

CITY OF CEDAR FALLS, IOWA

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2009**

Prepared by:

Financial Services Division
Of

Department of Administrative Services

Jennifer Rodenbeck, CPA, CPFO
Finance Manager



**City of Cedar Falls, Iowa
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

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DEPARTMENT OF ADMINISTRATIVE SERVICES

CITY OF CEDAR FALLS, IOWA
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October 26, 2009

To Mayor Crews, Members of the City Council and Citizens of the City of Cedar Falls:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Falls, Iowa, for the year ended June 30, 2009. This is the seventh CAFR completed in compliance with the Governmental Accounting Standards Board Statement No. 34 (GASB 34). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Cedar Falls' MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." Information to comply with OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and "Government Auditing Standards" is included in another report under a separate cover.

The City of Cedar Falls provides many municipal services including fire and police protection, streets, garbage collection, parks, recreation, cultural arts, planning, zoning, general administration, and sewer and storm water services. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After careful evaluation of these factors, the City has included in this financial report the Cedar Falls Electric Utility, Gas Utility, Water Utility, and Communications Utility, as well as all funds of the City. The Utilities are each reported as discretely presented component units.

GOVERNMENTAL STRUCTURE

The City has operated under the mayor-council form of government since incorporation. Policy-making and legislative authority are vested in the governing council, which consists of seven members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, setting goals, and approving mayor-appointed committees. The full-time mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department directors. The mayor and Council are elected on a nonpartisan basis. The Council consists of two council members elected at large and one council member elected from each of the five wards as established by ordinance, elected for terms of four years. The mayor is elected at large and to a two-year term.

ECONOMIC CONDITION AND OUTLOOK

The City, incorporated in 1854, is located in the northeastern part of the state, has a land area of 28.9 square miles and a population of 36,145. The City is empowered to levy a property tax on both real and personal property located within its boundaries, and has the power by state statute to extend its corporate limits by annexation, which is seldom done, but will be done when deemed appropriate by the City Council.

The economic condition and outlook of Cedar Falls and the metro area have continued to improve. In the early 1980's, the largest industries in the metro area were John Deere Co. and Rath Meat Packing. When the farm economy declined in the mid-1980's, the business of those firms also declined, which caused an increase in unemployment rates and an exodus of the population in the metro area. The Cedar Falls economy was insulated from many of the impacts created by the recession due to the growth and stability of the University of Northern Iowa and a diverse service business sector.

The Greater Cedar Valley Alliance was formed in the metro area to organize the human resources and generate needed development capital to attract new business and industry to the area and to encourage expansion of businesses already in the area. As a result, many new businesses have located offices and plants in the metro area. Target Corporation constructed a distribution center with an assessed value of approximately \$45 million in FY02 and in FY08 completed a second refrigeration center. The Cedar Falls Industrial and Technology Park continues to show tremendous expansion.

The increase in new businesses and expansion of established firms has had a positive effect on employment and the City's tax base. Historically, Cedar Falls' unemployment rate has closely followed the State trends, which are significantly lower than the nation's unemployment rate (See Attachment A). This is due to the strong service employment base supported by the state university located in Cedar Falls. Since the devaluation of property in 1986-1988, Cedar Falls has had steady growth in property values. Assessed values increased in FY10 by \$84 million, however taxable values only increased by almost \$52 million (See Attachment B) due to the rollback.

The City has responded to a portion of this challenge by maintaining a comparatively low tax rate. Cedar Falls has the sixth lowest tax rate per capita of the twenty largest cities in the state of Iowa (See Attachment C). This low rate can be attributed to the efforts of the City to streamline operations over the past twenty years, mainly by reducing the number of employees. Cedar Falls had the one of the lowest number of full-time employees per 1,000 residents in FY09. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 1998, the average sales price reported was \$112,208. In 2008, the average sales price was \$192,154, which is a seventy-

one (71) percent increase in the past ten years. These statistics indicate that Cedar Falls' local economy is sound and there is a strong market for Cedar Falls homes (See Attachment E).

Housing values have surged from the recession and devaluation of the mid-1980's to values that once again place the homeowners living in Cedar Falls in an advantageous market position. This market growth is a credit to businesses, the school system, utilities, and quality of City services in Cedar Falls. Each entity has worked together to strengthen the local economy, create jobs, and improve Cedar Falls' quality of life.

MAJOR INITIATIVES

Lean Government: During FY09, the Mayor had an interest in implementing organizational changes that create cost efficiencies. In today's vernacular, the term most often used is "Lean Government". Upon evaluating what several other cities have implemented, along with the State of Iowa, it became clear that the City of Cedar Falls has been and continues to be years ahead of other organizations implementing changes that save taxpayer dollars.

The City Council and Mayor set the stage for "continuous change" in 1987/1988 when City operations were reduced from ten departments down to five departments. The consolidations were based on the type of service offered and managerial span of control. The reorganization adopted by the City Council empowered departments to make changes and reorganize, at will, to improve services while at the same time reducing costs. The message from the City Council was clear and City management staff embraced the City Council support and the challenge presented.

Since that time, the organization has continued to implement change and operation efficiency. Below is a listing of various cost saving measures that have been implemented by the City. This is a short, non all-inclusive listing but gives some examples of changes that have occurred.

Administrative Services:

- An imaging system was implemented five years ago. The system has eliminated paper filing systems and improved efficiency by reducing the time spent in managing paper files, freeing up floor space previously used for filing cabinets and making documents widely available to City staff.
- Expanded the secretarial pool and cross-trained staff to provide support and assist with secretarial and special project needs of Public Records, Legal Services, Financial and Personnel Services, Cable TV, Parking Enforcement and the administrative staff of the Police Department.
- Implementation of a joint payroll, personnel, & time management system. When we implemented the new payroll system we combined multiple functions into one system. Time records now only have to be keyed once, versus keying the time into a payroll system, a time management system, and a benefit accrual system.

Developmental Services:

- Took over inspection of private subdivision infrastructure construction without adding engineering staff.
- Absorbed NPDES responsibilities without increasing staff and implemented storm water fee structure to pay for the additional costs.
- Hired two replacement inspectors with multiple (electrical, mechanical and building) inspection skills. This allows cross training and coverage of inspections during vacation and other benefit time off.

Human & Leisure Services:

- Implemented the use of prairie/wildflower plantings to reduce mowing in the Parks Division.
- Volunteers are heavily utilized at the Hearst Center for the Arts, the Community Center, and the Visitor Center.
- A new Aquatic Center was built with limited amount of property tax funding used. The Center has been generating a net profit since the opening of \$150,000 - \$225,000 annually.
- Several library positions are shared with the City of Waterloo, including the library director position.

Fire Department:

- A ¾ time part time rental inspector position was eliminated and replaced with existing fire department staff. A computer based inspection module was implemented so the inspector can input the data while on site. This gives the inspector the ability to print permits, violation notices, and other documents while on-site with the customer.
- The department has joined a seven-city consortium to provide cost sharing for a nationally accredited and validated pre-employment physical ability test.

Police Department:

- One full time and one part time position was eliminated in the police records area. The records area has taken advantage of technological advances that reduce the manpower needed for daily data-entry.
- Monthly overtime reports are distributed to police captains to ensure that cost savings and overtime reduction remains a priority. This also encourages these managers to use creative staffing measures, including the use of payback days.

Public Works Department:

- Merged the traffic operations and building division into the Operations and Maintenance Division. This reduced the need for one division manager and allows the operations to function out of the O & M complex.
- Restructured the refuse collection routes to place the core area of College Hill on a Wednesday collection. This change also reduced the number of collections on the south side of town, thus providing the opportunity for development to the south and west.
- The department evaluates vehicle replacements to determine use and demand requirements based on individual service duty. As a result, the city has purchased three hybrid vehicles, one compact car, and downsized eight full size pickup trucks by replacing them with smaller, compact trucks.

The City staff is proud to see that with City Council and Mayoral support (often via goal setting, budget approval or CIP adoption) positive changes exist. By setting good policies and allowing managers to implement methods of meeting adopted goals we have had success.

MAJOR EVENT

2008 Flood: In June 2008, the City of Cedar Falls along with eighty (80) percent of the State of Iowa experienced a devastating flood. At 2:00 am, June 11th, the Cedar River crested at 102.13 ft., nearly six feet above the previous record. Thousands of volunteers worked to sandbag the levee, homes, and places vulnerable to flooding. Cedar Falls was fortunate in that the levee that protects our downtown area did hold, unfortunately, however, northern Cedar Falls was completely flooded. Approximately 570 homes were affected by the flood. Many of these homes

were completely damaged and many residents will be seeking buyouts under the Federal Emergency Management Agency (FEMA) buyout program.

In addition to the residents flooded in northern Cedar Falls, the dike around the Cedar Falls Utility generation plant failed. Fortunately water, communication, electric, and gas services were still provided during most of this disaster. Another city facility that was also affected was the Public Works Complex. This complex houses the City's street, traffic, refuse, and vehicle maintenance operations. Therefore, these facilities did sustain considerable losses. Fortunately, volunteer efforts to fortify the levee around the sewage treatment plant succeeded in preserving sewage treatment for the entire city.

In addition to the Public Works Complex, some of the City's streets, parks, trails, and one golf course also sustained damage. The estimated costs of damage sustained to public facilities and infrastructure was \$3 million. At the end of FY08, approximately \$1 million of this had been spent. In FY09, another approximately \$1.6 million was spent. The remainder of the costs to repair and rebuild will occur in FY10. Also, starting in FY10, the buyout of approximately 120 flood-damaged homes will begin.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorizations.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance to management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits. The benefit consists of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State of Iowa, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the function level (Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-Type activities). The City has adhered to these budgetary laws.

INDEPENDENT AUDIT

Eide Bailly, LLP, a firm of independent public accountants has audited the financial records, books of account and transactions of the City for the fiscal year ended June 30, 2009, and their opinion is included in the Financial Section of this report. The financial statements are the responsibility of the City. The responsibility of the independent public accountants is to express an opinion on the City's financial statements based on their audit. An audit is conducted in accordance with U.S. generally accepted auditing standards. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Falls for its comprehensive annual financial report (CAFR) for the year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

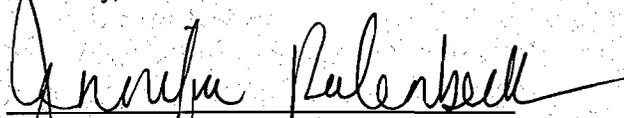
A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last nineteen consecutive years (fiscal years ended 1990-2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget beginning July 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. The City of Cedar Falls has received the GFOA's Award for Distinguished Budget Presentation for the last sixteen years.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Financial Services Division, particularly Lisa Roeding, Finance Associate and Jamie Kramer, Account Clerk. Each member of the division has my sincere appreciation for the contributions made in the preparation of this report. I would also like to thank the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Sincerely,

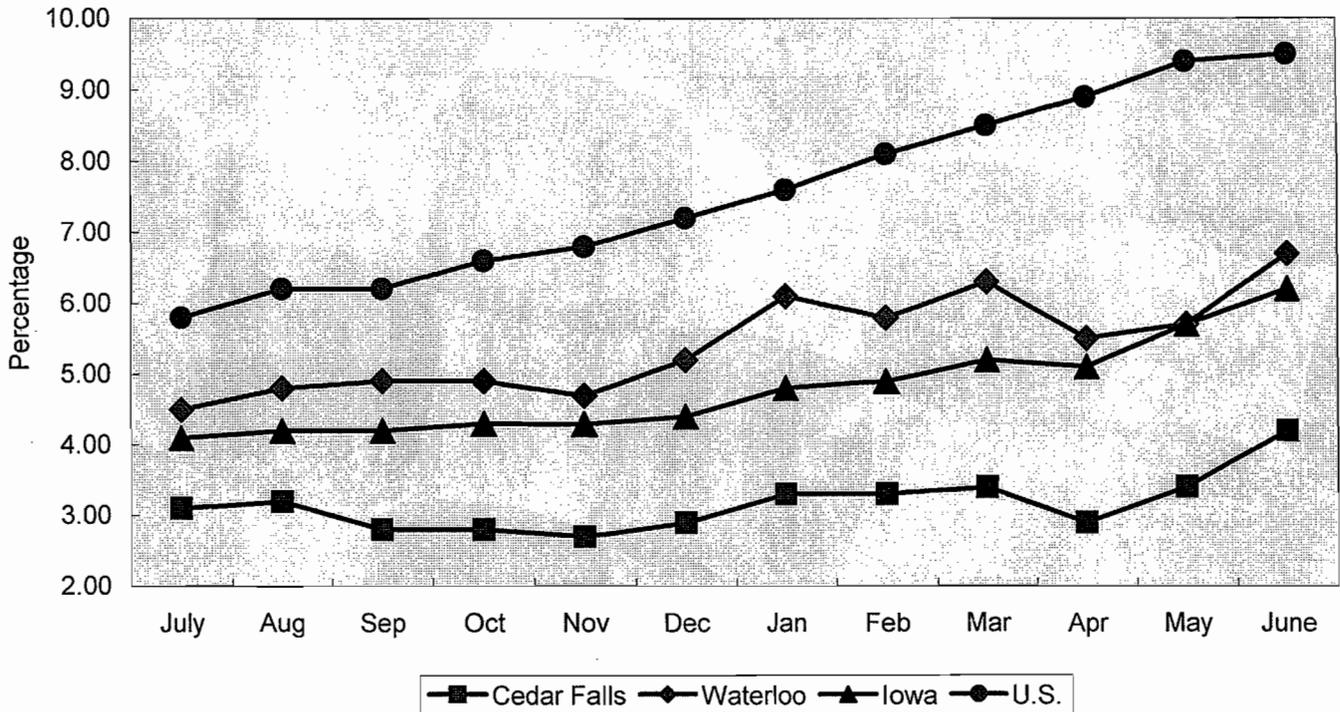


Jennifer Rodenbeck, CPA, CPFO
Finance Manager

ATTACHMENT A

Unempl

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



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

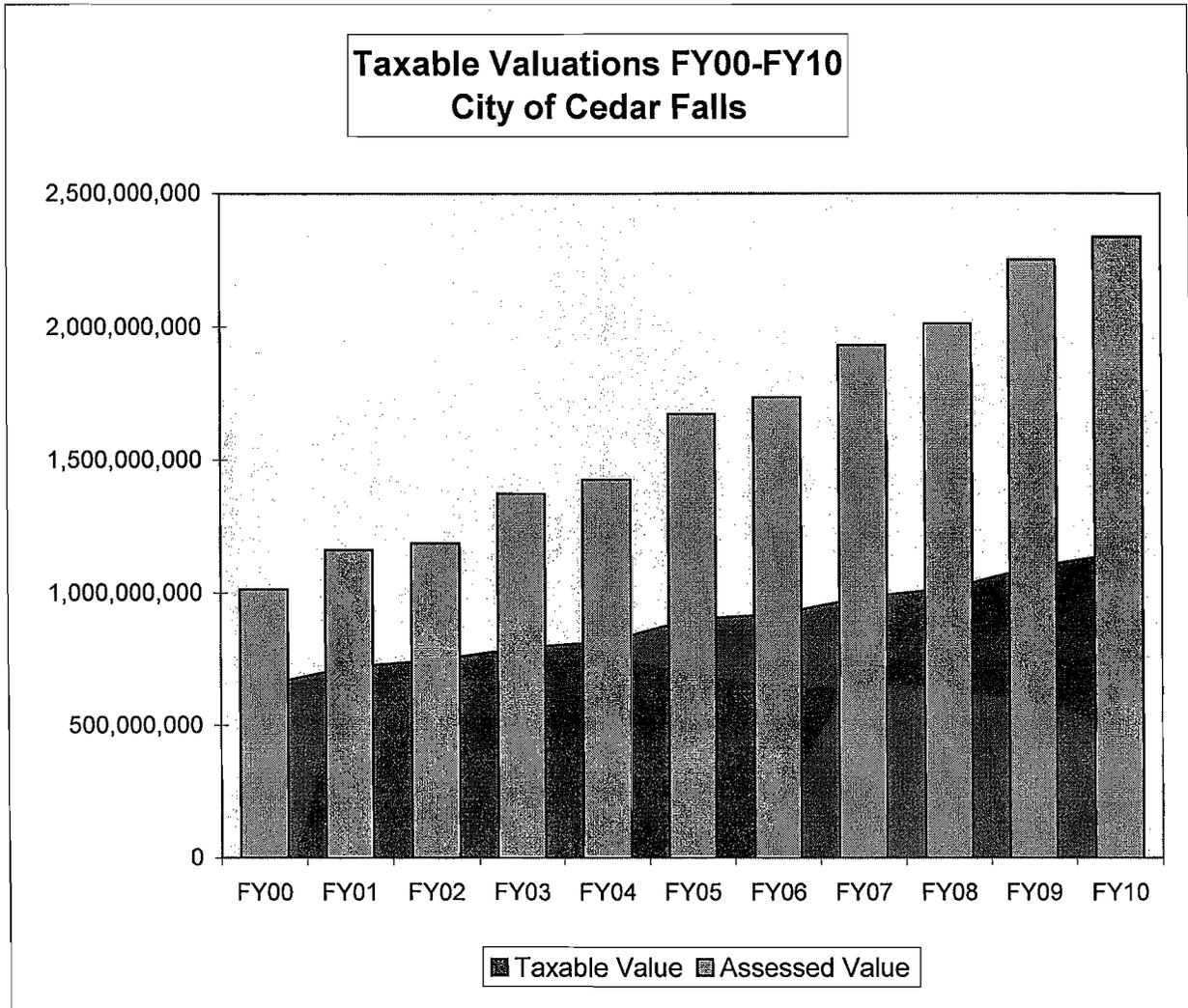
Month 08-09	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	3.1	4.5	4.1	5.8
Aug	3.2	4.8	4.2	6.2
Sep	2.8	4.9	4.2	6.2
Oct	2.8	4.9	4.3	6.6
Nov	2.7	4.7	4.3	6.8
Dec	2.9	5.2	4.4	7.2
Jan	3.3	6.1	4.8	7.6
Feb	3.3	5.8	4.9	8.1
Mar	3.4	6.3	5.2	8.5
Apr	2.9	5.5	5.1	8.9
May	3.4	5.7	5.7	9.4
June	4.2	6.7	6.2	9.5
Average	3.2	5.4	4.8	7.6

Cedar Falls has consistently remained below Waterloo and the nation's unemployment rates.

Historically Cedar Falls' unemployment rate has closely followed the State trends. Cedar Falls is insulated from many of the economic problems in the Metro area due to a strong service employment base supported by UNI.

ATTACHMENT B

taxvalue10



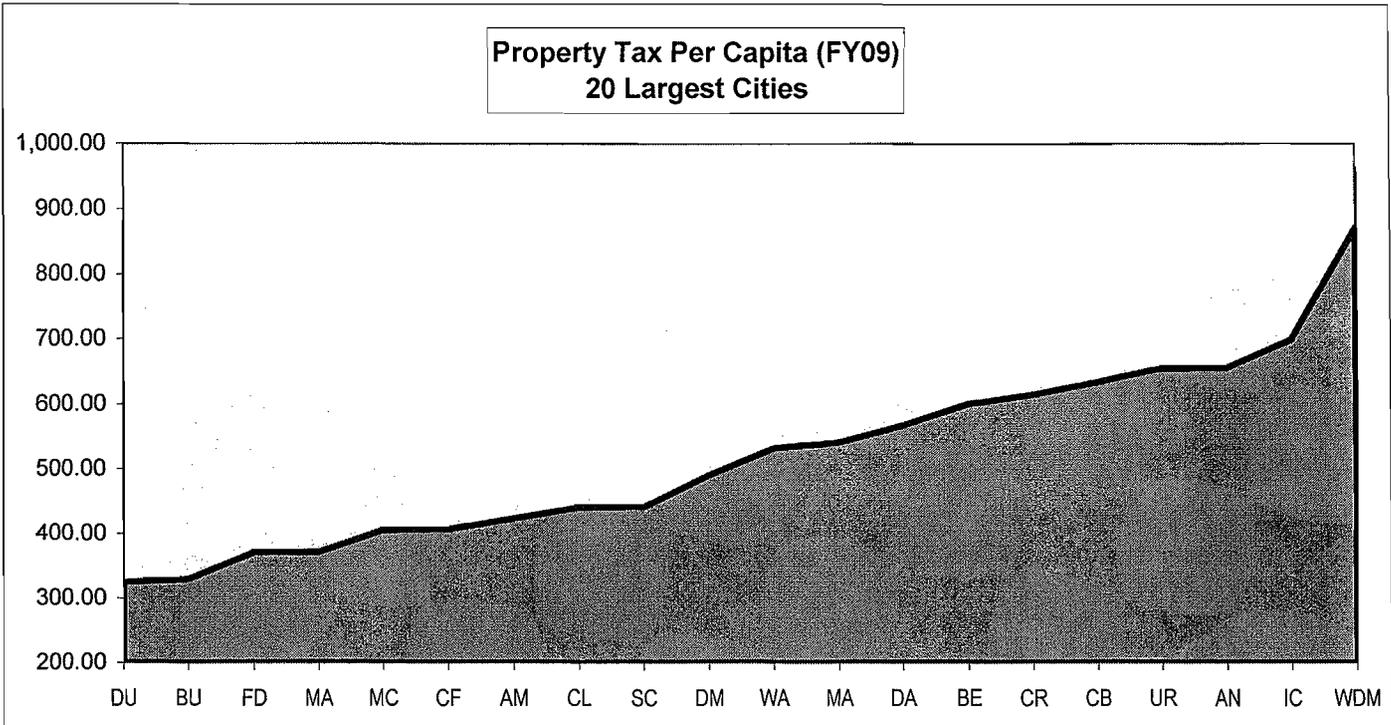
Year	Taxable Value	Assessed Value
FY00	653,019,972	1,012,876,271
FY01	722,070,299	1,161,812,891
FY02	747,955,311	1,188,336,276
FY03	794,505,253	1,374,429,803
FY04	817,896,980	1,427,127,146
FY05	903,439,479	1,673,902,007
FY06	920,739,030	1,737,456,552
FY07	985,250,869	1,931,758,484
FY08	1,018,530,684	2,013,812,356
FY09	1,098,295,277	2,252,421,925
FY10	1,150,078,051	2,336,646,915

The last ten years have provided a steady growth trend in assessed valuations. In addition, FY08 was the first year that assessed values have exceeded \$2 billion and taxable values have exceeded \$1 billion.

