,743,413
Ground transportation system	3,677,819	2,920,628	3,002,190	5,740,417	4,950,600	4,738,780
Parking system	2,840,230	3,532,072	4,021,222	3,393,639	3,669,199	3,160,944
Solid waste management	6,168,899	6,436,540	6,618,500	6,935,303	7,183,347	7,092,539
Golf	2,119,813	2,528,204	2,557,485	2,668,699	2,708,739	2,589,114
U.S. Cellular center	2,722,636	2,206,412	2,157,220	1,822,956	2,161,352	1,767,484
Paramount theatre	1,390,944	1,180,775	1,182,730	614,984	698,640	782,525
Ice arena	1,292,572	1,306,076	1,085,718	1,087,240	1,046,058	960,531
Total business-type activities	63,864,549	63,595,159	66,246,075	73,318,140	79,589,261	75,072,233
Total primary government	\$ 94,569,054	\$ 98,669,018	\$ 106,401,140	\$ 110,258,890	\$ 123,071,094	\$ 131,541,364

GASB Statement No. 34 implemented in fiscal year 2003

City of Cedar Rapids, Iowa

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund:						
Reserved	\$ 2,205,075	\$ 1,541,243	\$ 3,760,070	\$ 2,674,358	2,781,430	2,561,898
Unreserved	24,155,537	24,910,214	24,513,482	26,902,767	29,958,128	35,616,422
Total General Fund	26,360,612	26,451,457	28,273,552	29,577,125	32,739,558	38,178,320
All Other Government Funds:						
Reserved	76,762,071	26,321,516	26,949,343	22,998,514	44,699,944	36,589,659
Unreserved, reported in:						
Special revenue funds	12,642,715	13,346,265	14,021,295	15,712,776	22,693,647	24,738,222
Capital projects funds	32,284,449	23,742,869	28,540,216	37,647,728	41,322,971	37,130,694
Total all other government funds	\$ 148,049,847	\$ 89,862,107	\$ 69,510,854	\$ 76,359,018	\$ 108,716,562	\$ 98,458,575

City of Cedar Rapids, Iowa

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues:						
Taxes	\$ 76,789,145	\$ 66,049,790	\$ 70,985,606	\$ 76,122,186	\$ 81,285,286	\$ 82,174,571
License and permits	1,736,776	2,082,612	2,169,195	2,365,643	2,052,323	2,323,474
Intergovernmental	27,025,024	26,254,436	26,966,644	24,697,240	26,540,359	30,511,179
Charges for services	2,103,162	2,367,695	2,710,165	2,922,668	3,056,939	3,406,968
Fines and forfeitures	361,697	318,835	397,022	417,067	351,677	324,418
Use of money and property	3,507,728	904,832	2,269,737	4,206,254	6,228,971	6,378,084
Rents and royalties	608,421	744,593	834,707	808,291	960,772	918,647
Miscellaneous	5,465,462	3,650,211	3,353,405	3,298,838	3,556,045	3,427,594
Total revenues	117,597,415	102,373,004	109,686,481	114,838,187	124,032,372	129,464,935
Expenditures:						
General government	7,661,358	7,200,832	7,453,065	7,387,698	8,289,145	19,999,186
Public safety	31,678,791	33,294,259	35,398,887	38,366,456	40,572,027	40,864,289
Public works	16,566,085	16,001,042	15,669,418	15,801,715	16,460,295	16,731,938
Culture and recreation	11,511,611	11,456,458	11,812,858	11,767,210	12,198,173	11,167,542
Community and economic development	15,454,478	16,913,202	17,617,700	15,019,244	17,225,206	16,168,651
Capital outlay	26,306,908	21,112,653	18,232,349	18,239,807	17,075,013	18,047,072
Capital outlay not capitalized	-	-	-	-	4,493	-
Debt service:						
Principal	15,561,291	8,997,284	10,314,806	12,348,200	9,358,600	18,319,213
Bond issuance costs	50,741	25,217	36,019	37,096	77,004	30,750
Interest	4,933,212	4,759,713	4,870,749	5,028,580	4,951,750	6,046,541
Total expenditures	129,724,475	119,760,660	121,405,851	123,996,006	126,211,706	147,375,182
Excess of revenues (under) expenditures	(12,127,060)	(17,387,656)	(11,719,370)	(9,157,819)	(2,179,334)	(17,910,247)
Other financing sources (uses):						
Transfers in	45,476,325	31,775,714	36,651,734	42,680,001	40,951,729	44,836,345
Transfers out	(44,582,929)	(31,973,891)	(34,367,483)	(40,163,552)	(40,057,598)	(42,901,750)
Issuance of note payable	-	-	-	-	650,000	-
Issuance of long-term debt	28,465,850	9,914,474	17,055,000	14,665,000	35,742,000	9,679,655
Reimbursemt of escrow	(16,101,147)	-	7,150	-	-	-
Settlement reimbursement	-	-	246	4,046	21	1,580
Premium (discount) on long-term debt	159,293	(72,902)	(99,190)	(110,467)	578,632	36,280
Capital Contributions	-	-	-	-	136,769	-
Gain on impairment of capital assets	-	-	-	-	-	1,000,000
Proceeds from sale of capital assets	374,323	143,061	394,212	234,528	608,280	438,912
Total other financing sources (uses)	13,791,715	9,786,456	19,641,669	17,309,556	38,609,833	13,091,022
Special item:						
Loss on investments	-	-	-	-	(910,522)	-
Net changes in fund balance	\$ 97,463,307	\$ 89,862,107	\$ 7,922,299	\$ 8,151,737	\$ 35,519,977	\$ (4,819,225)
Debt service as a percentage of noncapital expenditures	24.79%	16.24%	17.31%	19.71%	13.10%	23.25%