For FY10, assessed values increased by \$84,224,990. However, taxable values only increased by \$51,782,774 due mostly to the change in the residential rollback factor to 45.59% for FY10.

ATTACHMENT C

Citytaxr



Property Tax Per Capita (FY09)
20 Largest Iowa Cities

City	FY09 Tax Per Person	2000 Population	Abbreviation
Dubuque	324.68	57,686	DU
Burlington	328.80	26,839	BU
Fort Dodge	370.26	25,136	FD
Marshalltown	371.61	26,009	MA
Mason City	405.13	29,172	MC
Cedar Falls	406.08	36,145	CF
Ames	423.43	50,731	AM
Clinton	440.10	27,772	CL
Sioux City	440.95	85,013	SC
Des Moines	490.12	198,682	DM
Waterloo	530.93	68,747	WA
Marion	540.89	26,294	MA
Davenport	567.03	98,359	DA
Bettendorf	599.75	31,275	BE
Cedar Rapids	613.98	120,758	CR
Council Bluffs	633.39	58,268	CB
Urbandale	654.95	29,072	UR
Ankeny	655.15	27,117	AN
Iowa City	698.71	62,220	IC
West Des Moines	871.10	46,403	WDM
Average	518.35		

For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

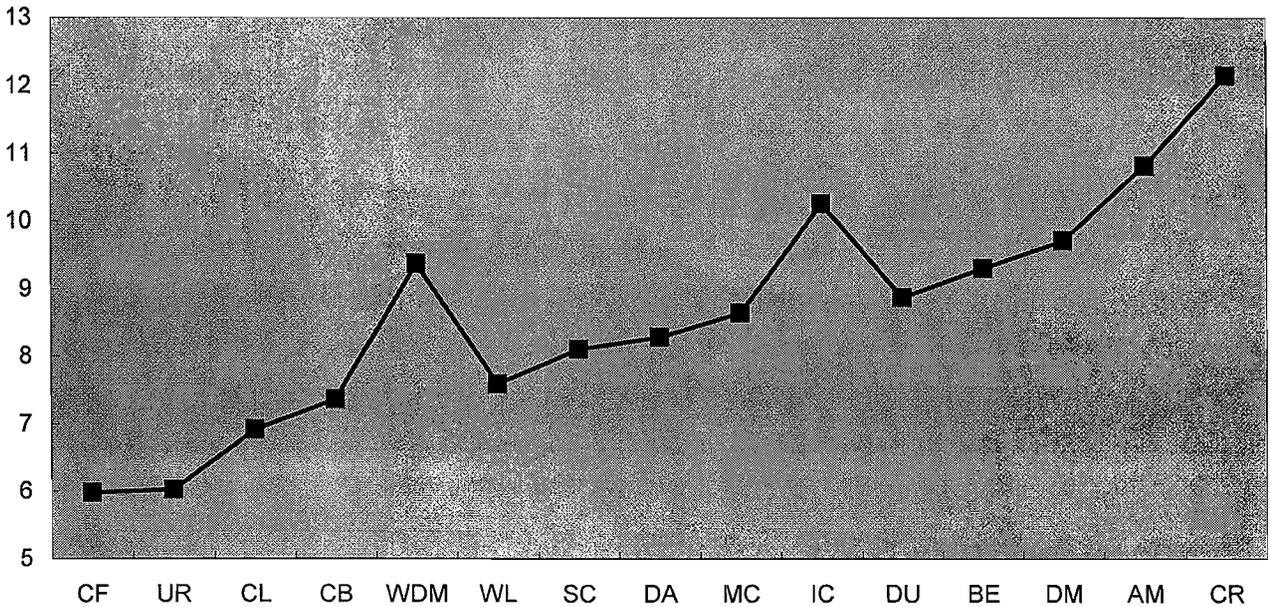
At a cost of \$406.08 per person, the City is substantially below the average rate of \$518.35. This rate can be attributed to the City's concerted efforts to streamline operations over the past 20 years.

If the City of Cedar Falls operated at the state average property tax per capita, an additional 4.06 million dollars would be devoted to operations. This would be an increase of 27% of taxes levied in FY09.

Included in Cedar Falls' population are university students who live in campus housing and do not pay property taxes. This results in an even greater property tax burden on the citizens.

Fulltime

**Full-Time Employees Per 1,000 Residents
Comparison of 15 Largest Cities**



City	FY08 Employees	2000 Population	Employees Per 1,000
Cedar Falls	216.00	36,145	5.98
Urbandale *	175.00	29,072	6.02
Clinton	192.00	27,772	6.91
Council Bluffs	429.00	58,268	7.36
W. Des Moines	435.00	46,403	9.37
Waterloo *	522.00	68,747	7.59
Sioux City	689.00	85,013	8.10
Davenport	815.00	98,359	8.29
Mason City	251.00	29,040	8.64
Iowa City	638.00	62,220	10.25
Dubuque	512.00	57,686	8.88
Bettendorf	291.00	31,275	9.30
Des Moines	1,929.00	198,682	9.71
Ames *	548.85	50,731	10.82
Cedar Rapids *	1,465.30	120,758	12.14
Average:			8.63

Cedar Falls city government continued to have the lowest number of employees per 1,000 capita comparing the top 15 largest cities.

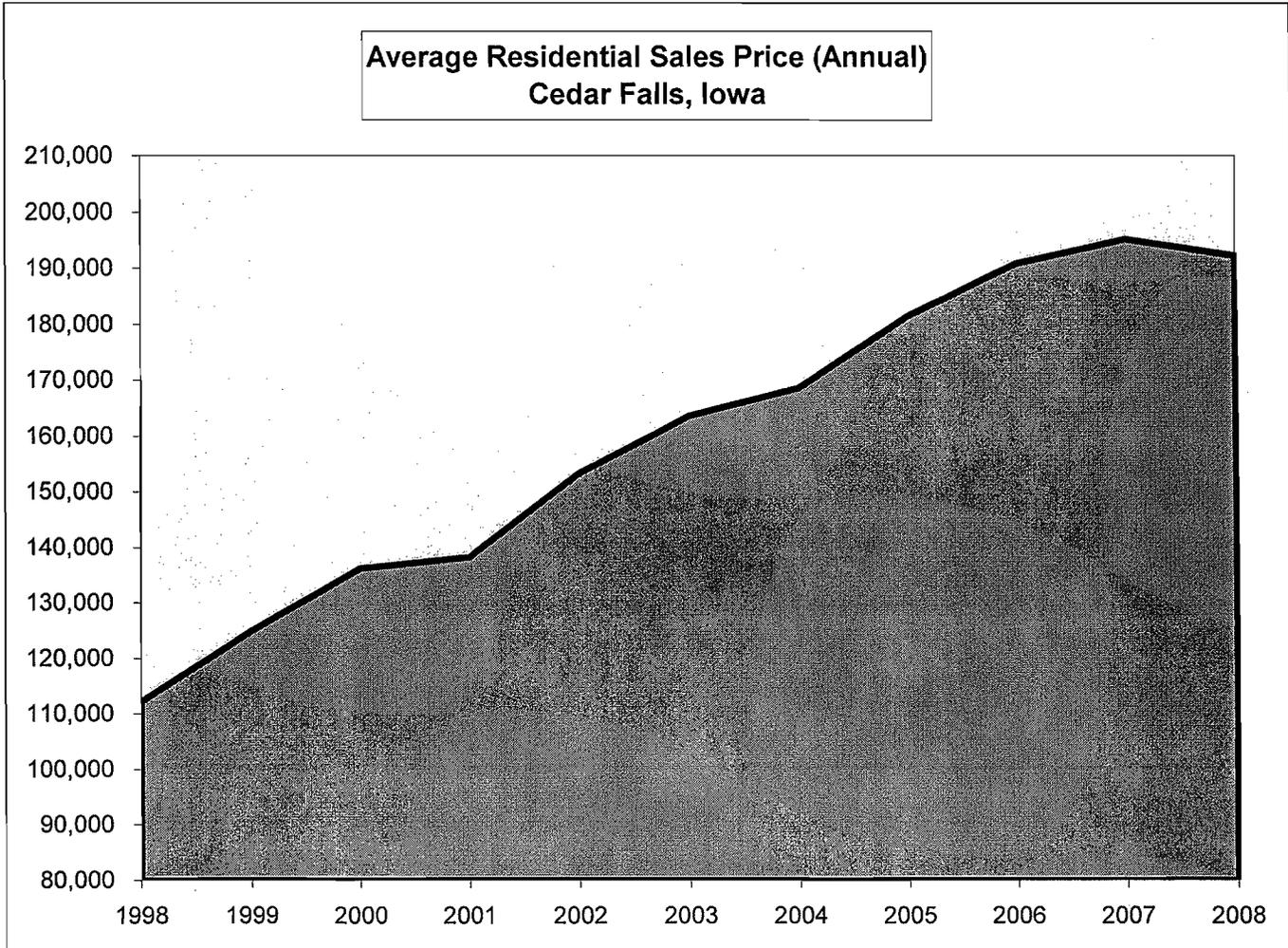
Cedar Falls has 2.6 employees per 1,000 capita less than the State average which is equivalent to 94 fewer full-time employees.

Employment over the past 10 years has remained stable in Cedar Falls even with the growth of the City.

* Citities using a Full-Time equivalent in computing their employee level.

ATTACHMENT E

Resale09



Year	Average Sales Price
1998	112,208
1999	125,052
2000	136,175
2001	138,226
2002	153,312
2003	163,637
2004	168,589
2005	181,310
2006	190,828
2007	195,080
2008	192,154
Average	159,688

The average sale price of residential properties in Cedar Falls has grown by 71% between 1998 - 2008 from \$112,208 to \$192,154.



City of Cedar Falls

Main Street

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Falls
Iowa

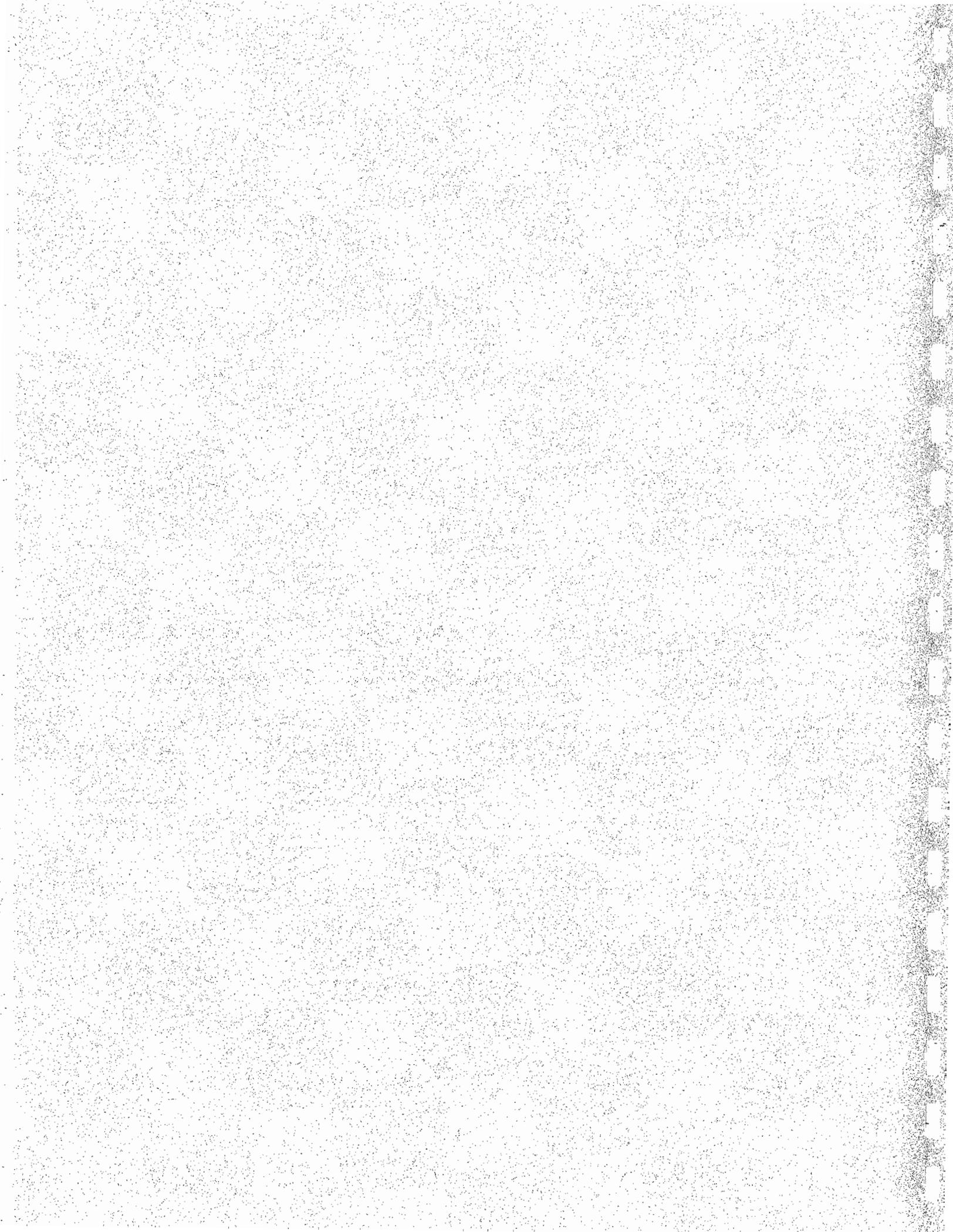
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

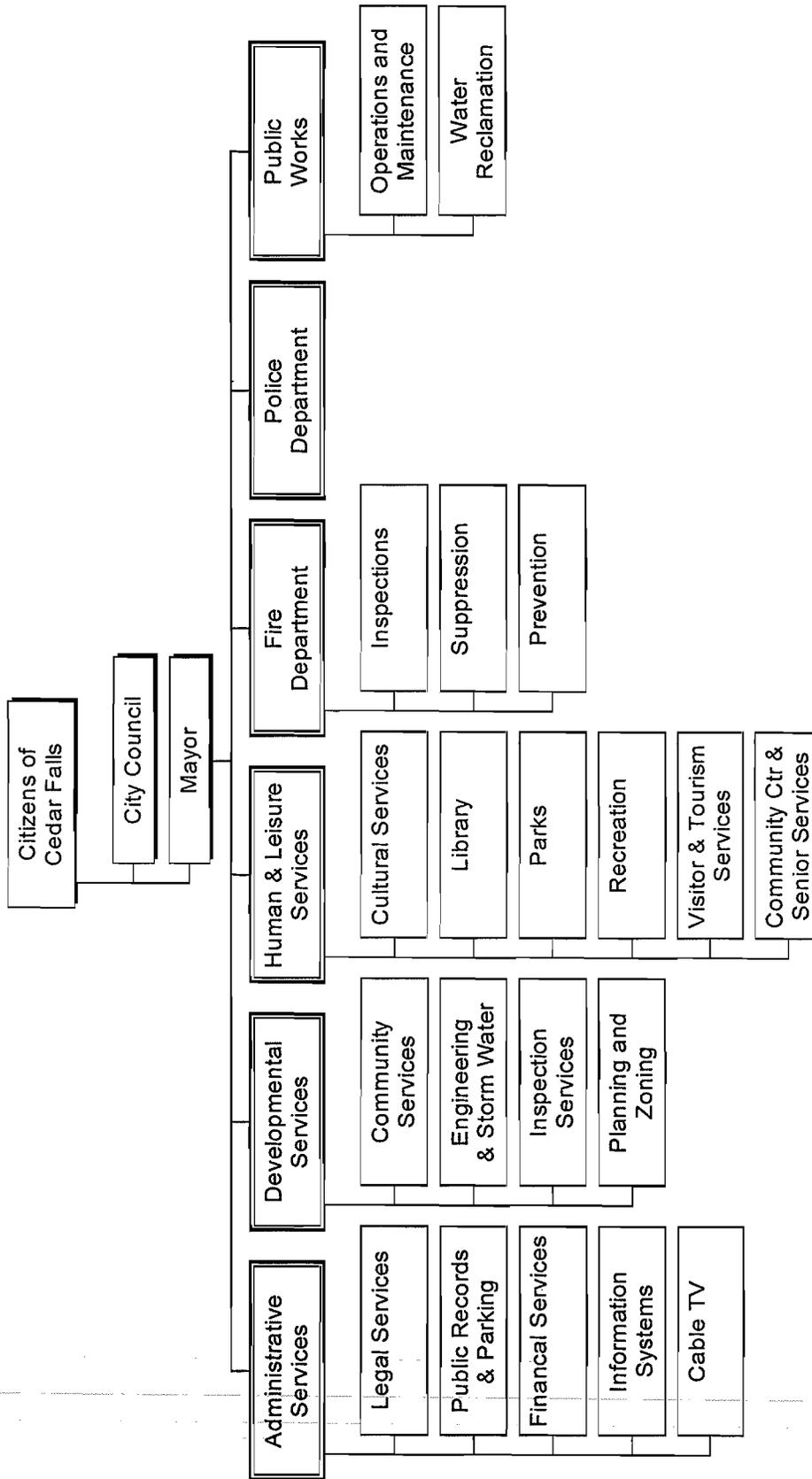


President

Executive Director



City of Cedar Falls, Iowa Organizational Chart



October 21, 2008
Financial Services

city division org.doc

CITY OF CEDAR FALLS, IOWA

PRINCIPAL OFFICIALS

June 30, 2009

Title	Name
Mayor	Jon Crews
Council Member – 1 st Ward	Tom Hagarty
Council Member – 2 nd Ward	Susan deBuhr
Council Member – 3 rd Ward	John Runchey
Council Member – 4 th Ward	Kamyar Enshayan
Council Member – 5 th Ward	Frank Darrah
Council Member – At Large	Axe Haugen
Council Member – At Large	Dave Wieland
Administrative Services Director	Richard L. McAlister
Developmental Services Director	Ron Gaines
Human & Leisure Services Director	Ward Stubbs
Fire Chief	John Schilling
Police Chief	Jeff Olson
Public Works Director	Bruce Sorensen
City Attorney	Steve Moore
City Attorney	Susan Staudt
Finance Manager	Jennifer Rodenbeck
City Clerk	Gary Hesse
Information Systems Manager	Laurene Saathoff
Cable TV Manager	Kirk Eastman
City Engineer (Acting)	Randy Lorenzen
City Planner	Marty Ryan
Community Services Manager	Robert Seymour
Inspection Services Manager	Craig Witry
Cultural Services Manager	Mary Huber
Park Division Manager	Mark Ripplinger
Recreation Division Manager	Bruce Verink
Visitors & Tourism Manager	Kimberly Burger
Cedar Falls Public Library Director	Sheryl Groskurth
Operations and Maintenance Manager	Brian Heath
Water Reclamation Manager	Lyle Krueger
Cedar Falls Utilities General Manager	Jim Krieg



City of Cedar Falls

Visitor & Tourism Center



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Cedar Falls, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated October 19, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Cedar Falls, Iowa. The introductory section, combining nonmajor fund financial statements, capital assets schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and capital assets schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Dubuque, Iowa
October 19, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Cedar Falls' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter found on pages 1 – 11 of this report.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased 8.95%, or \$3,976,091, from fiscal year 2008 to fiscal year 2009. Property taxes increased \$1,526,271 for all activities.
- Program expenses increased 13.83%, or \$5,525,945 in fiscal year 2009 from fiscal year 2008. Public Works expenses increased by \$4,242,376.
- The City's net assets increased 5.22%, or \$12,046,518, from June 30, 2008 to June 30, 2009. Of this amount, the net assets of the governmental activities increased by \$8,649,804 and the net assets of the business-type activities increased by \$3,396,714.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the City as a whole and present an overall view of the City's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and Capital Projects Funds and the Internal Service Funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City of Cedar Falls in a better financial position at the end of the fiscal year, compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. A person will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Assets and the Statement of Activities report two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, streets, fire, police, parks, recreation, library, and housing and block grant assistance. Property taxes, local option sales taxes, road use taxes, and federal and state grants finance most of these activities.
- Business-type activities – The City of Cedar Falls charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer, refuse, and storm water are reported in this section.

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

Fund Financial Statements

The Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City has two kinds of funds:

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Hospital Fund, TIF Fund, Street Repair Fund, Street Construction Fund, Debt Service Fund, FEMA Fund, and Bond Fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the supplementary information section of this report.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the change in the net assets for governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Current and						
other assets	\$ 101,630,089	\$ 98,815,023	\$ 9,020,091	\$ 9,267,364	\$ 110,650,180	\$ 108,082,387
Capital assets	138,336,263	134,691,523	47,212,711	44,284,406	185,548,974	178,975,929
Total assets	239,966,352	233,506,546	56,232,802	53,551,770	296,199,154	287,058,316
Long-term debt	\$ 17,502,402	\$ 20,386,708	\$ 6,016,333	\$ 6,791,588	\$ 23,518,735	\$ 27,178,296
Other liabilities	28,977,411	28,283,103	830,409	770,836	29,807,820	29,053,939
Total liabilities	\$ 46,479,813	\$ 48,669,811	\$ 6,846,742	\$ 7,562,424	\$ 53,326,555	\$ 56,232,235
Net assets:						
Invested in capital						
assets, net of						
related debt	\$ 123,367,386	\$ 118,688,310	\$ 44,414,522	\$ 41,521,531	\$ 167,781,908	\$ 160,209,841
Restricted	21,421,340	20,491,013	449,500	449,500	21,870,840	20,940,513
Unrestricted	48,697,813	45,657,412	4,522,038	4,018,315	53,219,851	49,675,727
Total net assets	\$ 193,486,539	\$ 184,836,735	\$ 49,386,060	\$ 45,989,346	\$ 242,872,599	\$ 230,826,081

Net assets of governmental activities increased from FY08 by approximately \$8.6 million, or 4.68%. This increase was due primarily to the continued strength of the property tax base and the continued increase in local option sales tax received by the City. Net assets of business-type activities increased from FY08 by approximately \$3.4 million, or 7.39%. This increase was due to the increase in sewer and refuse rates in FY09. In addition, this was the third year that storm water fees were collected; however, large storm water projects have not yet been completed. The largest portion of the City's net assets is the invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, bond covenants, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations are approximately \$53 million at the end of the year.

For the year ended June 30, 2009, net assets changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues						
Charges for						
services	\$ 4,173,738	\$ 4,280,017	\$ 7,928,371	\$ 7,389,843	\$ 12,102,109	\$ 11,669,860
Operating grants and contributions	2,153,921	2,365,608	-	-	2,153,921	2,365,608
Capital grants and contributions	7,183,972	4,395,714	983,243	333,950	8,167,215	4,729,664
General Revenues						
Property taxes	20,994,332	19,468,413	1,961	1,609	20,996,293	19,470,022
Local Option Sales Tax	4,557,172	4,385,662	-	-	4,557,172	4,385,662
Hotel/Motel Tax & Other	751,124	674,662	-	-	751,124	674,662
Use of money and property	2,421,181	2,868,337	224,133	351,099	2,645,314	3,219,436
Intergovernmental	3,693,255	3,728,669	-	-	3,693,255	3,728,669
Miscellaneous	965,194	850,716	-	-	965,194	850,716
Utility contribution	1,500,000	1,400,000	-	-	1,500,000	1,400,000
Total revenues	\$ 48,393,889	\$ 44,417,798	\$ 9,137,708	\$ 8,076,501	\$ 57,531,597	\$ 52,494,299
Expenses						
Public safety	\$ 7,192,846	\$ 8,065,013	\$ -	\$ -	\$ 7,192,846	\$ 8,065,013
Public works	13,938,703	9,696,327	-	-	13,938,703	9,696,327
Health and social services	310,365	234,124	-	-	310,365	234,124
Culture and recreation	6,836,437	6,736,108	-	-	6,836,437	6,736,108
Community and economic development	5,677,705	4,346,385	-	-	5,677,705	4,346,385
General government	4,619,221	4,244,545	-	-	4,619,221	4,244,545
Debt service	754,989	831,315	-	-	754,989	831,315
Sewer	-	-	3,178,354	3,009,639	3,178,354	3,009,639
Refuse	-	-	2,355,999	2,142,679	2,355,999	2,142,679
Storm Water	-	-	620,460	652,999	620,460	652,999
Total expenses	\$ 39,330,266	\$ 34,153,817	\$ 6,154,813	\$ 5,805,317	\$ 45,485,079	\$ 39,959,134
Increase in net assets before transfers	\$ 9,063,623	\$ 10,263,981	\$ 2,982,895	\$ 2,271,184	\$ 12,046,518	\$ 12,535,165
Transfers	(413,819)	(852,444)	413,819	852,444	-	-
Increase in net assets	\$ 8,649,804	\$ 9,411,537	\$ 3,396,714	\$ 3,123,628	\$ 12,046,518	\$ 12,535,165
Net assets, beginning	184,836,735	175,425,198	45,989,346	42,865,718	230,826,081	218,290,916
Net assets, ending	\$ 193,486,539	\$ 184,836,735	\$ 49,386,060	\$ 45,989,346	\$ 242,872,599	\$ 230,826,081

Property tax revenue increased by approximately \$1.5 million from FY08 due to increased TIF revenue. New streets, sewers and storm sewers provided by developers in FY09 and the FEMA grants for public assistance related to the 2008 Flood, caused capital grants and contributions to increase by \$3.4 million for FY09.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,640,446. \$6,100,483 is reserved for employee retirement systems, inventory, and debt service. This leaves an unreserved balance of \$51,539,963.

This governmental fund balance decreased by \$235,923, or .41%. The small decrease was due in part to the decrease in the FEMA fund. Expenditures for the 2008 Flood continue to be expended, while not all reimbursements have been received.

The General Fund is the chief operating fund of the City of Cedar Falls. At the end of the current fiscal, unreserved fund balance of the General Fund was \$5,286,401, while the total fund balance totaled \$5,419,204. As a measure of the General Funds liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unreserved fund balance represents 28.5% of the total General Fund expenditures, while the total fund balance represents 29.2% of that same amount.

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

	FY09 Amount	FY08 Amount	Increase (Decrease)
Hospital Fund	\$ 13,565,927	\$ 12,944,729	\$ 621,198
TIF Fund	56,807	56,705	102
Street Repair Fund	12,465,090	11,607,576	857,514
Street Construction Fund	3,171,402	3,119,715	51,687
Debt Service Fund	256,910	233,311	23,599
FEMA Fund	(186,530)	(125,714)	(60,816)
Bond Fund	2,546,898	4,500,410	(1,953,512)
Other Governmental Funds	20,344,738	20,146,085	198,653

The largest increase in fund balance for the major funds occurred in the Street Repair Fund. This was due to the increase in local option sales tax received and the timing of street projects.

The Bond Fund had the largest decrease in fund balance due to the expenditure of bond proceeds. The proceeds were received in FY08, however, many of the projects occurred in FY09. The proceeds will continue to be spent in FY10.

The Hospital fund balance continues to grow due to interest earned on these funds.

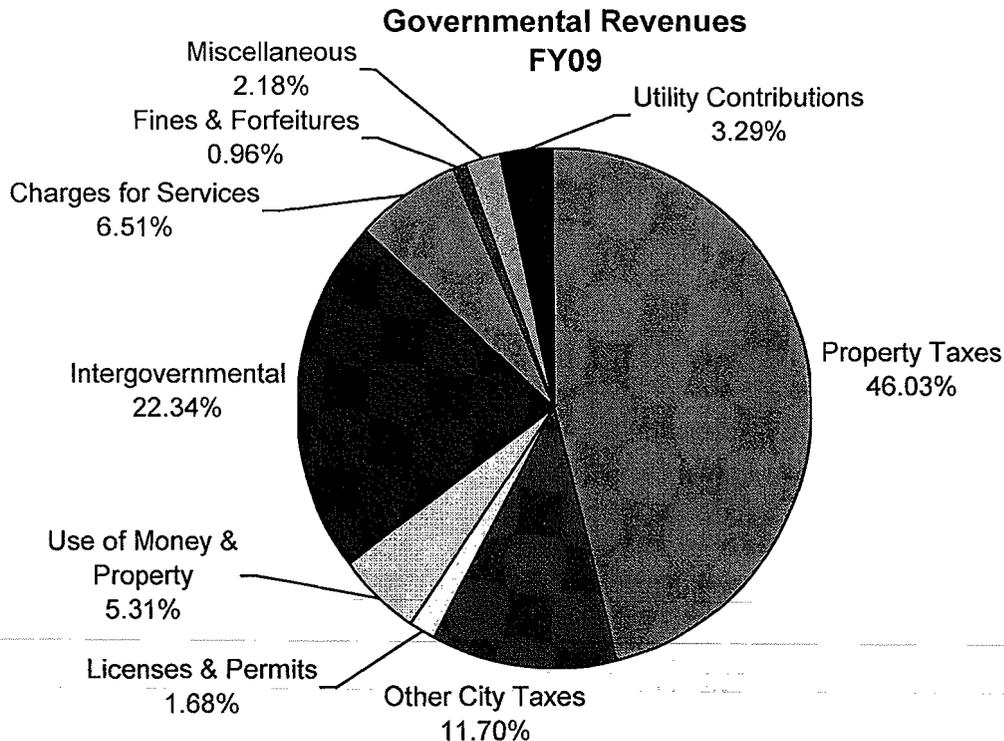
There was a new major fund for FY09, the FEMA Fund. The fund used to be reported as a non-major fund, however, due to the large amount of disaster related expenditures for the 2008 Flood, the fund is now considered a major fund.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2009 and June 30, 2008.

Revenues	FY09 Amount	Percent of Total	FY08 Amount	Increase (Decrease) from FY08	Percent of Increase (Decrease)
Property taxes and assessments	\$ 20,994,332	46.03 %	\$ 19,459,594	\$ 1,534,738	58.69 %
Other city taxes	5,338,098	11.70	5,032,798	305,300	11.68
Licenses and permits	767,938	1.68	1,031,667	(263,729)	(10.09)
Use of money and property	2,421,181	5.31	2,868,337	(447,156)	(17.10)
Intergovernmental	10,189,992	22.34	9,153,104	1,036,888	39.65
Charges for services	2,969,223	6.51	2,827,076	142,147	5.44
Fines and forfeitures	436,578	0.96	421,274	15,304	0.59
Miscellaneous	994,537	2.19	803,161	191,376	7.32
Utility contribution in lieu of taxes	1,500,000	3.28	1,400,000	100,000	3.82
	<u>\$ 45,611,879</u>	<u>100.00 %</u>	<u>\$ 42,997,011</u>	<u>\$ 2,614,868</u>	<u>100.00 %</u>

The most significant increase in revenues was in property taxes and assessments. The increase was due to increased TIF revenues from the City's two TIF districts. The second most significant increase was in intergovernmental revenues. The increase was due to the receipt of FEMA disaster assistance payments.

The most significant decrease in revenues was in use of money and property. This was caused by falling interest rates on the City's investments.

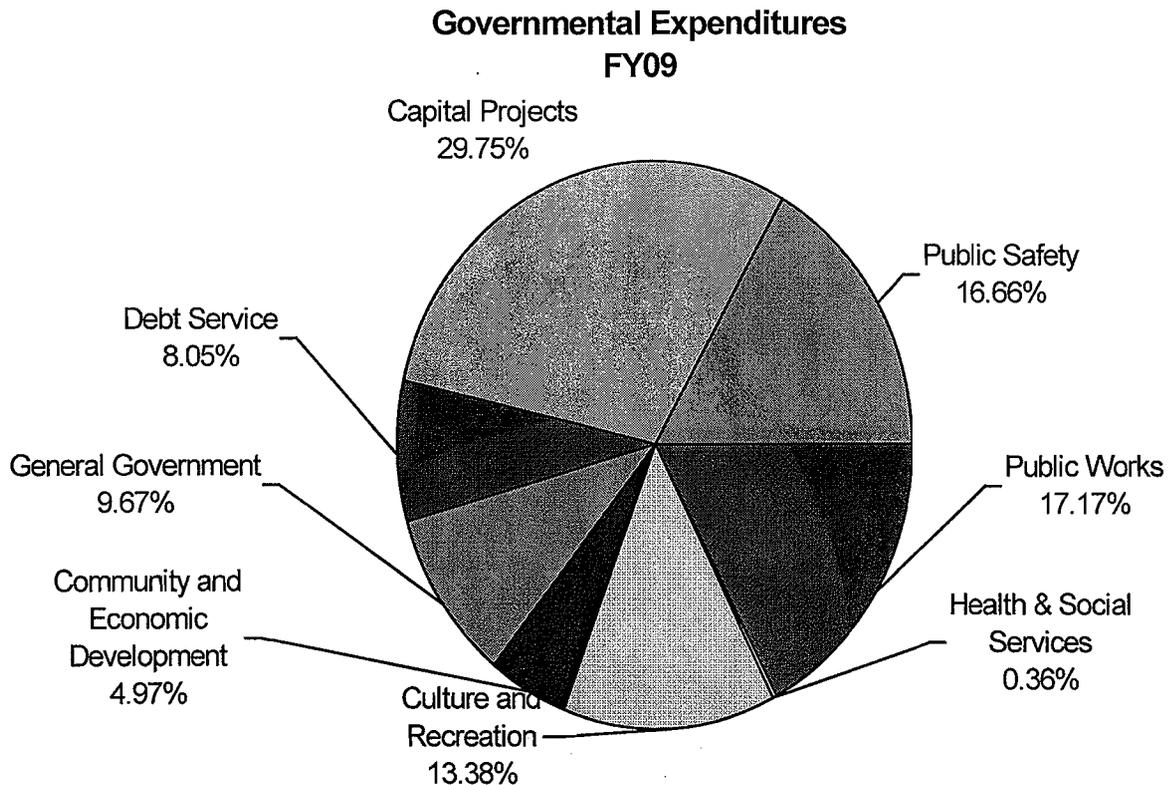


The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2009 and June 30, 2008.

Expenditures	FY09 Amount	Percent of Total	FY08 Amount	Increase (Decrease) from FY08	Percent of Increase (Decrease)
Public Safety	\$ 7,551,507	16.66 %	\$ 7,996,188	\$ (444,681)	(10.53) %
Public Works	7,783,897	17.17	7,282,523	501,374	11.87
Health & Social Services	163,528	0.36	87,286	76,242	1.81
Culture & Recreation	6,065,698	13.38	5,536,483	529,215	12.53
Community and Economic Development	2,253,049	4.97	2,529,313	(276,264)	(6.54)
General Government	4,381,790	9.67	4,168,161	213,629	5.06
Debt Service	3,649,841	8.05	3,656,181	(6,340)	(0.15)
Capital Projects	13,486,565	29.74	9,857,325	3,629,240	85.95
	<u>\$ 45,335,875</u>	<u>100.00 %</u>	<u>\$ 41,113,460</u>	<u>\$ 4,222,415</u>	<u>100.00 %</u>

The most significant increase in expenditures occurred in the capital projects function. This was due to several projects occurring during FY09, including disaster recovery expenditures.

The most significant decrease in expenditures occurred in the public safety function. This was due to the decreased rate for the police and fire pension system. The City's contribution rate decreased from 25.48% to 18.75% for FY09.



Proprietary Funds

City of Cedar Falls proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

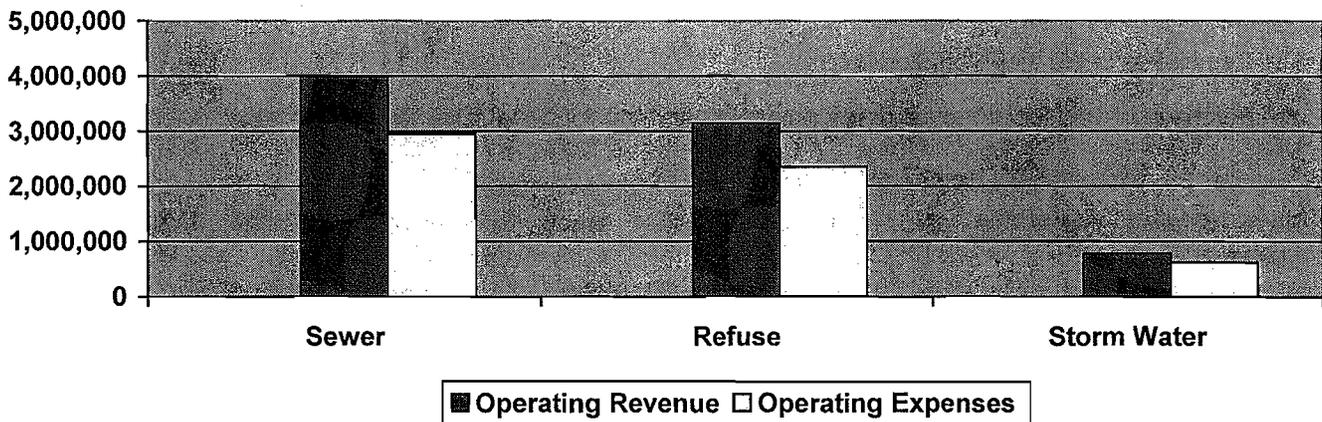
Unrestricted net assets of the Sewer, Refuse and Storm Water funds at the end of the year amounted to \$4,522,038. There are unrestricted assets in the Governmental Activities Internal Service fund of \$12,497,986.

These funds were established for the City operations that are financed and operated in a manner similar to private business enterprises. The cost of providing the services to the general public is recovered, in whole or in part, through user charges.

The City's enterprise operations are comprised of three separate and distinct activities: Sewer, Refuse and Storm Water. Results of operations for these funds for the years ended June 30, 2009 and June 30, 2008 are as follows:

	Sewer		Refuse		Storm Water	
	2009	2008	2009	2008	2009	2008
Operating Revenues	\$ 3,999,239	\$ 3,775,728	\$ 3,148,295	\$ 2,833,449	\$ 780,837	\$ 780,666
Operating Expenses	2,946,401	2,771,340	2,356,057	2,088,149	620,460	652,999
Non-Operating Rev (Exp)	(59,266)	58,201	27,551	(20,958)	25,914	22,636
Capital Contributions	352,212	200,040	-	-	631,031	133,910
Operating Transfers, net	(202,460)	(132,035)	(437,941)	(546,777)	1,054,220	1,531,256
Net Income	1,143,324	1,130,594	381,848	177,565	1,871,542	1,815,469

**Proprietary Fund Operating Revenues & Expenses
FY09**



BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget two times. These amendments were done in December 2008 and April 2009. The amendment was needed due to the timing of various capital projects, including the amounts expended on disaster recovery. At the end of the year, the City did not exceed the amended budgeted amounts in any of its functions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2009, the City had approximately \$186 million invested in capital assets including police and fire equipment, public buildings, park facilities, roads, bike trails, bridges, water treatment facilities, sanitary sewer lines, and storm water improvements. (See Table following.) This represents a net increase of approximately \$6.6 million or 3.7% over last year.

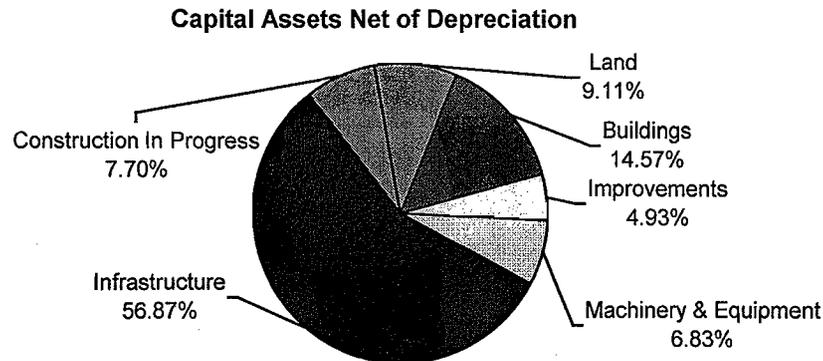
City of Cedar Falls Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 15,290,332	\$ 14,571,315	\$ 1,612,581	\$ 1,612,581	\$ 16,902,913	\$ 16,183,896
Buildings	20,128,589	20,554,279	6,903,335	7,133,278	27,031,924	27,687,557
Improvements other than buildings	9,138,288	8,496,908	-	-	9,138,288	8,496,908
Machinery and equipment	7,261,428	7,211,080	5,402,867	5,289,973	12,664,295	12,501,053
Infrastructure	76,134,414	76,300,121	29,381,517	24,353,813	105,515,931	100,653,934
Construction in progress	10,383,212	7,557,820	3,912,411	5,894,761	14,295,623	13,452,581
Total	\$ 138,336,263	\$ 134,691,523	\$ 47,212,711	\$ 44,284,406	\$ 185,548,974	\$ 178,975,929

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

- Completion of the Lap Pool Addition.
- Purchase of land for economic development in our northern Cedar Falls Industrial Park.
- Digester Rehabilitation at the Water Treatment facility.