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
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
2008	75,125,650	-	4,403,104	2,645,817	82,174,571
Change 1999-2008	\$ 26,420,276	\$ -	\$ 4,403,104	\$ 1,572,746	\$ 32,396,126

City of Cedar Rapids, Iowa

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Utilities	Military Exemptions
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)
2008	2,298,223,104	1,839,730,231	291,308,103	364,350,089	(14,365,036)

Source: Linn County Auditor's Office

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

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Value
3,758,775,647	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%
4,779,246,491	1.17%	14.62	8,145,012,910	58.68%

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
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
2007	8.10000	0.01459	0.04000	0.17320	0.75820	0.64237	2.20445
2008	8.10000	0.01459	0.04000	0.17320	0.75820	0.79237	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
1.43888	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
1.89848	0.63481	14.61610	13.78107	16.84626	20.40133	15.31689



City of Cedar Rapids, Iowa

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

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Estimated Actual Valuation	Taxable Assessed Value	Rank	Percentage of Total Estimated Actual Valuation
Alliant Industries	365,039,310	1	46.58%			
ADM Corn Processing	107,470,138	2	13.71%	97,155,210	2	17.87%
Aegon USA	67,434,711	3	8.60%	40,477,800	5	7.45%
Weyerhaeuser Company	45,475,850	4	5.80%			
Robert K. Miell	39,643,383	5	5.06%			
Rockwell International	37,859,813	6	4.83%	114,967,736	1	21.15%
SDG Macerich Properties (Lindale Mall)	35,215,305	7	4.49%			
ITC Midwest LLC	31,153,042	8	3.97%			
Midamerican Energy	30,336,534	9	3.87%			
Hy-Vee Food Stores	24,097,486	10	3.07%			
PMX Industries, Inc.				78,537,434	3	14.45%
HNW Associates				45,527,659	4	8.37%
General Mills				39,498,656	6	7.27%
Cargill, Inc				39,088,608	7	7.19%
Equitable Life				32,736,329	8	6.02%
Penford Products				30,341,373	9	5.58%
Quaker Oats				25,340,846	10	4.66%
Total	<u>\$ 783,725,572</u>		<u>100.00%</u>	<u>\$ 543,671,651</u>		<u>100.00%</u>

Source: Linn County Auditor's Office

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%
2008	2007	82,125,293	80,915,930	98.53%

Source: Linn County Auditor's Office

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
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%
(199,793)	80,716,137	98.28%

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 ¹	Debt Per Capita ²
	General Obligation Bonds	Less Amount Available in Debt Service			
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
2007	132,865,974	29,354,194	103,511,780	1.30%	857
2008	124,047,916	20,559,552	103,488,364	1.27%	857

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

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

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

Business-type Activites				
General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Per Capital	Per Capita
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	-	284,724,056	0.04%	120,758
165,816,081	-	269,304,445	0.04%	120,758



City of Cedar Rapids, Iowa

**Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2008
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cedar Rapids Community School District	35,350,000	83.32%	29,453,620
College Community School District	70,491,000	69.17%	48,758,625
Kirkwood Community College	29,950,029	30.50%	9,134,759
Linn Mar Community School District	56,485,000	43.04%	24,311,144
Linn County	1,200,000	64.95%	779,400
Marion Community School District	3,830,000	6.25%	239,375
Subtotal, overlapping debt	197,306,029		112,676,923
City Direct Debt	75,285,304	100.00%	\$ 75,285,304
Total direct and overlapping debt	\$ 272,591,333		\$ 187,962,227

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)

	1999	2000	2001	2002
Debt limit	284,799,660	291,013,644	294,628,757	300,079,662
Total net debt applicable to limit	227,458,192	212,821,813	220,553,900	244,525,000
Legal debt margin	57,341,468	78,191,831	74,074,857	55,554,662
Total net debt applicable to the limit as a percentage of debt limit	79.87%	73.13%	74.86%	81.49%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	<u>8,135,685,113</u>
Debt limit (5% of assessed value)	<u>406,784,256</u>
Debt applicable to limit:	
General obligation bonds	294,435,001
Note payable	<u>650,000</u>
Total net debt applicable to limit	<u>295,085,001</u>
Legal debt margin	<u>\$ 111,699,255</u>

2003	2004	2005	2006	2007	2008
338,393,048	343,152,268	367,235,948	375,359,758	396,235,775	406,784,256
249,510,000	250,985,000	257,235,000	252,140,000	320,010,000	295,085,001
88,883,048	92,167,268	110,000,948	123,219,758	76,225,775	111,699,255
73.73%	73.14%	70.05%	67.17%	80.76%	72.54%

City of Cedar Rapids, Iowa

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Parking Revenue Bonds					
	Parking Charges	Less Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	
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
2008	120,758	69,349	35,827	37.4	16,838	3,399	3.9

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	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockwell Collins Inc.	9000	1	5.20%	6800	1	3.93%
AEGON USA, Inc.	3500	2	2.02%	1,465	10	0.85%
Cedar Rapids Community Schools	2900	3	1.68%	2537	3	1.47%
St. Luke's Hospital	2800	4	1.62%	2155	6	1.24%
Whirlpool Corporation	2650	5	1.53%			
Hy-Vee Food Stores	2545	6	1.47%	1950	7	1.13%
Mercy Medical Center	2498	7	1.44%	1700	9	0.98%
City of Cedar Rapids	1493	8	0.86%			
Kirkwood Community College	1410	9	0.81%			0.00%
Walmart Stores Inc	1030	10	0.59%			
Amana Appliances				2578	2	1.49%
MCI Communications (Worldcom)				2500	4	1.44%
Alliant Energy-Interstate Power and Light				2282	5	1.32%
McLeod USA Inc.				1830	8	1.06%