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.



Debt

At year-end, the City had \$23,680,000 in outstanding bonds compared to \$27,370,000 last year. That is a decrease of \$3,690,000, or 13.48%.

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

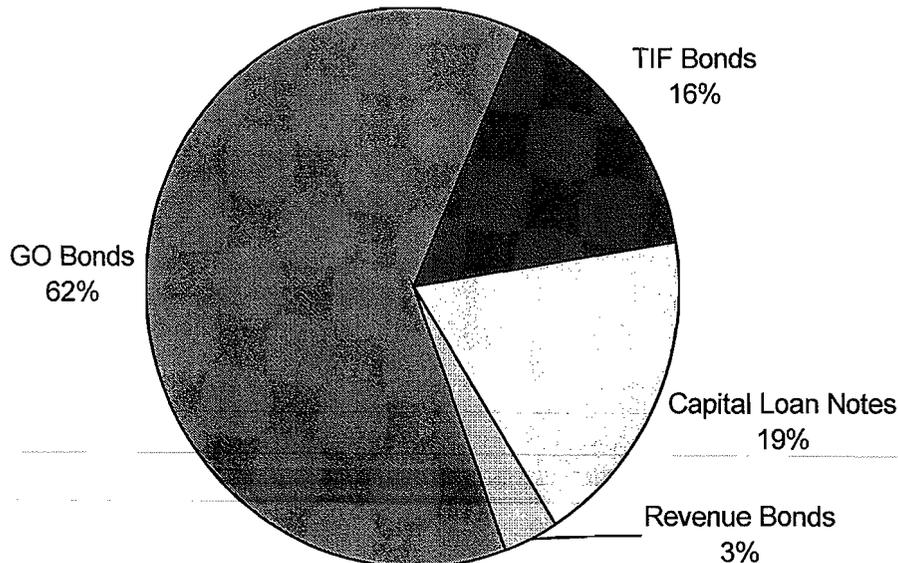
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 9,435,000	\$ 11,055,000	\$ 5,285,000	\$ 5,825,000	\$ 14,720,000	\$ 16,880,000
Tax increment financing	3,760,000	4,665,000	—	—	3,760,000	4,665,000
Capital loan notes	4,435,000	4,820,000	—	—	4,435,000	4,820,000
Revenue bonds	—	—	765,000	1,005,000	765,000	1,005,000
Total	\$ 17,630,000	\$ 20,540,000	\$ 6,050,000	\$ 6,830,000	\$ 23,680,000	\$ 27,370,000

The City of Cedar Falls maintained their Aa2 rating from Moody's Investor Services for all general obligation bond issuances.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total assessed valuation. As of June 30, 2009, the City's legal debt margin was \$90,276,196.

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

**City of Cedar Falls Outstanding Debt
FY09**



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the state legislative session in 2004, the legislature permanently eliminated certain state funding to local governments starting with FY2005 and will continue in all future years. This along with the continuation of the state rollback on residential properties greatly affects the City's general operating fund.

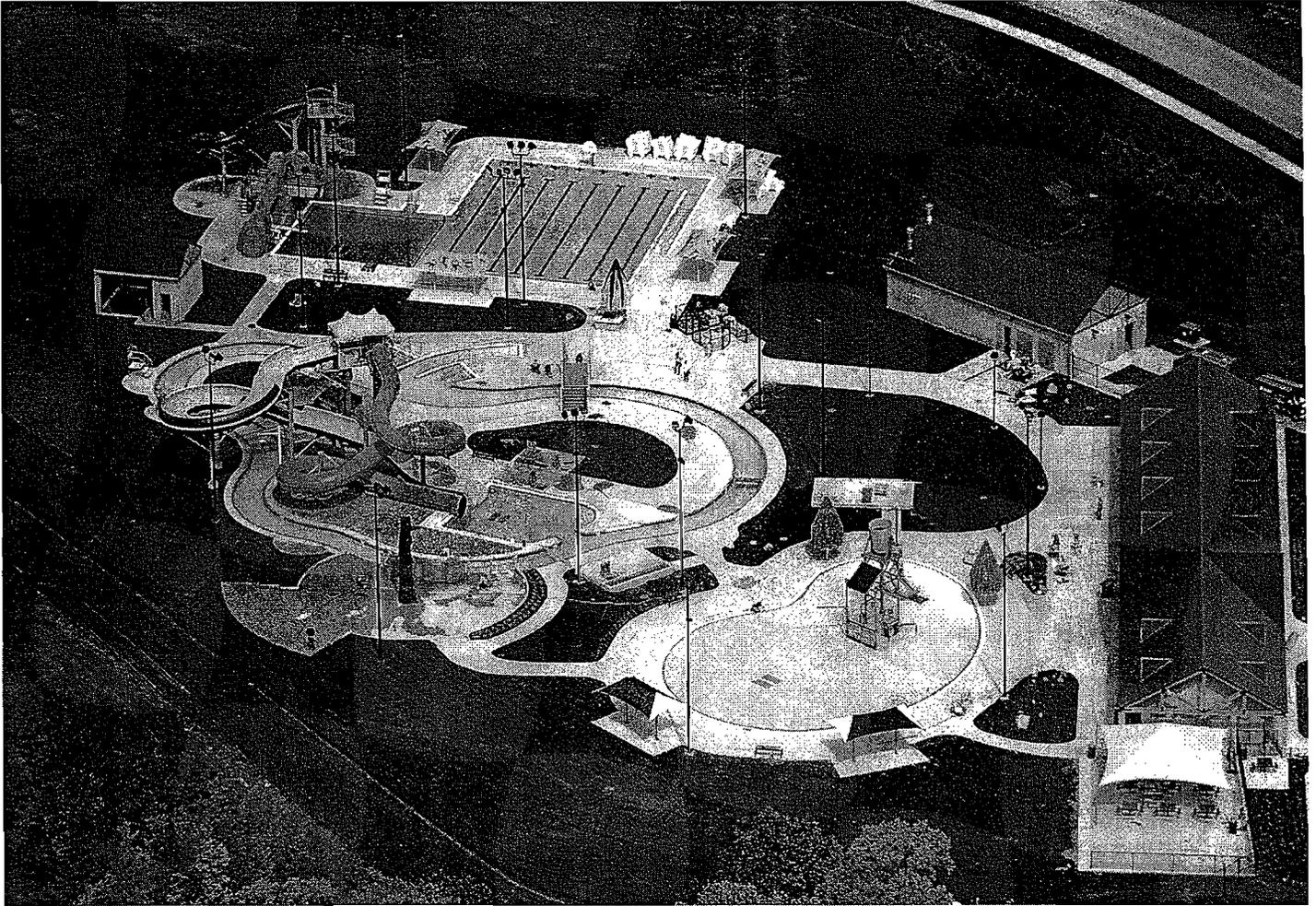
Even with the State reductions, the City Council did establish a balanced budget in the General Fund for FY10. The tax levy rate per \$1,000 of taxable valuation for FY10 is provided below:

General levy	\$ 8.10
Trust and Agency levy	3.01
Debt Service levy	1.19
Transit levy	.27
Library levy	.27
Liability Insurance levy	.15
Municipal Band levy	<u>.03</u>
Total levy	\$ 13.02

Another factor that may affect future budget years is the damage sustained by the City of Cedar Falls during the 2008 Flood and the 2009 Windstorm. This will have to be evaluated in the upcoming budget process for FY11.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City's discretely presented component units, Cedar Falls Utilities, have separately issued financial statements. If you have questions about this report or need additional information, contact the Department of Administrative Services, 220 Clay Street, Cedar Falls, Iowa 50613.



City of Cedar Falls The Falls Aquatic Center

City of Cedar Falls, Iowa
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 70,834,302	\$ 7,433,827	\$ 78,268,129
Certificates of deposit	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	22,428,100	--	22,428,100
Other city taxes	920,360	--	920,360
Accrued interest	440,009	50,566	490,575
Special assessments	10,314	1,596	11,910
Notes from associated company	--	--	--
Customers	--	--	--
Library contributions	2,882,886	--	2,882,886
Other	596,635	977,257	1,573,892
Due from component unit	750,000	--	750,000
Due from other governments	2,450,531	--	2,450,531
Inventories	316,952	116,845	433,797
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	440,000	440,000
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Capital assets:			
Land	15,290,332	1,612,581	16,902,913
Land improvements	12,108,013	--	12,108,013
Buildings	26,918,155	11,542,794	38,460,949
Machinery and equipment	15,429,442	6,978,343	22,407,785
Infrastructure	130,473,896	40,734,657	171,208,553
Construction in progress	10,383,212	3,912,411	14,295,623
Accumulated depreciation	(72,266,787)	(17,568,075)	(89,834,862)
Total assets	<u>\$ 239,966,352</u>	<u>\$ 56,232,802</u>	<u>\$ 296,199,154</u>
LIABILITIES			
Accounts payable	\$ 2,451,074	\$ 265,087	\$ 2,716,161
Accrued liabilities	1,148,054	100,131	1,248,185
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Unearned revenue	22,812,952	--	22,812,952
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	2,930,000	795,000	3,725,000
Compensated absences	666,020	101,203	767,223
Portion due or payable after one year:			
Bonds payable	14,572,402	5,221,333	19,793,735
Compensated absences	1,742,919	363,988	2,106,907
Net OPEB liability	156,392	--	156,392
Total liabilities	<u>\$ 46,479,813</u>	<u>\$ 6,846,742</u>	<u>\$ 53,326,555</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 123,367,386	\$ 44,414,522	\$ 167,781,908
Restricted:			
Streets	15,538,451	--	15,538,451
Debt service	256,910	440,000	696,910
Employee retirement system	5,625,979	--	5,625,979
Post closure costs	--	9,500	9,500
Unrestricted	48,697,813	4,522,038	53,219,851
Total net assets	<u>\$ 193,486,539</u>	<u>\$ 49,386,060</u>	<u>\$ 242,872,599</u>

See notes to financial statements

Component Units				
Electric Utility	Gas Utility	Water Utility	Communications Utility	
\$ 14,745,857	\$ 6,104,585	\$ 1,798,841	\$ 2,400,306	
2,691,624	550,000	970,000	--	
--	--	--	--	
--	--	--	--	
245,646	6,866	15,332	19,621	
--	--	--	--	
1,853,090	--	--	--	
3,883,130	3,493,671	368,718	1,282,691	
--	--	--	--	
832,502	39,890	9,765	126,024	
--	--	--	--	
7,160,336	569,908	246,162	87,163	
5,866,466	123,625	97,676	456,990	
583,955	33,104	22,425	95,622	
1,304,628	354,262	160,294	286,598	
6,352,750	--	--	903,000	
6,001,278	--	--	--	
991,704	41,350	63,466	--	
4,683	--	--	--	
13,211,579	1,269,118	477,176	--	
18,023,629	667,066	432,637	279,701	
126,410,589	16,867,021	22,689,315	17,034,888	
10,812,093	513,626	1,158,697	446,402	
(66,820,398)	(7,610,731)	(7,187,386)	(9,423,856)	
<u>\$ 154,155,141</u>	<u>\$ 23,023,361</u>	<u>\$ 21,323,118</u>	<u>\$ 13,995,150</u>	
\$ 3,817,666	\$ 2,620,013	\$ 400,100	\$ 704,065	
3,167,026	552,161	176,441	419,196	
1,450,000	--	--	--	
--	--	--	1,853,090	
--	--	--	--	
1,535,000	--	--	690,000	
--	--	--	--	
47,671,537	--	--	2,647,112	
700,332	177,213	79,688	110,139	
185,596	55,291	39,411	21,501	
<u>\$ 58,527,157</u>	<u>\$ 3,404,678</u>	<u>\$ 695,640</u>	<u>\$ 6,445,103</u>	
\$ 59,428,620	\$ 11,747,450	\$ 17,633,905	\$ 3,146,933	
--	--	--	--	
5,698,829	--	--	960,500	
--	--	--	--	
30,500,535	7,871,233	2,993,573	3,442,614	
<u>\$ 95,627,984</u>	<u>\$ 19,618,683</u>	<u>\$ 20,627,478</u>	<u>\$ 7,550,047</u>	

**City of Cedar Falls, Iowa
Statement of Activities
For the Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 7,192,846	\$ 538,398	\$ 83,130	\$ --
Public works	13,938,703	259,569	--	6,418,257
Health and social services	310,365	--	--	--
Culture and recreation	6,836,437	2,184,620	1,297,022	--
Community and economic development	5,677,705	--	--	765,715
General government	4,619,221	1,191,151	773,769	--
Interest on long-term debt and related fees	754,989	--	--	--
Total governmental activities	\$ 39,330,266	\$ 4,173,738	\$ 2,153,921	\$ 7,183,972
Business-type activities:				
Sewer	\$ 3,178,354	\$ 3,999,239	\$ --	\$ 352,212
Refuse	2,355,999	3,148,295	--	--
Storm Water	620,460	780,837	--	631,031
Total business-type activities	\$ 6,154,813	\$ 7,928,371	\$ --	\$ 983,243
Total primary government	\$ 45,485,079	\$ 12,102,109	\$ 2,153,921	\$ 8,167,215
Component units				
Electric Utility	\$ 36,903,804	\$ 42,205,100	\$ --	\$ 4,722,787
Gas Utility	19,119,662	20,739,508	--	505,827
Water Utility	2,612,460	3,005,782	--	903,184
Communications Utility	8,863,796	11,176,925	--	--
Total component units	\$ 67,499,722	\$ 77,127,315	\$ --	\$ 6,131,798

General revenues:
Property taxes and assessments
Local option sales tax
Hotel/motel taxes
Other city taxes
Use of money and property
Intergovernmental, not restricted to specific programs
Miscellaneous
Utility contribution in lieu of taxes

Transfers
Total general revenues and transfers
Change in net assets

Net assets - beginning
Net assets - ending

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ (6,571,318)	\$ --	\$ (6,571,318)	\$ --	\$ --	\$ --	\$ --
(7,260,877)	--	(7,260,877)	--	--	--	--
(310,365)	--	(310,365)	--	--	--	--
(3,354,795)	--	(3,354,795)	--	--	--	--
(4,911,990)	--	(4,911,990)	--	--	--	--
(2,654,301)	--	(2,654,301)	--	--	--	--
(754,989)	--	(754,989)	--	--	--	--
<u>\$ (25,818,635)</u>	<u>\$ --</u>	<u>\$ (25,818,635)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,173,097	\$ 1,173,097	\$ --	\$ --	\$ --	\$ --
--	792,296	792,296	--	--	--	--
--	791,408	791,408	--	--	--	--
<u>\$ --</u>	<u>\$ 2,756,801</u>	<u>\$ 2,756,801</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (25,818,635)</u>	<u>\$ 2,756,801</u>	<u>\$ (23,061,834)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 10,024,083	\$ --	\$ --	\$ --
--	--	--	--	2,125,673	--	--
--	--	--	--	--	1,296,506	--
--	--	--	--	--	--	2,313,129
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,024,083</u>	<u>\$ 2,125,673</u>	<u>\$ 1,296,506</u>	<u>\$ 2,313,129</u>
\$ 20,994,332	\$ 1,961	\$ 20,996,293	\$ --	\$ --	\$ --	\$ --
4,557,172	--	4,557,172	--	--	--	--
660,368	--	660,368	--	--	--	--
90,756	--	90,756	--	--	--	--
2,421,181	224,133	2,645,314	1,284,737	191,345	109,133	94,244
3,693,255	--	3,693,255	--	--	--	--
965,194	--	965,194	--	--	--	--
1,500,000	--	1,500,000	--	--	--	--
(413,819)	413,819	--	--	--	--	--
<u>\$ 34,468,439</u>	<u>\$ 639,913</u>	<u>\$ 35,108,352</u>	<u>\$ 1,284,737</u>	<u>\$ 191,345</u>	<u>\$ 109,133</u>	<u>\$ 94,244</u>
\$ 8,649,804	\$ 3,396,714	\$ 12,046,518	\$ 11,308,820	\$ 2,317,018	\$ 1,405,639	\$ 2,407,373
184,836,735	45,989,346	230,826,081	84,319,164	17,301,665	19,221,839	5,142,674
<u>\$ 193,486,539</u>	<u>\$ 49,386,060</u>	<u>\$ 242,872,599</u>	<u>\$ 95,627,984</u>	<u>\$ 19,618,683</u>	<u>\$ 20,627,478</u>	<u>\$ 7,550,047</u>

City of Cedar Falls, Iowa

**Balance Sheet
Governmental Funds
June 30, 2009**

	General Fund	Special Revenue		
		Hospital Fund	TIF Fund	Street Repair Fund
ASSETS				
Cash	\$ 5,235,403	\$ 13,538,020	\$ --	\$ 12,113,479
Receivables, net of allowance for uncollectible amounts:				
Property taxes	13,523,598	--	6,813,853	--
Other city taxes	76,330	--	--	767,700
Accrued interest	83,715	30,244	--	95,079
Special assessments	--	--	--	--
Library contributions	2,882,886	--	--	--
Other	43,218	358,714	--	36,110
Due from component unit	750,000	--	--	--
Due from other funds	--	--	--	--
Due from other governments	13,569	--	--	19,500
Inventories	132,803	--	--	--
Total assets	\$ 22,741,522	\$ 13,926,978	\$ 6,813,853	\$ 13,031,868
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 321,485	\$ 2,337	\$ --	\$ 547,278
Accrued liabilities	627,187	--	--	--
Deferred revenue	16,373,646	358,714	6,757,046	19,500
Due to other funds	--	--	--	--
Total liabilities	\$ 17,322,318	\$ 361,051	\$ 6,757,046	\$ 566,778
FUND BALANCES				
Reserved for:				
Employee retirement system	\$ --	\$ --	\$ --	\$ --
Inventories	132,803	--	--	--
Debt service	--	--	--	--
Unreserved:				
Undesignated, reported in:				
General fund	5,286,401	--	--	--
Special revenue funds	--	13,565,927	56,807	12,465,090
Capital projects funds	--	--	--	--
Total fund balances	\$ 5,419,204	\$ 13,565,927	\$ 56,807	\$ 12,465,090
Total liabilities and fund balances	\$ 22,741,522	\$ 13,926,978	\$ 6,813,853	\$ 13,031,868

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

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.
- Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.
- Accrued interest payable and arbitrage payable, are not due and payable in the current period and, therefore, are not reported in the funds.
- Accrued compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.
- Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.
- Net assets of governmental activities

See notes to financial statements

Special Revenue Street Construction Fund	Debt Service Fund	Capital Projects		Other Governmental Funds	Total Governmental Funds
		FEMA Fund	Bond Fund		
\$ 2,979,155	\$ 241,805	\$ 25,313	\$ 3,316,145	\$ 20,552,424	\$ 58,001,744
--	1,664,073	--	--	426,576	22,428,100
--	--	--	--	76,330	920,360
--	--	1,934	10,988	114,029	335,989
--	--	--	--	10,314	10,314
--	--	--	--	--	2,882,886
--	--	--	--	100,304	538,346
--	--	--	--	--	750,000
--	--	--	--	3,866	3,866
244,688	--	1,917,174	110,713	144,887	2,450,531
62,931	--	--	--	21,860	217,594
<u>\$ 3,286,774</u>	<u>\$ 1,905,878</u>	<u>\$ 1,944,421</u>	<u>\$ 3,437,846</u>	<u>\$ 21,450,590</u>	<u>\$ 88,539,730</u>
\$ 56,733	\$ --	\$ 18,130	\$ 782,620	\$ 566,417	\$ 2,295,000
58,639	--	--	--	28,088	713,914
--	1,648,968	2,112,821	108,328	507,481	27,886,504
--	--	--	--	3,866	3,866
<u>\$ 115,372</u>	<u>\$ 1,648,968</u>	<u>\$ 2,130,951</u>	<u>\$ 890,948</u>	<u>\$ 1,105,852</u>	<u>\$ 30,899,284</u>
\$ --	\$ --	\$ --	\$ --	\$ 5,625,979	\$ 5,625,979
62,931	--	--	--	21,860	217,594
--	256,910	--	--	--	256,910
--	--	--	--	--	5,286,401
3,108,471	--	--	--	5,170,493	34,366,788
--	--	(186,530)	2,546,898	9,526,406	11,886,774
<u>\$ 3,171,402</u>	<u>\$ 256,910</u>	<u>\$ (186,530)</u>	<u>\$ 2,546,898</u>	<u>\$ 20,344,738</u>	<u>\$ 57,640,446</u>
<u>\$ 3,286,774</u>	<u>\$ 1,905,878</u>	<u>\$ 1,944,421</u>	<u>\$ 3,437,846</u>	<u>\$ 21,450,590</u>	
					134,805,157
					5,073,552
					16,029,094
					(52,184)
					(2,507,124)
					(17,502,402)
					<u>\$ 193,486,539</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
Revenues:				
Property taxes and assessments	\$ 12,709,300	\$ --	\$ 6,111,727	\$ --
Other city taxes	435,841	--	--	4,557,172
Licenses and permits	767,938	--	--	--
Use of money and property	281,317	768,961	--	395,806
Intergovernmental	650,305	--	--	--
Charges for services	2,315,288	--	--	--
Fines and forfeitures	213,840	--	--	--
Miscellaneous	162,004	1,015	--	111,894
Utility contribution in lieu of taxes	1,500,000	--	--	--
Total revenues	\$ 19,035,833	\$ 769,976	\$ 6,111,727	\$ 5,064,872
Expenditures:				
Current:				
Public safety	\$ 6,717,699	\$ --	\$ --	\$ --
Public works	1,459,113	--	--	3,743,468
Health and social services	14,750	148,778	--	--
Culture and recreation	5,459,214	--	--	--
Community and economic development	793,585	--	--	--
General government	4,093,227	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	\$ 18,537,588	\$ 148,778	\$ --	\$ 3,743,468
Excess (deficiency) of revenues over (under) expenditures	\$ 498,245	\$ 621,198	\$ 6,111,727	\$ 1,321,404
Other financing sources (uses):				
Transfers in	\$ 835,460	\$ --	\$ --	\$ 36,110
Transfers out	(1,309,389)	--	(6,111,625)	(500,000)
Total other financing sources (uses)	\$ (473,929)	\$ --	\$ (6,111,625)	\$ (463,890)
Net change in fund balances	\$ 24,316	\$ 621,198	\$ 102	\$ 857,514
Fund balances, beginning	5,393,552	12,944,729	56,705	11,607,576
Increase (decrease) in reserve for inventories	1,336	--	--	--
Fund balances, ending	\$ 5,419,204	\$ 13,565,927	\$ 56,807	\$ 12,465,090