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					
	2008	2007	2006	2005	2004	2003
General Government:						
Animal Control	9.00	10.00	10.00	10.00	10.00	10.00
Attorney	6.00	6.00	6.00	6.00	6.00	6.00
Aviation	-	3.00	3.00	3.00	3.00	3.00
Building Department	23.00	24.00	23.00	24.00	24.00	25.00
City Manager	6.00	5.00	-	-	-	-
Civil Rights	5.00	5.00	5.00	5.00	5.00	5.00
Clerk	6.00	6.00	6.00	6.00	6.00	6.00
Community Development	21.75	21.75	20.75	21.25	21.25	21.25
Council and Mayor	3.33	3.33	13.10	13.10	13.10	13.10
Engineering	37.00	37.00	37.00	39.00	41.50	43.50
Facilities Management	1.00	1.00	1.00	1.00	1.00	-
Finance	13.00	13.00	13.00	13.00	14.00	14.00
Fire Department	154.29	154.00	153.00	154.00	155.00	155.00
Forestry	15.36	16.36	16.36	17.36	18.36	19.35
Human Resource	13.75	14.75	14.75	15.00	16.00	16.50
Information Technology	14.00	14.00	13.00	14.00	15.00	13.75
Library	52.19	57.19	57.19	57.19	59.69	61.17
Memorial	9.41	9.41	9.41	9.41	9.41	9.41
Parks Department	55.94	56.18	54.44	55.44	58.52	65.17
Police Department	239.00	239.00	239.00	239.00	238.00	242.50
Purchasing Services	3.75	3.75	3.75	3.38	3.38	3.38
Recreation Department	67.65	69.23	73.74	73.26	66.81	56.51
Riverfront	-	-	1.27	4.25	4.74	5.14
Street Maintenance	106.00	106.00	106.00	115.70	118.70	124.95
Traffic Department	24.00	24.00	24.00	24.00	26.52	26.94
Treasurer	4.00	4.00	4.00	4.00	4.00	4.00
Ushers Ferry	4.19	4.81	4.67	4.67	4.67	4.67
Positions to Eliminate	(34.00)	-	-	-	-	-
Total General Fund	860.61	907.76	912.43	932.01	943.65	955.29
Enterprise Funds						
Eastern Iowa Airport	45.00	45.00	46.00	45.00	52.00	46.00
Golf	37.68	36.19	37.41	38.34	36.78	35.44
Five Seasons Parking	30.52	31.02	33.02	33.02	34.78	36.94
Sewer Maintenance	29.00	27.00	27.00	27.00	28.00	28.00
Solid Waste & Recycling	58.80	58.80	61.00	61.00	63.00	63.00
Transit	68.50	72.25	72.25	72.25	72.25	74.25
Water Department	115.50	117.50	117.50	117.50	117.50	123.79
Water Pollution Control	89.48	89.48	89.48	83.48	83.48	83.48
Total Enterprise Funds	474.48	477.24	483.66	477.59	487.79	490.90
Special Revenue Fund						
Community Development	6.00	6.00	6.00	6.00	5.00	5.00
Leased Housing	13.00	13.00	13.00	13.00	13.00	12.00
Library	5.12	5.12	5.12	5.00	5.50	5.90
SSMID	-	2.00	2.00	2.00	2.00	2.00
Total Special Revenue Funds	24.12	26.12	26.12	26.00	25.50	24.90
Internal Service Funds						
Joint Communications	23.00	22.00	22.00	22.00	24.00	23.00
Public Works	10.25	10.25	10.25	10.25	10.25	8.53
Total Internal Service Funds	33.25	32.25	32.25	32.25	34.25	31.53
Total FTE's	1,392.46	1,443.37	1,454.46	1,467.85	1,491.19	1,502.62

Source: City's Finance Department P.68 Budget

Full-Time Equivalent Employees as of June 30			
2002	2001	2000	1999
10.00	11.82	11.82	10.82
6.00	6.00	6.00	5.00
2.00	4.47	5.47	5.47
25.00	26.00	26.00	26.00
-	-	-	-
5.00	5.00	5.00	5.00
6.00	6.00	6.00	6.00
21.25	23.61	22.61	12.36
12.10	12.10	12.00	12.00
44.00	47.00	47.11	39.61
-	-	-	-
14.00	14.00	14.00	14.00
153.00	155.00	154.50	155.23
19.36	21.41	21.43	20.83
17.50	16.75	16.50	15.50
12.75	12.75	10.50	7.00
66.33	68.41	67.90	68.01
9.41	7.41	7.68	7.68
65.17	65.17	65.52	70.97
242.50	249.50	248.50	241.50
3.38	3.38	3.38	3.00
55.30	58.74	58.87	28.06
5.18	6.89	6.99	6.99
124.95	128.45	124.00	127.61
26.94	26.94	26.94	25.94
4.00	4.00	4.00	4.00
4.80	5.14	5.07	5.07
955.92	985.94	977.79	923.65
48.00	44.53	43.53	42.33
38.62	36.01	39.93	42.97
36.94	37.20	37.16	39.49
28.00	28.00	25.54	24.54
63.00	63.00	63.00	63.00
73.25	69.90	69.60	68.60
123.29	119.79	118.79	108.54
83.48	82.82	82.82	81.82
494.58	481.25	480.37	471.29
5.00	4.00	4.00	4.00
12.00	12.00	12.00	10.00
5.90	6.30	6.30	6.30
2.00	1.00	1.00	1.00
24.90	23.30	23.30	21.30
23.00	23.00	23.00	23.14
8.53	7.53	8.03	8.03
31.53	30.53	31.03	31.17
1,506.93	1,521.02	1,512.49	1,447.41

City of Cedar Rapids, Iowa

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

Function/Program	Calendar Year			
	1999	2000	2001	2002
Police:				
Calls for service	86,713	102,526	101,350	102,539
Adult arrest	7,723	8,226	8,629	8,742
Juvenile arrest	1,212	970	1,014	1,031
Speeding citations	N/A	N/A	N/A	7,406
Traffic citations	N/A	N/A	N/A	14,828
Fire:				
Total fire runs	6,244	6,562	6,876	7,028
Total rescue runs	N/A	838	842	675
Property loss	2,060,400	N/A	3,186,641	3,446,745
Building Safety:				
Total building permits	7,780	7,544	6,831	9,990
Total value all permits	143,113,070	186,374,721	156,109,942	176,772,362
Library, volumes in collection	325,457	317,165	307,281	298,178
Public Service:				
Garbage collected (ton)	21,112	18,665	19,335	19,454
Recycling collected (ton)	8,069	9,006	8,551	8,344
Yard Waste collected (ton)	7,382	6,500	7,440	9,586
Parks and Recreation:				
Recreation program attendance (2)	205,209	207,708	217,621	216,042
Aquatics program attendance (2)	224,819	225,548	214,346	225,177
Golf rounds played	184,550	173,229	179,969	149,492
Bever Park Zoo attendance	N/A	N/A	41,094	47,758
Street trees maintained	10,432	5,546	6,830	7,945

Source: Various City departments

Notes: (1) Jan - Sept 2007

Calendar Year						
2003	2004	2005	2006	2007		2008
101,488	110,169	113,496	89,459	86,973	(1)	128,802
7,838	8,919	8,932	6,662	6,583	(1)	8,142
1,077	1,092	1,171	1,075	1,205	(1)	1,454
7,069	7,570	7,922	7,763	3,233	(1)	3,917
17,034	21,541	21,193	23,285	17,539	(1)	16,464
3,852	3,720	3,691	3,572	3,192	(1)	4,035
3,769	3,923	4,410	4,858	3,988	(1)	5,068
3,106,053	3,216,753	3,630,392	2,757,297	2,862,367	(1)	1,274,613
7,002	7,018	6,092	5,694	4,275	(1)	5,092
130,535,821	153,813,966	173,012,680	191,227,753	238,236,142	(1)	295,815,305
301,545	292,951	304,212	290,524	297,680		294,291
19,898	19,957	19,870	19,920	20,050		20,144
8,546	8,705	8,834	9,045	9,174		9,405
13,287	13,316	12,993	12,864	13,876		15,674
235,069	235,152	222,345	252,507	237,954		115,147
221,716	273,749	230,504	302,291	264,749		232,984
154,550	155,654	162,542	138,171	113,732		101,337
40,343	33,120	51,800	17,787	40,082		36,547
4,845	9,234	8,357	4,710	4,845		8,679

City of Cedar Rapids, Iowa

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

Function/Program	1999	2000	2001	2002
Police:				
Stations	1	1	1	1
Fire, Fire Stations	9	9	9	9
Refuse Collections:				
Collection Trucks	45	45	45	45
Street (Miles)	589	590	590	590
Parks and Recreation:				
Acreage	4,046	4,040	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	32	32	32	32
Tennis Courts	22	22	22	22
Recreation Centers	2	2	2	2
Library:				
Facilities	3	2	2	2
Volumes	325,457	317,165	307,281	298,178
Water:				
Storage Capacity (MGPD)	25	25	25	25
Average Daily Consumption (MGPD)	36	36	36	36
Peak Consumption (MGPD)	48	46	44	47
Wastewater:				
Sanitary Sewers (miles)	580	592	602	613
Storm Sewers (miles)	276	276	277	277

2003	2004	2005	2006	2007	2008
1	1	1	1	1	1
9	9	9	9	9	9
48	48	48	49	42	43
700	631	631	631	650	650
4,040	4,040	4,040	4,040	4,040	4,042
95	95	95	96	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	23
2	2	2	2	2	1
2	2	2	2	2	2
301,545	292,951	304,212	290,524	297,680	294,291
25	25	25	25	25	25
34	37	37	38	38	38
50	50	49	52	47	44
623	632	649	653	660	660
278	280	296	304	404	409



CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FISCAL YEAR ENDED JUNE, 30, 2008

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
U.S. Department of Transportation				
Direct:				
Federal Transit Administration				
Bus Department Grants				
	20.500	IA -03-0096-00	9,049,069	77,802
	20.507	IA-90-X296-00	1,999,100	61,441
	20.507	IA-90-X296-01	1,350,295	24,288
	20.507	IA-90-X304-00	1,979,976	43,320
	20.521	57-X001-118-07	25,000	9,706
	20.513	16-X001-118-08	63,875	63,875
	20.516	37-X012-118-07	309,000	92,188
	20.507	IA-90-X331-00	2,258,053	2,258,053
	20.500	IA-04-0112-00	148,500	139,771
	20.507	IA -90-X235-01	320,158	1,443
Passed through Iowa Department of Transportation				
Bus Department Grants				
	20.516	IA-37-X010-118-05	265,000	80,852
	20.516	IA-37-X014-118-06 #08286	125,000	86,328
	20.516	IA-37-X014-118-06 #08997	150,000	63,105
	20.516	IA-37-X012-118-06	75,000	38,084
	20.500	IA -03-0104-118-05	946,200	28,634
	20.500	IA -04-0105-118-06	648,800	28,009
	20.500	IA -03-0103-118-04	742,250	15,897
	20.521	57-X001-118-06	74,264	48,645
				3,161,441
Direct:				
Federal Aviation Administration				
Federal Aviation Administration				
	20.106	3-19-0012-31	4,344,189	406,757
	20.106	3-19-0012-33	5,120,588	101,851
	20.106	3-19-0012-34	8,181,060	6,159,039
	20.106	3-19-0012-35	7,650,112	1,254,731
				7,922,378
Direct:				
SCASD				
	20.930		200,000	76,287
Passed through Iowa Department of Transportation				
Surface Transportation Program				
	20.205	STP-U-1187(691)--70-57	1,966,480	498,798
	20.205	TCSP-1187(662)--9S-57	2,973,922	47,305
	20.205	HDP-1187(692)--71-57	1,280,000	151,568
	20.205	HDP-1187(694)--71-57	5,000,000	844,273
	20.205	STP-U-1187(660)--70-57	357,850	19,738
	20.205	BRM-1187(651)--8N-57	1,000,000	700,117
	20.205	STP-U-1187(661)--70-57	800,000	1,600
	20.205	STP-U-1187(687)--70-57	488,000	108,619
	20.205	STP-E-1187(702)--8V-57	80,000	20,690
	20.205	STP-U-1187(670)--70-57	1,640,000	53,543
	20.205	HDP-1187(689)--71-57	750,000	321,295
	20.205	STP -1187(705)--70-57	640,000	52,613
	20.205	BRM-1187(665)--8N-57	1,000,000	19,340
	20.205	STP-U-1187(658)--70-57	4,245,830	495,733
	20.205	STP-U-1187(680)--70-57	1,032,000	994,199
	20.205	STP-A-1187(678)--86-57	1,403,000	1,112,649
	20.205	STP-U-1187(685)--70-57	864,000	73,171
				5,515,251
U.S. Department of Transportation / Iowa Department of Public Safety				
Alcohol Incentive Grant				
	20.600	PAP 07-163, Task 11	22,900	7,155
	20.600	PAP 06-163, Task 01	26,500	16,362
	20.600	PAP 07-03, Task 15	28,000	4,452
				27,969
U.S. Department of Homeland Security / Linn County, Iowa				
FEMA Grant				
	97.044	EMW-2006-FG-11862	125,838	6,373
				6,373

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
 FISCAL YEAR ENDED JUNE, 30, 2008