See notes to financial statements

Special Revenue		Capital Projects			Other Governmental Funds	Total Governmental Funds
Street Construction Fund	Debt Service Fund	FEMA Fund	Bond Fund			
\$ --	\$ 1,705,232	\$ --	\$ --	\$ 468,073	\$ 20,994,332	
--	--	--	--	345,085	5,338,098	
--	--	--	--	--	767,938	
--	--	2,525	61,822	910,750	2,421,181	
2,995,703	--	4,252,516	709,701	1,581,767	10,189,992	
--	--	--	--	653,935	2,969,223	
--	--	--	--	222,738	436,578	
37,149	--	52,213	--	630,262	994,537	
--	--	--	--	--	1,500,000	
<u>\$ 3,032,852</u>	<u>\$ 1,705,232</u>	<u>\$ 4,307,254</u>	<u>\$ 771,523</u>	<u>\$ 4,812,610</u>	<u>\$ 45,611,879</u>	
\$ --	\$ --	\$ --	\$ --	\$ 833,808	\$ 7,551,507	
2,388,256	--	--	--	193,060	7,783,897	
--	--	--	--	--	163,528	
--	--	--	--	606,484	6,065,698	
--	--	--	--	1,459,464	2,253,049	
--	--	--	--	288,563	4,381,790	
--	3,649,841	--	--	--	3,649,841	
--	--	4,249,282	4,562,809	4,674,474	13,486,565	
<u>\$ 2,388,256</u>	<u>\$ 3,649,841</u>	<u>\$ 4,249,282</u>	<u>\$ 4,562,809</u>	<u>\$ 8,055,853</u>	<u>\$ 45,335,875</u>	
\$ 644,596	\$ (1,944,609)	\$ 57,972	\$ (3,791,286)	\$ (3,243,243)	\$ 276,004	
\$ --	\$ 1,968,208	\$ --	\$ 2,227,174	\$ 5,224,970	\$ 10,291,922	
(605,848)	--	(118,788)	(389,400)	(1,771,585)	(10,806,635)	
<u>\$ (605,848)</u>	<u>\$ 1,968,208</u>	<u>\$ (118,788)</u>	<u>\$ 1,837,774</u>	<u>\$ 3,453,385</u>	<u>\$ (514,713)</u>	
\$ 38,748	\$ 23,599	\$ (60,816)	\$ (1,953,512)	\$ 210,142	\$ (238,709)	
3,119,715	233,311	(125,714)	4,500,410	20,146,085	57,876,369	
12,939	--	--	--	(11,489)	2,786	
<u>\$ 3,171,402</u>	<u>\$ 256,910</u>	<u>\$ (186,530)</u>	<u>\$ 2,546,898</u>	<u>\$ 20,344,738</u>	<u>\$ 57,640,446</u>	

City of Cedar Falls, Iowa
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ (238,709)

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

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Net acquisition of capital assets	9,375,541	
Depreciation expense	<u>(5,753,494)</u>	
		3,622,047

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(1,834)	
Other	<u>1,238,047</u>	
		1,236,213

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Discount on general obligation bonds	(25,694)	
Repaid	2,910,000	
Accrued interest	<u>10,545</u>	
		2,894,851

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	160,237	
Other postemployment benefits	(156,392)	
Change in inventory	<u>2,786</u>	
		6,631

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Change in net assets of governmental activities	<u>\$ 8,649,804</u>
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See notes to financial statements

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Town

City of Cedar Falls, Iowa
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Fund	
	Sewer Fund	Refuse Fund
ASSETS		
Current assets:		
Cash	\$ 5,598,600	\$ 884,656
Receivables, net of allowance for uncollectible amounts:		
Accrued interest	37,744	6,904
Special assessments	1,596	--
Other	586,505	359,650
Inventories	26,163	90,682
Total current assets	\$ 6,250,608	\$ 1,341,892
Noncurrent assets:		
Restricted assets:		
Cash	\$ 440,000	\$ --
Capital assets:		
Land	779,878	204,845
Buildings	10,423,276	1,119,518
Machinery and equipment	5,471,934	1,506,409
Infrastructure	27,999,007	--
Construction in progress	1,334,495	23,781
Accumulated depreciation	(13,031,926)	(1,077,455)
Total noncurrent assets	\$ 33,416,664	\$ 1,777,098
Total assets	\$ 39,667,272	\$ 3,118,990
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 223,510	\$ 36,364
Accrued liabilities	55,522	37,083
Bonds payable - due within one year	795,000	--
Compensated absences - due within one year	52,451	39,242
Total current liabilities	\$ 1,126,483	\$ 112,689
Noncurrent liabilities:		
Bonds payable- after one year	\$ 5,221,333	\$ --
Compensated absences - after one year	151,334	183,277
Total noncurrent liabilities	\$ 5,372,667	\$ 183,277
Total liabilities	\$ 6,499,150	\$ 295,966
NET ASSETS		
Invested in capital assets, net of related debt	\$ 30,178,476	\$ 1,777,097
Restricted for debt service	440,000	--
Restricted for post closure costs	--	9,500
Unrestricted	2,549,646	1,036,427
Total net assets	\$ 33,168,122	\$ 2,823,024

See notes to financial statements

Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 950,571	\$ 7,433,827	\$ 12,832,558
5,918	50,566	104,020
--	1,596	--
31,102	977,257	58,289
--	116,845	99,358
<u>\$ 987,591</u>	<u>\$ 8,580,091</u>	<u>\$ 13,094,225</u>
\$ --	\$ 440,000	\$ --
627,858	1,612,581	--
--	11,542,794	90,302
--	6,978,343	7,586,939
12,735,650	40,734,657	--
2,554,135	3,912,411	--
(3,458,694)	(17,568,075)	(4,146,135)
<u>\$ 12,458,949</u>	<u>\$ 47,652,711</u>	<u>\$ 3,531,106</u>
<u>\$ 13,446,540</u>	<u>\$ 56,232,802</u>	<u>\$ 16,625,331</u>
\$ 5,213	\$ 265,087	\$ 156,074
7,526	100,131	381,956
--	795,000	--
9,510	101,203	20,436
<u>\$ 22,249</u>	<u>\$ 1,261,421</u>	<u>\$ 558,466</u>
\$ --	\$ 5,221,333	\$ --
29,377	363,988	37,771
<u>\$ 29,377</u>	<u>\$ 5,585,321</u>	<u>\$ 37,771</u>
<u>\$ 51,626</u>	<u>\$ 6,846,742</u>	<u>\$ 596,237</u>
\$ 12,458,949	\$ 44,414,522	\$ 3,531,108
--	440,000	--
--	9,500	--
935,965	4,522,038	12,497,986
<u>\$ 13,394,914</u>	<u>\$ 49,386,060</u>	<u>\$ 16,029,094</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

Business-type Activities -
Enterprise Funds

	<u>Sewer Fund</u>	<u>Refuse Fund</u>
Operating revenues:		
Charges for services, pledged for revenue bonds	\$ 3,998,156	\$ --
Charges for services	--	2,337,235
Other	1,083	811,060
Total operating revenues	<u>\$ 3,999,239</u>	<u>\$ 3,148,295</u>
Operating expenses:		
Personal services	\$ 1,139,202	\$ 1,097,128
Contractual services	670,569	1,120,222
Supplies and equipment	267,816	23,547
Depreciation	868,814	115,160
Total operating expenses	<u>\$ 2,946,401</u>	<u>\$ 2,356,057</u>
Operating income	<u>\$ 1,052,838</u>	<u>\$ 792,238</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 170,726	\$ 27,493
Interest expense	(231,953)	--
Gain (loss) on disposal of equipment	--	58
Property taxes and assessments	1,961	--
Nonoperating revenues (expenses), net	<u>\$ (59,266)</u>	<u>\$ 27,551</u>
Income before contributions and transfers	<u>\$ 993,572</u>	<u>\$ 819,789</u>
Capital contributions	\$ 352,212	\$ --
Transfers in	--	243,254
Transfers out	(202,460)	(681,195)
Contributions and transfers, net	<u>\$ 149,752</u>	<u>\$ (437,941)</u>
Change in net assets	\$ 1,143,324	\$ 381,848
Net assets, beginning	32,024,798	2,441,176
Net assets, ending	<u>\$ 33,168,122</u>	<u>\$ 2,823,024</u>

See notes to financial statements

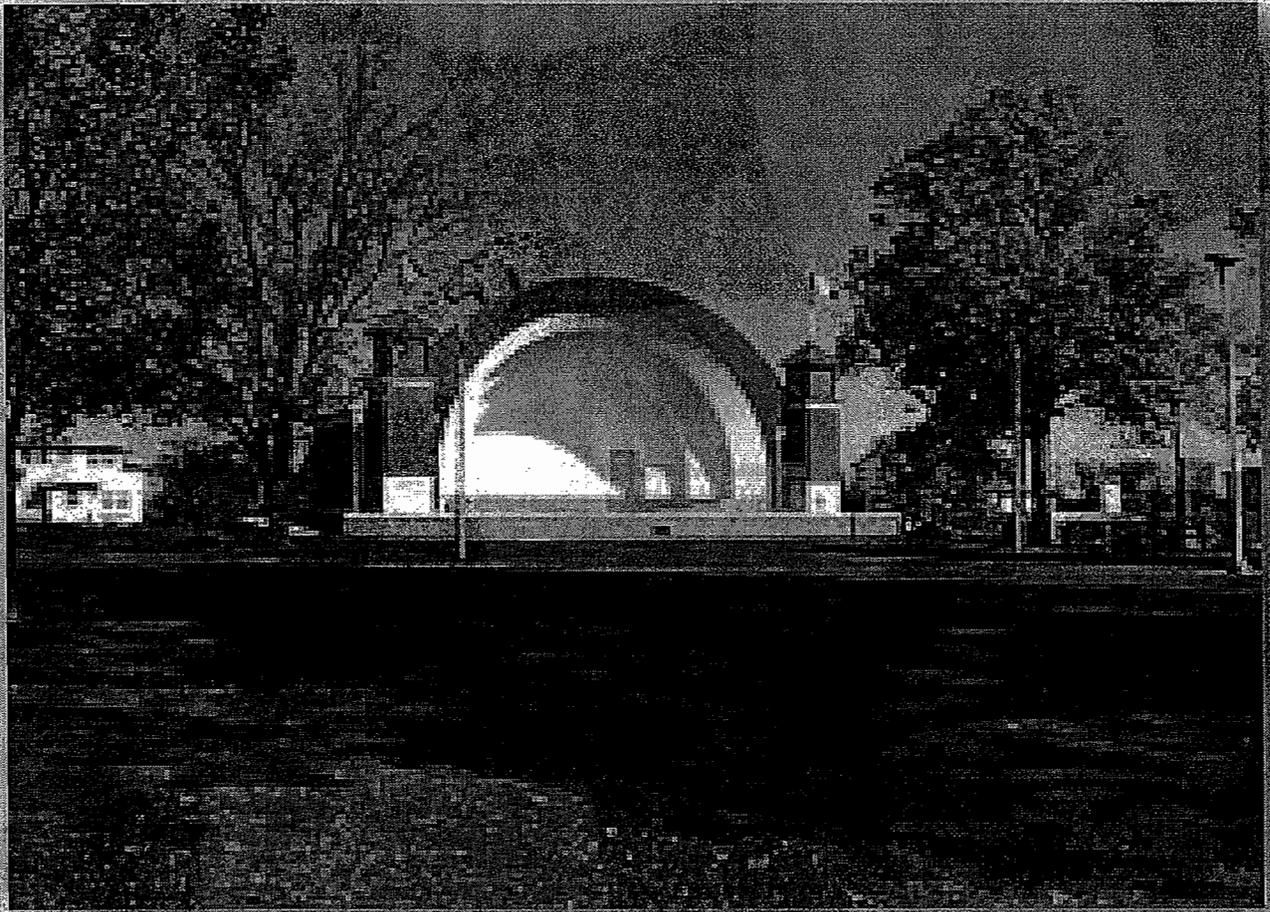
Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ --	\$ 3,998,156	\$ --
780,837	3,118,072	5,731,642
--	812,143	282,618
<u>780,837</u>	<u>7,928,371</u>	<u>6,014,260</u>
\$ 222,904	\$ 2,459,234	\$ 949,611
84,172	1,874,963	3,131,346
17,179	308,542	773,458
296,205	1,280,179	446,627
<u>620,460</u>	<u>5,922,918</u>	<u>5,301,042</u>
\$ 160,377	\$ 2,005,453	\$ 713,218
\$ 25,914	\$ 224,133	\$ 423,621
--	(231,953)	--
--	58	(108,962)
--	1,961	--
<u>25,914</u>	<u>(5,801)</u>	<u>314,659</u>
\$ 186,291	\$ 1,999,652	\$ 1,027,877
\$ 631,031	\$ 983,243	\$ --
1,154,220	1,397,474	100,894
(100,000)	(983,655)	--
<u>1,685,251</u>	<u>1,397,062</u>	<u>100,894</u>
\$ 1,871,542	\$ 3,396,714	\$ 1,128,771
11,523,372	45,989,346	14,900,323
<u>\$ 13,394,914</u>	<u>\$ 49,386,060</u>	<u>\$ 16,029,094</u>

**City of Cedar Falls, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009**

	<u>Business-type Activities - Enterprise Funds Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,013,174
Receipts from interfund services	--
Payments to suppliers	(880,039)
Payments to employees	(1,185,174)
Net cash provided by operating activities	<u>\$ 1,947,961</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ --
Transfers to other funds	(202,460)
Property taxes and assessments	6,069
Net cash provided by (used for) noncapital financing activities	<u>\$ (196,391)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net acquisition of property and equipment	\$ (2,212,051)
Capital contributions	352,212
Principal paid on debt maturities	(780,000)
Interest paid	(230,892)
Net cash (used for) capital and related financing activities	<u>\$ (2,870,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>\$ 220,106</u>
Net increase (decrease) in cash	<u>\$ (899,055)</u>
CASH BALANCES, Beginning	6,937,655
CASH BALANCES, Ending	<u>\$ 6,038,600</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,052,838
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	868,814
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	15,520
Inventories	2,110
Increase (decrease) in accounts payable, accrued and other liabilities	8,679
Net cash provided by operating activities	<u>\$ 1,947,961</u>

See notes to financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Refuse Fund	Storm Water Fund	Total	
\$ 3,069,656	\$ 779,810	\$ 7,862,640	\$ --
--	--	--	5,714,910
(1,218,282)	(100,568)	(2,198,889)	(3,829,412)
(1,042,437)	(219,334)	(2,446,945)	(946,721)
<u>\$ 808,937</u>	<u>\$ 459,908</u>	<u>\$ 3,216,806</u>	<u>\$ 938,777</u>
\$ 243,254	\$ 1,154,220	\$ 1,397,474	\$ 100,894
(681,195)	(100,000)	(983,655)	--
--	--	6,069	--
<u>\$ (437,941)</u>	<u>\$ 1,054,220</u>	<u>\$ 419,888</u>	<u>\$ 100,894</u>
\$ (211,126)	\$ (1,785,252)	\$ (4,208,429)	\$ (578,280)
--	631,031	983,243	--
--	--	(780,000)	--
--	--	(230,892)	--
<u>\$ (211,126)</u>	<u>\$ (1,154,221)</u>	<u>\$ (4,236,078)</u>	<u>\$ (578,280)</u>
\$ 31,604	\$ 25,812	\$ 277,522	\$ 491,566
\$ 191,474	\$ 385,719	\$ (321,862)	\$ 952,957
693,182	564,852	8,195,689	11,879,601
<u>\$ 884,656</u>	<u>\$ 950,571</u>	<u>\$ 7,873,827</u>	<u>\$ 12,832,558</u>
\$ 792,238	\$ 160,377	\$ 2,005,453	\$ 713,218
115,160	296,205	1,280,179	446,627
(79,059)	(1,026)	(64,565)	(58,288)
(69,627)	--	(67,517)	(39,101)
50,225	4,352	63,256	(123,679)
<u>\$ 808,937</u>	<u>\$ 459,908</u>	<u>\$ 3,216,806</u>	<u>\$ 938,777</u>



City of Cedar Falls

Overman Park

**CITY OF CEDAR FALLS, IOWA
NOTES TO FINANCIAL STATEMENTS
INDEX**

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Cedar Falls is a municipal corporation governed by an elected mayor and seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The discretely presented electric, gas, water, and communications utilities each have a December 31 year end.

Discretely Presented Component Units. The electric, gas, water, and communications utilities serve all the citizens of the City and are governed by a five-member board appointed by the mayor of the City of Cedar Falls. The rates for user charges and bond issuance authorizations are approved by the City Council, and the legal liability for the general obligation portion of the Utilities' debt remains with the City.

Complete financial statements for the Utilities may be obtained at the administrative offices.

Cedar Falls Utilities
Utility Parkway
Cedar Falls, Iowa 50613

Jointly Governed Organizations. The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Black Hawk County Consolidated Public Safety Communications Center, Black Hawk County Solid Waste Management Commission, Black Hawk County Criminal Justice Information Systems and Metropolitan Transit Authority.

B. Government-wide and Fund Financial Statements

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

The statement of net assets presents the assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, franchise taxes, licenses, interest, fines and forfeitures, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met, and the criteria for accrual has been met.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *hospital fund* accounts for the lease income derived from Sartori Memorial Hospital.

The *TIF fund* accounts for property taxes received through tax increment financing.

The *street repair fund* accounts for local option sales tax received from the state to be used to repair streets.

The *street construction fund* accounts for state revenues allocated to the City to be used to maintain and improve the City's streets.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *FEMA fund* accounts for the proceeds and expenditures related to disaster assistance and recovery.

The *bond fund* accounts for all bond proceeds not related to proprietary funds and all the related capital projects associated with the bond sales.

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operations and maintenance of the City's sanitary sewer system.

The *refuse fund* accounts for the operations and maintenance of the City's garbage collection.

The *storm water fund* accounts for the operations and maintenance of the city's storm water system.

Additionally, the City reports the following fund type:

Internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These include data processing, vehicle maintenance, health insurance, health insurance severance, payroll, and risk management activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the government's refuse and sewer functions and various other functions of the government. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the refuse fund, sewer fund, and the government's internal service funds are charges to customers

for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and the Utility to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. Investments of the City and the Utility are reported at fair value. Due to legal and budgetary reasons, the General Fund is assigned a portion of the investment earnings associated with the other funds. These funds are Street Construction, Debt Service, and the Cemetery Perpetual Care Funds.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2009, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2008 and March 31, 2009. Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Any County collections on the 2008-2009 tax levy remitted to the City within sixty days subsequent to June 30, 2009, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2009, are delinquent and have been recorded as receivables and deferred revenue.

By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

3. *Inventories and Prepaid Items*

Inventories in the governmental fund types are valued at cost using the first-in/first-out method. The costs of governmental fund type inventories are recognized as expenditures when purchased. Inventories in the proprietary fund types and component unit are valued at the lower of first-in/first-out cost or market, except for fuel inventories of the Electric Utility, which are valued at the lower of last-in/first-out method cost or market. The cost of proprietary fund type and component unit inventories are recognized as expenses when consumed.