Federal Grantor / Pass Through Grantor and Program Title	CFDA Number	Grant Number	Program or Award Amount	Program Expenditures
<u>U.S. Environmental Protection Agency</u>				
Passed through Office of Drug Policy Health Protection Grant	66.032	588-6P-101	3,126	<u>2,931</u> <u>2,931</u>
<u>U.S. Department of Agriculture / Iowa Department of Public Health</u>				
WIC Grant	10.557	588-6P-101	40,000	<u>24,777</u> <u>24,777</u>
<u>U.S. Department of Health and Human Services / Iowa Department of Public Health</u>				
Dental Grant	93.994	588-6P-101	5,920	5,821
Drug Abuse Information Grant	93.283	588-6P-101	19,129	33,734
Drug Abuse Information Grant	93.959	588-6P-101	347,215	373,889
Drug Abuse Information Grant	93.988	588-6P-101	1,000	2,271
Drug Abuse Information Grant	93.991	588-6P-101	1,877	<u>2,026</u> <u>417,741</u>
<u>U.S. Department of Health and Human Services / Division of Health Protection</u>				
Health Protection Grant	93.116	588-6P-101	915	1,115
Health Protection Grant	93.268	588-6P-101	48,576	59,892
Health Protection Grant	93.940	588-6P-101	2,500	4,007
Health Protection Grant	93.977	588-6P-101	2,500	<u>1,891</u> <u>66,905</u>
<u>U.S. Department of Health and Human Services / Substance Abuse & Mental Health Services</u>				
ASAC Meth grant	93.243	6H79TI17233-01	499,969	100,507
	93.243	5H79TI017233-02	499,620	<u>440,782</u> <u>541,289</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>150,000</u> <u>150,000</u>
Total Expenditures of Federal Awards				<u><u>40,551,097</u></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, 2008

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, 2008. 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	\$ 252,336
Lead Based Paint Abatement Program	14.900	331,480
Community Economic Betterment Account	21.000	150,000

City of Cedar Rapids, Iowa

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2008

Number	Comment	Status	Other Explanation
Findings Related to Basic Financial Statements:			
<u>Significant Deficiencies:</u>			
07-II-A	Inadequate segregation of duties over licenses and permit receipts.	Not corrected	See corrective action plan at 08-II-A.
07-II-B	Inadequate segregation of duties over EDP.	Not corrected	See corrective action plan at 08-II-B.
07-II-C	Inadequate segregation of duties over the Treasurer's office receipts.	Corrected	
Findings Related to Federal Awards:			
<u>Significant Deficiencies:</u>			
07-III-A	An adequate system is not in place to ensure compliance with the Buy American Act.	Not corrected	See corrective action plan at 08-III-A.
<u>Instances of Noncompliance:</u>			
07-III-B	Weekly receipts of payrolls for Davis-Bacon Act was not received.	Corrected	
07-III-C	The City did not properly calculate annual gross income received by a participant in the lead-based paint program.	Corrected	

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, 2008, and have issued our report thereon dated January 7, 2009. 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 as a basis for designing 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 08-II-A through 08-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*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 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.

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
January 7, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on 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, 2008. 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, 2008. 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 08-III-B.

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 08-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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs 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
January 7, 2009

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

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
14.218	Community Development Block Grant
66.468	Capitalization Grants for Drinking Water State Revolving Funds
97.036	Public Assistance Grant

Dollar threshold used to distinguish between type A and type B programs: \$1,216,532

Auditee qualified as low-risk auditee? Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

II. Findings Related to the Basic Financial Statements

Significant Deficiencies

08-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/Context: 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.

08-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/Context: 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's Information Technology division was reorganized in July 2008. Due to this reorganization, the City is currently working on segregating the duties of programming, computer operations, security administration and librarian functions.

08-II-C

Finding: The City had not adequately reconciled and reviewed the general ledger to supporting documentation at the time of the audit to ensure all entries were appropriately posted.

Condition: During our audit, we noted several adjustments were required to be made to ensure supporting documentation and the general ledger agreed to properly adjust account balances. The areas identified included the following: capital assets, accounts payable, revenue, accounts receivable, deferred revenue and federal grant revenue and expenditures.

(Continued)

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Effect: The lack of adequate reconciliation procedures could result in material misstatements to the financial statements.

Criteria/Context: The reconciliation and review between the supporting documentation and the general ledger is a critical function of the City to ensure transactions are recorded appropriately.

Recommendation: We recommend the City implement a system to properly reconcile and review detailed supporting documentation to the general ledger to ensure year-end financial reporting is accurate.

City's Response and Corrective Action Plan: Recording of general ledger information for impairment of assets and grants continued to change as information related to those areas became available. The timing of this information required additional entries to the general ledger during the annual audit. The City will continue to review its procedure to reconcile and review the general ledger to supporting documentation to ensure all entries are appropriately posted in the right period at the time of the audit.

Instances of Noncompliance

None

III. Findings and Questioned Costs for Federal Awards

Significant Deficiency

08-III-A

U.S. Department of Homeland Security/Passed through Iowa Homeland Security and Emergency Management

State Homeland Security Program (CFDA 97.067)

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.

Criteria/Context: 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.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

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 had implemented a requirement that vendors sign a certification that they comply with the Buy American Act for each purchase over the Act's threshold. During the June 2008 flood, all documentation supporting the implementation of this procedure was lost. The City will continue to require vendors to sign a certification that they comply with the Buy American Act.

Instances of Noncompliance

08-III-B

Environmental Protection Agency, Passed through the Iowa Finance Authority, Capitalization Grants for Drinking Water State Revolving Fund (CFDA 66.468)

Federal Award Year: 2007-2008

Finding: The City did not ensure that the consulting firm used for the above program was not suspended or debarred from participation in federal programs.

Condition: The consulting firm used for the project was hired for the project prior to notification that the project would be funded through a federal program. The City did not verify the consulting firm was not suspended and debarred prior to drawing on the loan to pay expenditures of the program to this vendor.

Effect: Federal compliance requirements may not be met.

Criteria/Context: The Office of Management and Budget Circular A-133 dictates when a nonfederal entity enters into a contract or purchase order with an entity (vendor), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending \$25,000 or more in a year with the vendor. Three of 12 items selected for testing were not in compliance; however, all three items related to the same vendor.

Questioned Costs: None

Recommendation: We recommend the City ensure vendors used have not been suspended or debarred prior to entering into contracts or purchase orders for all transactions (federal and nonfederal).

City's Response and Corrective Action Plan: The City does have a process for ensuring the vendors were not suspended or debarred from participation in federal program at the time the contract was entered into. In this instance, the City had entered into the contract with the vendor prior to receiving notification of federal funding and did not go back to receive the certification. The City will implement a procedure to ensure certifications that vendors have not been suspended or debarred from participation are obtained from all qualifying vendors regardless of when the contract was awarded.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
 Year Ended June 30, 2008

IV. Other Findings Related to Required Statutory Reporting

08-IV-A: Certified Budget:

Finding: Expenditures for the year ended June 30, 2008 exceeded the budgeted amounts for the capital projects function by \$3,237,424.

Recommendation: We recommend the City amend the certified budget when applicable.

City's Response: The City has a policy to prepare and adopt a budget amendment by May 31 of the current fiscal year as required by state statute. The most recent budget amendment was adopted on May 28, 2008. In June, the City experienced its worst flood on record. In order to respond to the flooding, the City exceeded its capital projects budget by \$3,237,424.

Conclusion: Response accepted.

08-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.

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

08-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	\$ 60,810

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 \$1,500 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.

08-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.

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

08-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, 2008**

Comment Number	Comment	Corrective Action Plan	Contact Person	Initial Date of Communication	Anticipated Date of Completion
Findings Related to Basic Financial Statements:					
<u>Significant Deficiencies</u>					
08-II-A	Inadequate segregation of duties over licenses and permit receipts.	See corrective action plan at 08-II-A.	Ann Olinger, City Clerk	June 1996	June 2009
08-II-B	Inadequate segregation of duties over EDP.	See corrective action plan at 08-II-B.	Linda Tebussek, Financial Operations Manager	June 1996	N/A
08-II-C	Inadequate reconciliation and review of general ledger to supporting documentation resulting in journal entires identified during the audit.	See corrective action plan at 08-II-C.	Casey Drew, City Finance Director	December 2008	June 2009
Findings Related to Federal Awards:					
<u>Significant Deficiency</u>					
08-III-A	An adequate system is not in place to ensure compliance with the Buy American Act.	See corrective action plan at 08-III-A.	Casey Drew, City Finance Director	June 2006	June 2009
<u>Instance of Noncompliance</u>					
08-III-B	The City did not ensure a vendor was not suspended or debarred.	See corrective action plan at 08-III-B.	Casey Drew, City Finance Director	December 2008	June 2009
Findings Related to Required Statutory Reporting:					
08-IV-A	The expenditures for the capital projects function exceeded the budget.	See corrective action plan at 08-IV-A.	Casey Drew, City Finance Director	December 2008	June 2009