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.

4. *Restricted Assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond operation and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments. The "revenue bond improvement" account is used to report those proceeds of revenue bond issuances that are restricted to make up potential deficiencies in the revenue bond sinking account and the revenue bond reserve account, and to the extent not required for the forgoing, to pay the cost of extraordinary maintenance expenses and capital improvements. The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account.

Certain assets of the component units are also restricted because of applicable bond provisions.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are defined by the government as equipment with initial, individual cost of \$2,500 or greater or a purchase of land, land improvements, building, or infrastructure with a value of \$5,000 or greater and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Computer Equipment	10 years	Streets	30 years
Equipment	10-30 years	Buildings	40-50 years
Office Equipment	10-30 years	Land Improvements	20-40 years
Vehicles	10-20 years	Storm Water	40 years
Parking Lots	15 years	Bridges	45 years
Furniture	20 years	Lift Stations	50 years
Large Vehicles	20-40 years	Sewer	50 years
Traffic Signals	20 years	Historic Buildings	100 years

6. *Compensated Absences*

City employees accumulate vacation, sick leave, and comp-time hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay and a maximum of one-half of all unused sick leave may be paid upon termination of employment.

All severance is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect on June 30, 2009.

7. *Long-term Obligations*

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

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

8. *Fund Equity*

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary information

The City prepares and adopts an annual budget on a function basis for the City as a whole, rather than at the fund level, as prescribed by Iowa statutes. The state of Iowa mandates that annual budgets for the fiscal year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The review and adoption of the budget for the City is in accordance with state laws and City budget procedures as stated in City Code, recodified November 1971, and amended by ordinance adoption thereafter. Budget proposals for all operating department requests are conducted by the Department of Administrative Services who prepares, for the Mayor's consideration, a preliminary budget by January 1 of each year for the coming fiscal year. The budget proposal presented to the City Council by the Mayor and Director of Administrative Services is a complete financial plan for the upcoming fiscal year. The proposal is submitted on or before the first Monday of February. The City Council holds various budget meetings with the Mayor, Director of Administrative Services, department heads, and boards and commissions, as well as holding a public hearing prior to adopting the budget. The Council adopts the budget by resolution and certifies it to the County Auditor by the 15th of March preceding the beginning of the fiscal year. This budget becomes the appropriation for operations of the City.

The adopted budget presents expenditures in nine functions- Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level. Appropriations as adopted lapse at the end of the fiscal year.

Amendments to the City budget are considered annually as funding sources are available. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. An additional levy of property taxes is not allowed by state law. The City budget for the current year may be amended for any of the following purposes:

- To permit the appropriation and expenditure of unexpended, unencumbered fund balances on hand at the end of the preceding fiscal year.
- To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation.
- To permit transfers between funds as prescribed by state law.
- To permit transfers between functions.

The Council adopts the amended budget by resolution and certifies it to the County Auditor by May 31 of the budget year. The amended budget becomes the appropriation for operations of the City. The City Council adopted two budget amendment resolutions during the year ended June 30, 2009.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Due to the emphasis placed on monitoring budgets, as a result of limited resources to provide City services, major classifications such as personal services, capital outlays, contractual services, and commodities are monitored throughout the year by the Department of Administrative Services.

Monthly reports are prepared by department and activity. Any major deviations must be approved by the Department of Administrative Services and the Mayor. While the legal level of control is the program level of expenditure, departments are responsible for not expending more than the amount of the appropriation for each activity within their area of responsibility, unless approved by the Department of Administrative Services and the Mayor.

The City budgets all receipts, disbursements, and interfund and intrafund transfers on the cash basis plus recorded accounts payable. The budget amounts included in this report are the final cash basis budget for the year for all funds excluding the trust and agency funds, which are not budgeted for by the City. Budgeted interfund transfers and intrafund transfers have been eliminated in the following statement of program disbursements - budget and actual.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the General Fund and most of the special revenue funds, unexpended budgeted amounts lapse at the end of the budget year.

B. Deficit Fund Balances

The FEMA fund, a major capital projects fund, has a deficit fund balance of \$186,530. The deficit fund balance is expected to be recovered through future federal and state reimbursements. Community Center and Senior Services fund, a nonmajor special revenue fund, has a deficit fund balance of \$8,462. The deficit is expected to be recovered through future reimbursements.

Note 3. Detailed Notes On All Funds

A. Deposits and Investments

The City's deposits in banks and credit unions at June 30, 2009 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cash balances as of June 30, 2009, consist of the following:

Cash – unrestricted	\$ 78,268,129
Cash – restricted	440,000
	<u>\$ 78,708,129</u>

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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

Carrying amount of deposits	\$ 78,708,129
Cash – Governmental Activities	\$ 70,834,302
Cash – Business-type Activities	7,433,827
Cash – Business-type Activities, restricted	440,000
Total	<u>\$ 78,708,129</u>

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

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

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

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

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

The component units' deposits were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the entity or its agent in the entity's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Cash balances as of December 31, 2008, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 14,745,857	\$ 6,104,585	\$ 1,798,841	\$ 2,400,306
Cash – restricted	1,304,628	354,262	160,294	286,598
	<u>\$ 16,050,485</u>	<u>\$ 6,458,847</u>	<u>\$ 1,959,135</u>	<u>\$ 2,686,904</u>

At year-end, the Component Units had the following investments and maturities:

Utility	Type of Investment	Investment Maturities (In Years)		
		Less than 1	1 to 3	Total
Electric:	U.S. government and agency securities	\$ 4,008,767	\$ 1,992,511	\$ 6,001,278

A reconciliation of cash and investments as shown on the statement for net assets for the component units follows:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Carrying amount of deposits	\$ 16,050,485	\$ 6,458,847	\$ 1,959,135	\$ 2,686,904
Carrying amount of certificates	9,044,375	550,000	970,000	903,000
Carrying amount of investments	6,001,278	--	--	--
Total	\$ 31,096,138	\$ 7,008,847	\$ 2,929,135	\$ 3,589,904
Cash	\$ 14,745,857	\$ 6,104,585	\$ 1,798,841	\$ 2,400,306
Cash - Restricted	1,304,628	354,262	160,294	286,598
Investments:				
Certificates of deposit	2,691,624	550,000	970,000	--
Certificates of deposit - restricted	6,352,751	--	--	903,000
U.S. government and agency securities - restricted	6,001,278	--	--	--
Total	\$ 31,096,138	\$ 7,008,847	\$ 2,929,135	\$ 3,589,904

B. Receivable

On June 30, 2009, the City has recorded a \$2,882,886 receivable for library, recreation, and cultural contributions held by the Cedar Falls Civic Foundation. The funds will be used to support library services, recreation services, and the cultural center, therefore is reported as an asset to the General Fund.

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,571,315	\$ 719,017	\$ --	\$ 15,290,332
Construction in progress	7,557,820	4,678,463	1,853,071	10,383,212
Total capital assets, not being depreciated	<u>\$ 22,129,135</u>	<u>\$ 5,397,480</u>	<u>\$ 1,853,071</u>	<u>\$ 25,673,544</u>
Capital assets, being depreciated:				
Buildings	\$ 26,685,058	\$ 233,097	\$ --	\$ 26,918,155
Land improvements	10,988,117	1,119,896	--	12,108,013
Machinery and equipment	14,585,239	1,137,763	293,560	15,429,442
Infrastructure	126,534,176	3,939,720	--	130,473,896
Total capital assets, being depreciated	<u>\$ 178,792,590</u>	<u>\$ 6,430,476</u>	<u>\$ 293,560</u>	<u>\$ 184,929,506</u>
Less accumulated depreciation for:				
Buildings	\$ 6,130,779	\$ 658,787	\$ --	\$ 6,789,566
Land improvements	2,491,209	478,516	--	2,969,725
Machinery and equipment	7,374,159	957,389	163,534	8,168,014
Infrastructure	50,234,055	4,105,427	--	54,339,482
Total accumulated depreciation	<u>\$ 66,230,202</u>	<u>\$ 6,200,119</u>	<u>\$ 163,534</u>	<u>\$ 72,266,787</u>
Total capital assets, being depreciated, net	<u>\$ 112,562,388</u>	<u>\$ 230,357</u>	<u>\$ 130,026</u>	<u>\$ 112,662,719</u>
Governmental activities capital asset, net	<u>\$ 134,691,523</u>	<u>\$ 5,627,837</u>	<u>\$ 1,983,097</u>	<u>\$ 138,336,263</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,612,581	\$ --	\$ --	\$ 1,612,581
Construction in progress	5,894,761	2,019,872	4,002,222	3,912,411
Total capital assets, not being depreciated	<u>\$ 7,507,342</u>	<u>\$ 2,019,872</u>	<u>\$ 4,002,222</u>	<u>\$ 5,524,992</u>
Capital assets, being depreciated:				
Buildings	\$ 11,528,576	\$ 31,509	\$ 17,291	\$ 11,542,794
Machinery and equipment	6,644,189	344,844	10,690	6,978,343
Infrastructure	34,902,943	5,831,714	--	40,734,657
Total capital assets, being depreciated	<u>\$ 53,075,708</u>	<u>\$ 6,208,067</u>	<u>\$ 27,981</u>	<u>\$ 59,255,794</u>
Less accumulated depreciation for:				
Buildings	\$ 4,395,298	\$ 244,218	\$ 57	\$ 4,639,459
Machinery and equipment	1,354,216	231,950	10,690	1,575,476
Infrastructure	10,549,130	804,010	--	11,353,140
Total accumulated depreciation	<u>\$ 16,298,644</u>	<u>\$ 1,280,178</u>	<u>\$ 10,747</u>	<u>\$ 17,568,075</u>
Total capital assets, being depreciated, net	<u>\$ 36,777,064</u>	<u>\$ 4,927,889</u>	<u>\$ 17,234</u>	<u>\$ 41,687,719</u>
Business-type activities capital assets, net	<u>\$ 44,284,406</u>	<u>\$ 6,947,761</u>	<u>\$ 4,019,456</u>	<u>\$ 47,212,711</u>

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

Governmental activities:

Public safety	\$ 122,537
Public works	4,171,793
Health and social services	146,838
Culture and recreation	1,070,936
Community and economic development	77,600
General government	163,789
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	446,627
Total depreciation expense - governmental activities	<u>\$ 6,200,119</u>

Business-type activities

Sewer	\$ 868,814
Refuse	115,159
Storm Water	296,205
Total depreciation expense - business-type activities	<u>\$ 1,280,178</u>

Construction Commitments

The City has active construction projects as of June 30, 2009. At year-end the City's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Bluff Street Lift Station and Sewer	362,162	168,451	193,711
Center Street	24,589	18,702	5,887
College Street	1,494,339	1,451,226	43,113
Disinfection	698,200	102,244	595,956
East Viking Road	3,369,161	3,364,663	4,498
Fire Station	53,960	51,260	2,700
Greenhill Road Extension	240,000	221,152	18,848
Intersection Reconstruction	617,744	608,190	9,554
Northern Industrial Park	710,000	24,050	685,950
Recycling Center	15,000	14,666	334
Ridgeway Ave. Reconstruction	248,000	17,770	230,230
Sanitary Sewer	20,737	14,473	6,264
Sidewalk Repair	122,098	36,068	86,030
Southwest Branch Dry Run Channel Improv.	39,500	20,707	18,793
Southwest Dry Run Creek	1,079,361	1,005,366	73,995
Street reconstruction	4,966,034	3,329,294	1,636,740
Street restoration	2,308,473	1,255,643	1,052,830
Technology Parkway	2,655,069	2,608,709	46,360
Tourist Park Lift Station	1,182,390	1,168,223	14,167
University Ave. & College Street Signal	136,560	133,150	3,410
University Branch Dry Run Creek	938,692	923,977	14,715
West 23 rd Street	260,705	131,609	129,096
West Viking Road	4,185,592	566,500	3,619,092
	<u>\$ 25,728,366</u>	<u>\$ 17,236,093</u>	<u>\$ 8,492,273</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 991,704	\$ --	--	\$ 991,704
Construction in progress	6,980,715	13,758,246	9,926,868	10,812,093
Total capital assets, not being depreciated	<u>\$ 7,972,419</u>	<u>\$ 13,758,246</u>	<u>\$ 9,926,868</u>	<u>\$ 11,803,797</u>
Capital assets, being depreciated:				
Buildings	\$ 14,586,098	\$ 444,786	\$ 1,819,305	\$ 13,211,579
Land improvements	4,683	--	--	4,683
Machinery and equipment	17,674,766	1,368,254	1,019,391	18,023,629
Infrastructure	118,916,711	9,112,658	1,618,780	126,410,589
Total capital assets, being depreciated	<u>\$ 151,182,258</u>	<u>\$ 10,925,698</u>	<u>\$ 4,457,476</u>	<u>\$ 157,650,480</u>
Less accumulated depreciation for:				
Buildings	\$ 8,075,721	\$ 807,344	\$ 1,819,641	\$ 7,063,424
Land improvements	2,126	174	--	2,300
Machinery and equipment	8,701,221	1,363,665	1,734,248	8,330,638
Infrastructure	50,247,843	2,200,641	1,024,448	51,424,036
	<u>\$ 67,026,911</u>	<u>\$ 4,371,824</u>	<u>\$ 4,578,337</u>	<u>\$ 66,820,398</u>
Total capital assets, being depreciated, net	<u>\$ 84,155,347</u>	<u>\$ 6,553,874</u>	<u>\$ (120,861)</u>	<u>\$ 90,830,082</u>
Electric Utility capital assets, net	<u>\$ 92,127,766</u>	<u>\$ 20,312,120</u>	<u>\$ 9,806,007</u>	<u>\$ 102,633,879</u>

Activity for the Gas Utility for the year ended December 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 41,350	\$ --	\$ --	\$ 41,350
Construction in progress	56,115	986,305	528,794	513,626
Total capital assets, not being depreciated	<u>\$ 97,465</u>	<u>\$ 986,305</u>	<u>\$ 528,794</u>	<u>\$ 554,976</u>
Capital assets, being depreciated:				
Buildings	\$ 1,876,762	\$ 14,565	\$ 622,209	\$ 1,269,118
Machinery and equipment	761,884	32,513	127,331	667,066
Infrastructure	16,496,833	481,716	111,528	16,867,021
Total capital assets, being depreciated	<u>\$ 19,135,479</u>	<u>\$ 528,794</u>	<u>\$ 861,068</u>	<u>\$ 18,803,205</u>
Less accumulated depreciation				
Buildings	\$ 328,139	\$ 41,789	\$ 622,210	\$ (252,282)
Machinery and equipment	346,174	30,874	127,332	249,716
Infrastructure	7,123,973	620,048	130,724	7,613,297
	<u>\$ 7,798,286</u>	<u>\$ 692,711</u>	<u>\$ 880,266</u>	<u>\$ 7,610,731</u>
Total capital assets, being depreciated, net	<u>\$ 11,337,193</u>	<u>\$ (163,917)</u>	<u>\$ (19,198)</u>	<u>\$ 11,192,474</u>
Gas Utility capital assets, net	<u>\$ 11,434,658</u>	<u>\$ 822,388</u>	<u>\$ 509,596</u>	<u>\$ 11,747,450</u>

Activity for the Water Utility for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,466	\$ --	\$ --	\$ 63,466
Construction in progress	14,930	2,118,245	974,478	1,158,697
Total capital assets, not being depreciated	<u>\$ 78,396</u>	<u>\$ 2,118,245</u>	<u>\$ 974,478</u>	<u>\$ 1,222,163</u>
Capital assets, being depreciated:				
Buildings	\$ 738,926	\$ 5,997	\$ 267,747	\$ 477,176
Machinery and equipment	467,357	4,191	38,911	432,637
Infrastructure	21,754,534	964,290	29,509	22,689,315
Total capital assets, being depreciated	<u>\$ 22,960,817</u>	<u>\$ 974,478</u>	<u>\$ 336,167</u>	<u>\$ 23,599,128</u>
Less accumulated depreciation				
Buildings	\$ 110,770	\$ 16,466	\$ 267,748	\$ (140,512)
Machinery and equipment	213,389	16,057	38,911	190,535
Infrastructure	6,680,752	516,216	59,605	7,137,363
Total accumulated depreciation	<u>\$ 7,004,911</u>	<u>\$ 548,739</u>	<u>\$ 366,264</u>	<u>\$ 7,187,386</u>
Total capital assets, being depreciated, net	<u>\$ 15,955,906</u>	<u>\$ 425,739</u>	<u>\$ (30,097)</u>	<u>\$ 16,411,742</u>
Water Utility capital assets, net	<u><u>\$ 16,034,302</u></u>	<u><u>\$ 2,543,984</u></u>	<u><u>\$ 944,381</u></u>	<u><u>\$ 17,633,905</u></u>

Activity for the Communications Utility for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 127,420	\$ 1,816,153	\$ 1,497,171	\$ 446,402
Total capital assets, not being depreciated	<u>\$ 127,420</u>	<u>\$ 1,816,153</u>	<u>\$ 1,497,171</u>	<u>\$ 446,402</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 299,414	\$ 7,956	\$ 27,669	\$ 279,701
Infrastructure	16,607,029	1,489,215	1,061,356	17,034,888
Total capital assets, being depreciated	<u>\$ 16,906,443</u>	<u>\$ 1,497,171</u>	<u>\$ 1,089,025</u>	<u>\$ 17,314,589</u>
Less accumulated depreciation				
Machinery and equipment	\$ 99,291	\$ 14,971	\$ 27,670	\$ 86,592
Infrastructure	9,008,119	1,394,674	1,065,529	9,337,264
Total accumulated depreciation	<u>\$ 9,107,410</u>	<u>\$ 1,409,645</u>	<u>\$ 1,093,199</u>	<u>\$ 9,423,856</u>
Total capital assets, being depreciated, net	<u>\$ 7,799,033</u>	<u>\$ 87,526</u>	<u>\$ (4,174)</u>	<u>\$ 7,890,733</u>
Communications Utility capital assets, net	<u>\$ 7,926,453</u>	<u>\$ 1,903,679</u>	<u>\$ 1,492,997</u>	<u>\$ 8,337,135</u>

D. Leases

Sartori Memorial Hospital

On January 1, 1997, the operations of Sartori Memorial Hospital (Hospital) were sold to Covenant Health Systems, Inc. As part of this sale, the City entered into a lease agreement with Sartori Memorial Hospital, Inc. (SMH), whereas the City will lease to SMH the land and buildings owned by the City and used in the Hospital's operations. The initial term of the lease shall be for a period of 25 years, with variable lease payments each year. The lease may be extended for up to three additional terms, with each additional term being for a period of five years. At the termination of this lease, Covenant Health Systems, Inc. will also pay to the City an amount of \$660,378, which represents the liability arising from accrued vacation of Hospital personnel as of December 31, 1996. The present value of this liability as of June 30, 2009, is recorded as a receivable and deferred revenue in the Hospital Fund in the amount of \$358,714.

Crystal Distribution Services

On November 12, 2001, the City entered into a lease agreement with Crystal Distribution Services, Inc. for the former Top Air building constructed in the City's industrial and technology park. The lease was amended on November 24, 2003. The lease agreement is for a period of twelve years with

various monthly payments ranging from \$10,000 to \$20,000 payable to the City. Crystal Distribution Services will have the option to purchase the building upon expiration of the lease.

The leases for the Hospital and with Crystal Distribution Services are both being treated as operating leases by the City. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Hospital	Building
2010	\$ 31,796	\$ 143,100
2011	31,796	143,100
2012	31,796	143,100
2013	31,796	143,100
2014	31,796	131,175
2015-2019	158,978	--
2020-2021	63,591	--
Total	<u>\$ 381,549</u>	<u>\$ 703,575</u>

The capital assets being leased through the operating leases are as follows:

	Governmental Activities	
	Hospital	Building
Land	\$ 151,494	\$ --
Building	5,873,537	2,153,925
Less:		
Accumulated depreciation	(1,623,411)	(677,589)
Total	<u>\$ 4,401,620</u>	<u>\$ 1,476,336</u>

E. Long-term Debt

General Obligation Bonds

Unmatured general obligation bonds totaling \$14,594,374, net of unamortized discount and unamortized deferred amount on refunding of \$125,626, are outstanding as of June 30, 2009. These bonds bear interest with rates ranging from 1.15% to 4.70%; mature in varying annual amounts through June 30, 2018; and were originally issued for \$21,670,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	1,675,000	351,130	550,000	176,160
2011	1,780,000	290,045	575,000	160,498
2012	1,845,000	223,885	590,000	143,262
2013	1,230,000	153,285	610,000	124,673
2014	1,310,000	109,075	635,000	104,623
2015-2018	1,595,000	151,423	2,325,000	197,133
Total	<u>\$ 9,435,000</u>	<u>\$ 1,278,843</u>	<u>\$ 5,285,000</u>	<u>\$ 906,348</u>

Tax Increment Financing Bonds

Unmatured tax increment financing bonds totaling \$3,745,024 net of unamortized discount of \$14,976, are outstanding as of June 30, 2009. These bonds bear interest with rates ranging from 2.50% to 4.70%; mature in varying annual amounts through June 30, 2014; and were originally issued for \$8,405,000. Annual debt service requirements to maturity for tax increment financing bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2010	835,000	134,838
2011	870,000	104,740
2012	905,000	73,023
2013	565,000	39,110
2014	585,000	20,183
Total	<u>\$ 3,760,000</u>	<u>\$ 371,894</u>

Capital Loan Notes

Unmatured capital loan notes totaling \$4,417,413, net of unamortized discount of \$17,587 are outstanding as of June 30, 2009. These notes bear interest at rates of 2.50% to 3.70%; mature in varying annual amounts through June 30, 2018; and were originally issued for \$4,820,000. Annual debt service requirements to maturing for capital loan notes are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2010	420,000	140,240
2011	450,000	129,740
2012	520,000	117,590
2013	665,000	102,510
2014	685,000	81,895
2015-2018	1,695,000	154,430
Total	<u>\$ 4,435,000</u>	<u>\$ 726,405</u>

Revenue Bonds

Unmatured revenue bonds totaling \$761,924, net of unamortized discounts of \$3,076, are outstanding as of June 30, 2009. These bonds bear interest at rates of 2.00% to 3.155%; mature in varying annual amounts through June 30, 2012; and were originally issued for \$1,900,000.

The revenue bond ordinances require that certain cash and investment amounts be segregated into various restricted reserve accounts, and that these amounts be used only for the payment of principal and interest on the related bonds when due or for other purposes, as set forth in the bond ordinances. As of the reporting date of each fund, \$440,000 of cash and investments were segregated and included in the restricted reserve accounts.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2010	245,000	22,102
2011	255,000	15,488
2012	265,000	8,348
Total	<u>\$ 765,000</u>	<u>\$ 45,938</u>

As of June 30, 2009, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City	<u>\$ 2,290,223,921</u>
Debt limit - 5% of total actual valuation	\$ 114,511,196
Debt applicable to debt limit:	
General obligation bonds	22,915,000
General obligation bonds - component unit	<u>1,320,000</u>
Legal debt margin	<u>\$ 90,276,196</u>

All tax-exempt debt issued by the City is subject to IRS arbitrage rebate unless the City meets the \$5 million small issuers exemption in a given year. As of June 30, 2009, the City had no arbitrage liability.

Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2009, and the total bonded indebtedness of the City as of that date.

	Date of Issue	Balance Beginning of Year	Issued/ Incurred During Year	Redeemed/ Paid During Year	Balance End of Year	Amount Due Within One Year
Governmental Activities:						
General obligation bonds:						
Corporate purpose	1999	\$ 15,000	\$ --	\$ 15,000	\$ --	\$ --
Corporate purpose	2002	1,650,000	--	385,000	1,265,000	405,000
Corporate purpose	2004	1,580,000	--	240,000	1,340,000	250,000
Corporate purpose	2004	605,000	--	75,000	530,000	80,000
Corporate purpose	2006	7,205,000	--	905,000	6,300,000	940,000
		<u>\$ 11,055,000</u>	<u>\$ --</u>	<u>\$ 1,620,000</u>	<u>\$ 9,435,000</u>	<u>\$ 1,675,000</u>
Less unamortized discount		42,160	--	8,038	34,122	--
Less unamortized deferred amount on refunding		72,040	--	11,127	60,913	--
		<u>\$ 10,940,800</u>	<u>\$ --</u>	<u>\$ 1,600,835</u>	<u>\$ 9,339,965</u>	<u>\$ 1,675,000</u>
Tax increment financing bonds:						
Tax increment financing	1999	\$ 100,000	--	\$ 100,000	\$ --	\$ --
Tax increment financing	2001	1,350,000	--	315,000	1,035,000	330,000
Tax increment financing	2004	3,215,000	--	490,000	2,725,000	505,000
		<u>\$ 4,665,000</u>	<u>\$ --</u>	<u>\$ 905,000</u>	<u>\$ 3,760,000</u>	<u>\$ 835,000</u>
Less unamortized discount		19,514	--	4,538	14,976	--
		<u>\$ 4,645,486</u>	<u>\$ --</u>	<u>\$ 900,462</u>	<u>\$ 3,745,024</u>	<u>\$ 835,000</u>
Capital Loan Notes:						
Corporate Purpose	2008	\$ 4,820,000	\$ --	\$ 385,000	\$ 4,435,000	\$ 420,000
Less unamortized discount		19,578	--	1,991	17,587	--
		<u>\$ 4,800,422</u>	<u>\$ --</u>	<u>\$ 383,009</u>	<u>\$ 4,417,413</u>	<u>\$ 420,000</u>
Governmental activity total long-term debt		<u>\$ 20,386,708</u>	<u>\$ --</u>	<u>\$ 2,884,306</u>	<u>\$ 17,502,402</u>	<u>\$ 2,930,000</u>
Business-type activities						
General obligation bonds:						
Sewer	2006	\$ 1,515,000	\$ --	\$ 165,000	\$ 1,350,000	\$ 170,000
Sewer	2008	4,310,000	--	375,000	3,935,000	380,000
		<u>\$ 5,825,000</u>	<u>\$ --</u>	<u>\$ 540,000</u>	<u>\$ 5,285,000</u>	<u>\$ 550,000</u>
Less unamortized discount		34,201	--	3,610	30,591	--
		<u>\$ 5,790,799</u>	<u>\$ --</u>	<u>\$ 536,390</u>	<u>\$ 5,254,409</u>	<u>\$ 550,000</u>
Revenue bonds:						
Sewer	2004	\$ 1,005,000	\$ --	\$ 240,000	\$ 765,000	\$ 245,000
Less unamortized discount		4,211	--	1,135	3,076	--
		<u>\$ 1,000,789</u>	<u>\$ --</u>	<u>\$ 238,865</u>	<u>\$ 761,924</u>	<u>\$ 245,000</u>
Business-type activity total long-term debt		<u>\$ 6,791,588</u>	<u>\$ --</u>	<u>\$ 775,255</u>	<u>\$ 6,016,333</u>	<u>\$ 795,000</u>

Revenue Bonds and Installment Agreements – Electric Utility

The Series 2003, 2005 and 2007 revenue bonds require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 3.00% and 4.50%. The bonds are secured by the future net revenues of the Utility. Long-term debt matures and bears interest as follows:

Year Ending	Component Unit - Revenue Bonds	
	Principal	Interest
2009	1,535,000	2,024,232
2010	1,595,000	1,967,970
2011	1,650,000	1,908,794
2012	1,720,000	1,846,707
2013	2,690,000	1,781,106
2014-2018	15,275,000	7,228,130
2019-2023	18,930,000	3,827,497
2024-2026	6,195,000	454,362
	<u>\$ 49,590,000</u>	<u>\$ 21,038,798</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

Debt Summary – Electric Utility

Long-term debt activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2003	9,030,000	--	255,000	8,775,000	265,000
Series 2005	23,810,000	--	615,000	23,195,000	630,000
Series 2007	17,825,000	--	205,000	17,620,000	640,000
Total revenue bonds	<u>\$ 50,665,000</u>	<u>\$ --</u>	<u>\$ 1,075,000</u>	<u>\$ 49,590,000</u>	<u>\$ 1,535,000</u>
Less: Unamortized discount	711,792	--	109,702	602,090	--
Add: Unamortized premium	256,483	--	37,856	218,627	--
Total long-term debt	<u>\$ 50,209,691</u>	<u>\$ --</u>	<u>\$ 1,003,154</u>	<u>\$ 49,206,537</u>	<u>\$ 1,535,000</u>

Debt Summary – Gas Utility

Long-term debt activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capital Loan Notes:					
Series 2005	400,000	--	400,000	--	--
Less:					
Unamortized discount	325	--	325	--	--
Total long-term debt	\$ 399,675	\$ --	\$ 399,675	\$ --	\$ --

General Obligation Bonds – Communications Utility

All general obligation (G.O.) bonds have been issued by the City on behalf of the Utility. The G.O. bonds require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 2.50% and 5.50%. The total debt service obligations over the remaining term of the bonds are as follows:

Year Ending	Component Unit - G.O. Bonds	
	Principal	Interest
2009	395,000	56,120
2010	410,000	41,445
2011	145,000	25,518
2012	150,000	18,447
2013	155,000	11,063
2014	65,000	3,347
	\$ 1,320,000	\$ 155,940

Capital Loan Notes – Communications Utility

The Series 1999 capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 4.60% and 5.50%. The bonds are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

Year Ending	Component Unit - Capital Loan Notes	
	Principal	Interest
2009	295,000	107,813
2010	310,000	92,768
2011	325,000	76,648
2012	345,000	59,422
2013	365,000	40,792
2014	380,000	20,900
	<u>\$ 2,020,000</u>	<u>\$ 398,343</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

The Board of Trustees of the Municipal Electric Utility authorized a loan to be extended to the Utility under Resolution No. 2759, 2840, 2939, 2994, and 3086. The December 31, 2008 outstanding balance on this loan was \$1,478,090, bearing interest as 3.1%. The Board of Trustees of the Municipal Electric Utility approved a loan to be extended to the Utility under Resolution No. 3497. The December 31, 2008 outstanding balance on this loan was \$375,000, bearing interest at 3.1%.

Debt Summary – Communications Utility

Long-term debt activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bond:					
Series 1998	\$ 405,000	\$ --	\$ 40,000	\$ 365,000	\$ 40,000
Series 1999	385,000	--	50,000	335,000	50,000
Series 2002	915,000	--	295,000	620,000	305,000
Series 1999 capital loan notes	2,305,000	--	285,000	2,020,000	295,000
	<u>\$ 4,010,000</u>	<u>\$ --</u>	<u>\$ 670,000</u>	<u>\$ 3,340,000</u>	<u>\$ 690,000</u>
Less: unamortized discount on debt	2,013	--	733	1,280	--
Less: unamortized premium on debt	2,093	--	485	1,608	--
	<u>\$ 4,005,894</u>	<u>\$ --</u>	<u>\$ 668,782</u>	<u>\$ 3,337,112</u>	<u>\$ 690,000</u>

F. Long-term Liabilities

Accrued Compensated Absences

Following is a summary of the City's activity for accrued compensated absences for the year-ended June 30, 2009, and the total liability of the City as of that date as reported on the government-wide statement of net assets:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>	<u>Amount Payable Within One Year</u>
Governmental activities	<u>\$ 2,570,615</u>	<u>\$ 208,892</u>	<u>\$ 370,568</u>	<u>\$ 2,408,939</u>	<u>\$ 666,020</u>
Business-type activities	<u>\$ 444,059</u>	<u>\$ 44,103</u>	<u>\$ 22,971</u>	<u>\$ 465,191</u>	<u>\$ 101,203</u>

The majority of compensated absences expenditures are paid for out of the General Fund.

Other Postemployment Benefits (OPEB)

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – The City operates a single-employer health benefit plan, which provides self-insured medical/prescription drug benefits for all full-time active and retired employees and their eligible dependents. Eligible retirees receive health care coverage through the same plan that is available to active employees. To be eligible for these benefits, participants must be receiving a pension benefit from the Iowa Public Employee Retirement System (IPERS), receiving a Social Security Disability Benefit, or retired under Code Chapter 411 of the Iowa Code. There were sixteen retirees participating in the plan as of June 30th. Retirees pay the same premium for the health benefit plan as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs 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 ended June 30, 2009, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$101,000
Interest on net OPEB obligation	--
Adjustment to annual required contribution	<u>--</u>
Annual OPEB Cost	101,000
Net contributions received from retirees	<u>55,392</u>

Increase in net OPEB obligation	156,392
Net OPEB obligation beginning of year	--
Net OPEB obligation end of year	\$ 156,392

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the City paid \$37,798 for retiree health claims. Plan members eligible for benefits contributed \$93,190 or 100% of the premium costs. The net resulted in a \$55,392 contribution received from retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2009	\$ 101,000	(54.8%)	\$156,392

Funded Status and Funding Progress – As of July 1, 2007, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,041,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,041,000. The covered payroll (annual payroll of active employees covered by the plan) was \$13,271,840 and the ration of the UAAL to covered payroll was 7.8%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employments, mortality and the health care cost trend. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Finance Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2007 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the MFPRSI Actuarial Report as of July 1, 2007 and the IPERS Actuarial Report as of June 30, 2006 and applying the termination factors used in these same reports.

Projected claim costs of the health plan are \$697.50 per month for retirees less than age 65 and \$410 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

G. Interfund Balances

Individual interfund receivable and payable balances by fund type as of June 30, 2009, were stated in the fund financial statements as follows:

Fund	Total	
	Interfund Receivables	Interfund Payables
Nonmajor Governmental Funds	\$ 3,866	\$ 3,866

The balances are due to the elimination of reporting negative cash

H. Interfund Transactions

The following transfers represent individual fund interfund transfers as stated in the Fund Financial Statements.

Transfer To	Transfer From	Amount
General Fund	Street Construction Fund	\$ 493,168
	Non-major Governmental Funds	135,902
	Sewer Fund	89,780
	Refuse Fund	116,610
		<u>\$ 835,460</u>
Street Repair Fund	General Fund	<u>\$ 36,110</u>
Debt Service Fund	General Fund	\$ 895,000
	TIF Fund	1,073,208
		<u>\$ 1,968,208</u>
Bond Fund	TIF Fund	\$ 1,627,174
	Street Repair Fund	500,000
	Storm Water Fund	100,000
		<u>\$ 2,227,174</u>
Non-major Governmental Funds	General Fund	\$ 378,279
	TIF Fund	3,411,243
	Non-major Governmental Funds	870,863
	Refuse Fund	564,585
	<u>\$ 5,224,970</u>	
Internal Service Fund	FEMA Fund	<u>\$ 100,894</u>
Refuse Fund	FEMA Fund	\$ 17,894
	Street Construction Fund	112,680
	Sewer Fund	112,680
		<u>\$ 243,254</u>
Storm Water	Bond Fund	\$ 389,400
	Non-major Governmental Funds	764,820
		<u>\$ 1,154,220</u>
	Total	<u>\$ 11,790,290</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move debt service payments from proprietary or special revenue funds to the debt service fund as debt service payments come due and, (3) to move receipts from user fee generated funds to the general fund for certain administrative and custodial costs in the general fund.

Note 4. Other Notes

A. Retirement Systems

IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS

provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$548,622, \$507,597, and \$458,555 respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Dr., West Des Moines, Iowa 50266.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 18.75% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2009, 2008, and 2007 were \$699,619, \$931,069, and \$967,811 respectively, which met the required minimum contribution for each year.

B. Due To/From Component Unit

Amounts due from the component unit to the general fund at June 30, 2009, were as follows:

	<u>Due from</u>
Component Unit:	
Electric utility	\$ 750,000

This amount differs from the amount reported as due to primary government since the Electric Utility component unit has a calendar year end of December 31, 2008.

C. Related Party Transactions

During the fiscal year ended June 30, 2003, the Black Hawk County Solid Waste Management Commission, which is a jointly governed organization, passed a resolution for annual distributions of its excess funds. The prorated share for the City of Cedar Falls is estimated at \$564,721 to be received each year for the next fifteen years. The payments received in fiscal years ended June 30, 2003, 2004, 2005, 2006, 2007, 2008, and 2009 have been recorded in the Refuse Fund as other operating revenue.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government has established various funds to account for and finance its uninsured risks of loss.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents, which is included in the internal service fund type. Health benefits were self-insured up to a specific stop loss amount of \$85,000 and an aggregate stop loss of approximately \$2,290,801 for 2009. Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Reserve Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. The City has also established reserve funds for insuring workers' compensation, liability, and long-term disability claims which are included in the general fund type. Liability benefits were self-insured up to a specific stop loss amount of \$100,000 and an aggregate stop loss amount of \$260,000. Long-term disability benefits are self funded for the first six months, and the maximum benefit per individual is \$18,000. Workers' compensation benefits were self-insured up to an aggregate stop loss amount of \$350,000 with no specific stop loss amount. Coverage from private insurers is maintained for losses in excess of the stop loss amounts. An independent claims administrator performs all claims handling procedures. Settled claims for the above funds have not exceeded commercial coverage in any of the last three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Changes in reported liabilities for the fiscal year ended June 30, 2009, are summarized as follows:

	Risk Management Fund				Total
	Health Insurance Reserve Fund	Workers' Compensation Reserve	Liability Reserve	Long-Term Disability Reserve	
Claim liabilities					
June 30, 2007	\$ 261,836	\$ 446,614	\$ --	\$ --	\$ 708,450
Claims and changes in estimates during fiscal year 2008	1,750,500	183,332	61,000	--	1,994,832
Claim payments	(1,749,853)	(491,842)	--	--	(2,241,695)
Claim liabilities					
June 30, 2008	\$ 262,483	\$ 138,104	\$ 61,000	\$ --	\$ 461,587
Claims and changes in estimates during fiscal year 2009	1,696,014	253,219	(61,000)	--	1,888,233
Claim payments	(1,703,041)	(293,665)	--	--	(1,996,706)
Claim liabilities					
June 30, 2009	\$ 255,456	\$ 97,658	\$ --	\$ --	\$ 353,114

E. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2009, there were claims and losses that are on file against the City. The City has the authority to levy additional taxes outside the regular limit to fund any uninsured judgment against the City. However, it is estimated that all of these claims and losses will be covered by insurance when exceeding stop loss limits, and the amounts prior to reaching these limits would not materially affect future financial statements of the City.

F. Subsequent Event

On July 10, 2009 the City of Cedar Falls experienced a high windstorm that resulted in citywide power failures and major loss of trees. Due to the large amount of damage, Black Hawk County was declared a presidential disaster area and the City will be eligible for disaster assistance reimbursement from FEMA and the State of Iowa.

G. New Governmental Accounting Standards Board (GASB) Standards

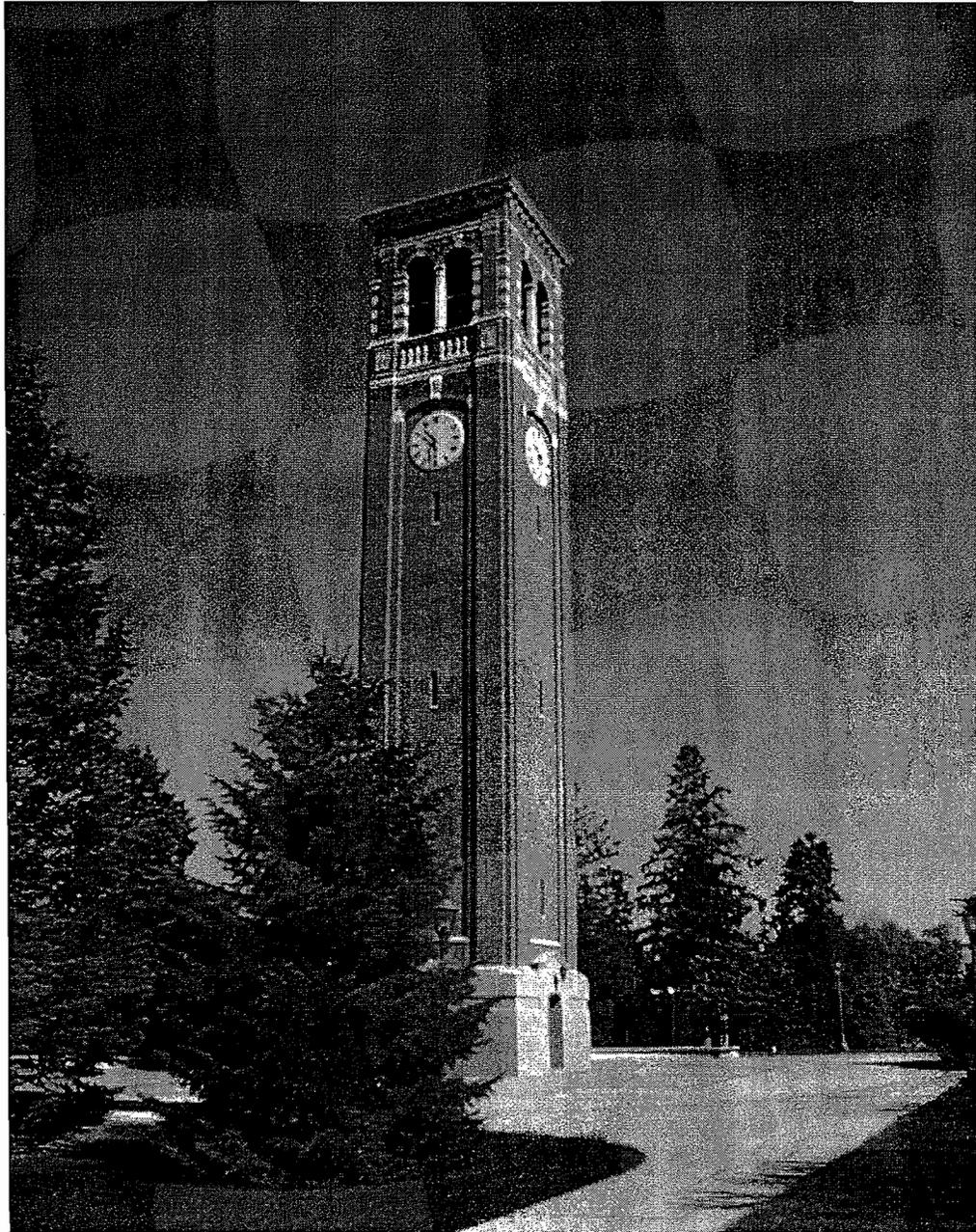
The Governmental Accounting Standards Board (GASB) has issued three statements not yet implemented by the City of Cedar Falls. The statements, which might impact the City of Cedar Falls, are as follows:

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

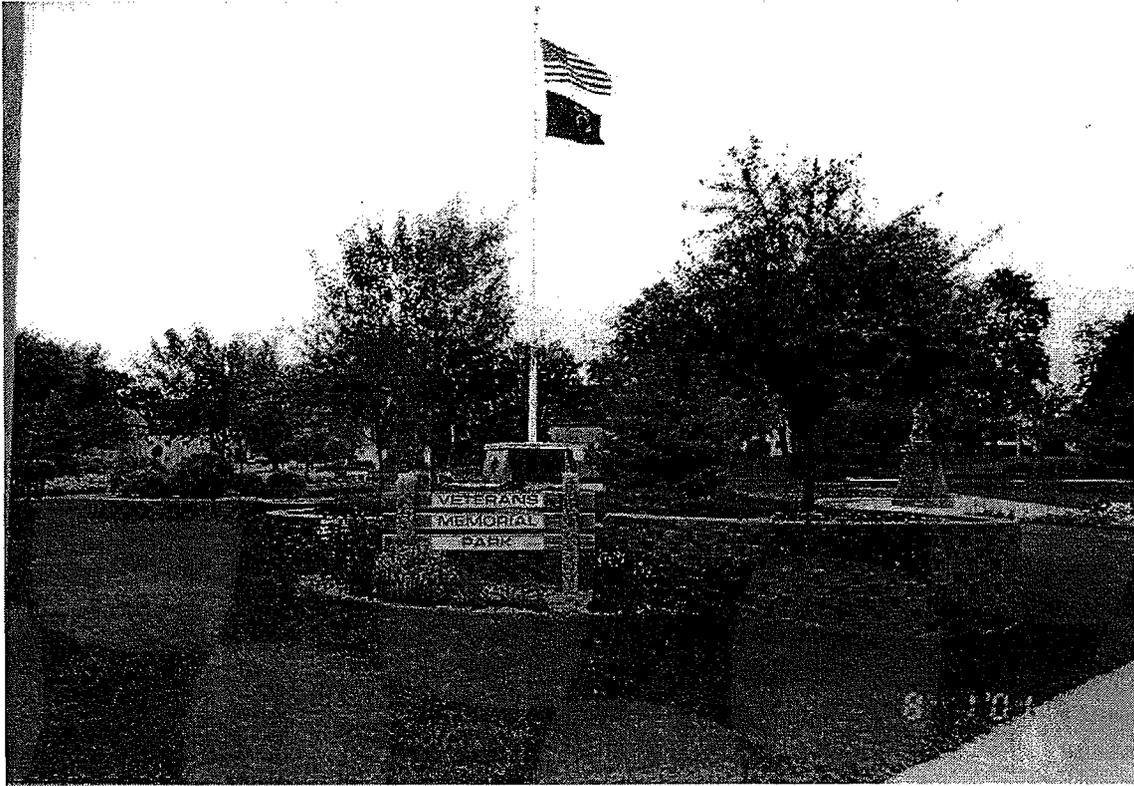
Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* issued February 2009, will be effective for the fiscal year ending June 30, 2011. This statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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



City of Cedar Falls
University of Northern Iowa



City of Cedar Falls Veteran's Memorial Park

City of Cedar Falls, Iowa
Budgetary Comparison Schedule - Function Budget
For the Year Ended June 30, 2009

	Budgeted Amounts	
	Original	Final
Revenues:		
Property taxes and assessments	\$ 21,190,653	\$ 21,190,653
Other City taxes	4,557,048	4,611,648
Licenses and permits	752,200	752,200
Use of money and property	1,880,420	1,880,420
Intergovernmental	9,922,720	18,300,220
Charges for services	9,547,850	9,668,800
Miscellaneous	3,436,649	5,623,429
Total revenues	\$ 51,287,540	\$ 62,027,370
Expenditures:		
Current:		
Public safety	\$ 7,832,560	\$ 8,082,460
Public works	8,600,050	9,718,000
Health and social services	171,150	171,150
Culture and recreation	6,270,060	6,622,940
Community and economic development	2,743,990	2,796,090
General government	4,364,390	4,469,790
Debt service	4,123,710	4,423,710
Capital projects	8,245,380	22,245,380
Business-type	12,776,020	13,363,520
Total expenditures	\$ 55,127,310	\$ 71,893,040
Excess (deficiency) of revenues over (under) expenditures	\$ (3,839,770)	\$ (9,865,670)
Other financing sources (uses):		
Proceeds from long-term debt	\$ 7,306,500	\$ 7,306,500
Transfers in	10,847,650	10,847,650
Transfers out	(10,847,650)	(10,847,650)
Total other financing sources (uses)	\$ 7,306,500	\$ 7,306,500
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	\$ 3,466,730	\$ (2,559,170)
Fund balances, beginning	56,214,555	56,214,555
Fund balances, ending	\$ 59,681,285	\$ 53,655,385

See notes to the required supplementary information.

Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 20,970,829	\$ (219,824)
5,237,436	625,788
762,477	10,277
3,280,628	1,400,208
12,398,686	(5,901,534)
9,926,141	257,341
2,339,653	(3,283,776)
<u>\$ 54,915,850</u>	<u>\$ (7,111,520)</u>
\$ 7,632,440	\$ 450,020
7,655,404	2,062,596
163,528	7,622
6,053,871	569,069
2,251,520	544,570
4,373,134	96,656
4,097,689	326,021
15,580,202	6,665,178
7,828,022	5,535,498
<u>\$ 55,635,810</u>	<u>\$ 16,257,230</u>
<u>\$ (719,960)</u>	<u>\$ 9,145,710</u>
\$ --	\$ (7,306,500)
14,022,343	3,174,693
(14,022,343)	(3,174,693)
<u>\$ --</u>	<u>\$ (7,306,500)</u>
\$ (719,960)	\$ 1,839,210
65,021,322	8,806,767
<u>\$ 64,301,362</u>	<u>\$ 10,645,977</u>

City of Cedar Falls, Iowa

**Notes to Required Supplementary Information – Budgetary Reporting
For the Year ended June 30, 2009**

Note A - Budgetary Reporting

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

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

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$16,765,730. These budget amendments are reflected in the final budget amounts.

City of Cedar Falls, Iowa
Budgetary Comparison Schedule -
Program Budget
Notes to RSI

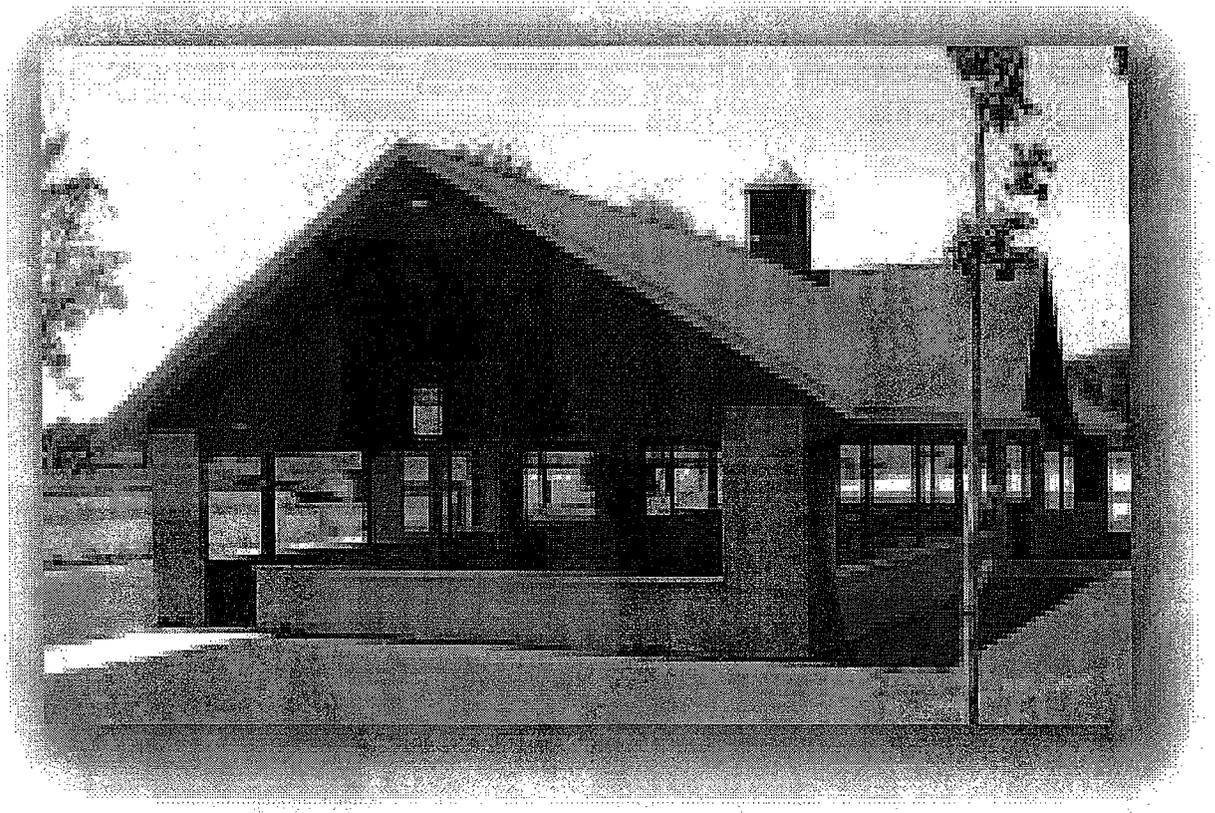
Note B - Explanation of Differences between Budgetary Sources and Uses of funds and GAAP Revenues and Expenditures for the GAAP General Fund and Major Special Revenue Funds

	Function Budget
Sources	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 54,915,850
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	(1,375,600)
	\$ 53,540,250
Total revenues for the function budget on a GAAP basis of accounting	\$ 53,540,250
Reclassifications:	
The City reports sources of funds in the function budget as revenues in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(1,705,232)
FEMA Fund	(4,307,254)
Bond capital projects Fund	(771,523)
Nonmajor governmental GAAP funds	(4,812,610)
Business-type enterprise funds	(7,928,371)
	\$ 34,015,260
Total revenues for general fund and major special revenue funds	\$ 34,015,260
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 19,035,833
Hospital Fund	769,976
TIF Fund	6,111,727
Street Repair Fund	5,064,872
Street Construction Fund	3,032,852
	\$ 34,015,260
Total revenues for general fund and major special revenue funds	\$ 34,015,260

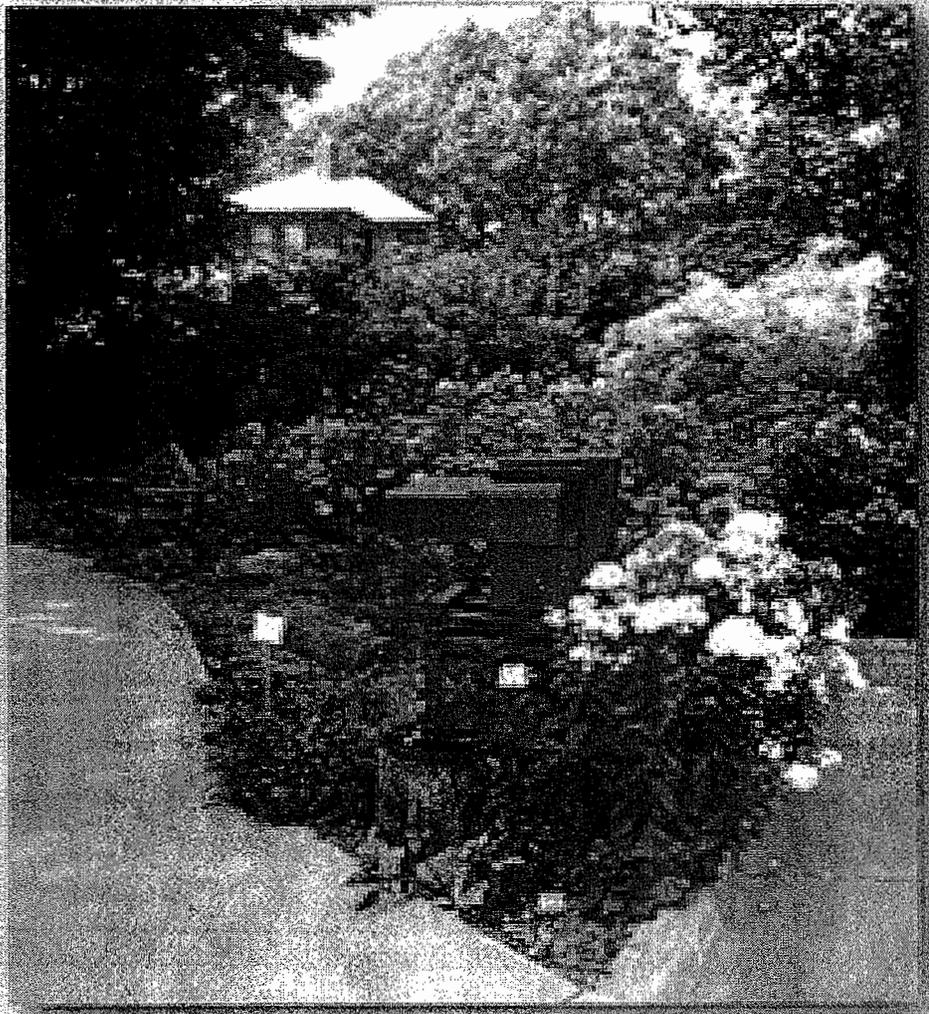
	<u>Function Budget</u>
Uses	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 55,635,810
Adjustments	
The City budgets for expenditures on the cash basis, rather than on the modified accrual or accrual basis on all items except payments to suppliers	
The city does not budget for depreciation	(4,377,017)
Total uses for the function budget on a GAAP basis of accounting	<u>\$ 51,258,793</u>
Reclassifications:	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(3,649,841)
FEMA Fund	(4,249,282)
Bond capital projects Fund	(4,562,809)
Nonmajor governmental GAAP funds	(8,055,853)
Business-type enterprise funds	(5,922,918)
Total expenditures for general fund and major special revenue funds	<u>\$ 24,818,090</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 18,537,588
Hospital Fund	148,778
TIF Fund	--
Street Repair Fund	3,743,468
Street Construction Fund	2,388,256
Total expenditures for general fund and major special revenue funds	<u>\$ 24,818,090</u>

City of Cedar Falls, Iowa
Schedule of Funding Progress for the
Cedar Falls Health Plan
June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
July 1, 2007	\$ -	\$ 1,041,000	\$1,041,000	0.0%	\$13,271,840	7.8%



City of Cedar Falls Gateway Park Shelter



City of Cedar Falls
Hearst Center for
the Arts Garden

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund	Recreation & Public Safety Fund
ASSETS			
Cash	\$ 142,195	\$ 1,089,628	\$ 1,117,208
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	8,259
Special assessment	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Due from other governments	13,378	--	--
Inventories	--	--	--
Total assets	<u>\$ 155,573</u>	<u>\$ 1,089,628</u>	<u>\$ 1,125,467</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 49,981	\$ 1,505	\$ 6,089
Accrued liabilities	4,850	3,839	--
Deferred revenue	--	--	--
Due to other funds	--	--	--
Total liabilities	<u>\$ 54,831</u>	<u>\$ 5,344</u>	<u>\$ 6,089</u>
FUND BALANCES			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	--	--	--
Unreserved, undesignated, reported in:			
Special revenue funds	100,742	1,084,284	1,119,378
Capital projects funds	--	--	--
Total fund balances (deficit)	<u>\$ 100,742</u>	<u>\$ 1,084,284</u>	<u>\$ 1,119,378</u>
 Total liabilities and fund balances	 <u>\$ 155,573</u>	 <u>\$ 1,089,628</u>	 <u>\$ 1,125,467</u>

Special Revenue

Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement	Visitor & Tourism
\$ 1,104,751	\$ 127,017	\$ 834,073	\$ 3,035,912	\$ 2,576,917	\$ 498,821
--	--	--	248,427	178,149	--
--	--	--	--	--	76,330
8,713	317	6,899	4,462	3,973	3,305
--	--	--	--	--	--
90,225	--	--	--	--	--
--	--	--	--	--	3,866
--	--	--	--	--	--
--	--	1,398	--	--	20,462
<u>\$ 1,203,689</u>	<u>\$ 127,334</u>	<u>\$ 842,370</u>	<u>\$ 3,288,801</u>	<u>\$ 2,759,039</u>	<u>\$ 602,784</u>
\$ 939	\$ --	\$ 7,290	\$ --	\$ 1,024	\$ 83,578
7,615	--	3,826	--	--	6,556
--	--	--	245,406	175,431	76,330
--	--	--	--	--	--
<u>\$ 8,554</u>	<u>\$ --</u>	<u>\$ 11,116</u>	<u>\$ 245,406</u>	<u>\$ 176,455</u>	<u>\$ 166,464</u>
\$ --	\$ --	\$ --	\$ 3,043,395	\$ 2,582,584	\$ --
--	--	1,398	--	--	20,462
1,195,135	127,334	829,856	--	--	415,858
--	--	--	--	--	--
<u>\$ 1,195,135</u>	<u>\$ 127,334</u>	<u>\$ 831,254</u>	<u>\$ 3,043,395</u>	<u>\$ 2,582,584</u>	<u>\$ 436,320</u>
<u>\$ 1,203,689</u>	<u>\$ 127,334</u>	<u>\$ 842,370</u>	<u>\$ 3,288,801</u>	<u>\$ 2,759,039</u>	<u>\$ 602,784</u>

(continued)

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(Page 2 of 2)

	Special Revenue			
	Community Center & Sr Services	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
ASSETS				
Cash	\$ --	\$ 178,146	\$ 97,964	\$ 30,258
Receivables, net of allowance for uncollectible amounts:				
Property taxes	--	--	--	--
Other city taxes	--	--	--	--
Accrued interest	--	--	--	--
Special assessment	--	--	--	--
Other	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	--	--
Inventories	--	--	--	--
Total assets	<u>\$ --</u>	<u>\$ 178,146</u>	<u>\$ 97,964</u>	<u>\$ 30,258</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,194	\$ --	\$ --	\$ --
Accrued liabilities	1,402	--	--	--
Deferred revenue	--	--	--	--
Due to other funds	3,866	--	--	--
Total liabilities	<u>\$ 8,462</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES				
Reserved for:				
Employee retirement system	\$ --	\$ --	\$ --	\$ --
Inventories	--	--	--	--
Unreserved, undesignated, reported in:				
Special revenue funds	(8,462)	178,146	97,964	30,258
Capital projects funds	--	--	--	--
Total fund balances (deficit)	<u>\$ (8,462)</u>	<u>\$ 178,146</u>	<u>\$ 97,964</u>	<u>\$ 30,258</u>
 Total liabilities and fund balances	 <u>\$ --</u>	 <u>\$ 178,146</u>	 <u>\$ 97,964</u>	 <u>\$ 30,258</u>

(continued)

Capital Projects				
Washington Park Renovation	Capital Improvements	Sidewalk Assessment	Economic Development Capital	Total
\$ 29,662	\$ 5,995,200	\$ --	\$ 3,694,672	\$ 20,552,424
--	--	--	--	426,576
--	--	--	--	76,330
242	53,297	--	24,562	114,029
--	10,314	--	--	10,314
--	10,079	--	--	100,304
--	--	--	--	3,866
--	131,509	--	--	144,887
--	--	--	--	21,860
<u>\$ 29,904</u>	<u>\$ 6,200,399</u>	<u>\$ --</u>	<u>\$ 3,719,234</u>	<u>\$ 21,450,590</u>
\$ --	\$ 412,817	\$ --	\$ --	\$ 566,417
--	--	--	--	28,088
--	10,314	--	--	507,481
--	--	--	--	3,866
<u>\$ --</u>	<u>\$ 423,131</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,105,852</u>
\$ --	\$ --	\$ --	\$ --	\$ 5,625,979
--	--	--	--	21,860
--	--	--	--	5,170,493
29,904	5,777,268	--	3,719,234	9,526,406
<u>\$ 29,904</u>	<u>\$ 5,777,268</u>	<u>\$ --</u>	<u>\$ 3,719,234</u>	<u>\$ 20,344,738</u>
<u>\$ 29,904</u>	<u>\$ 6,200,399</u>	<u>\$ --</u>	<u>\$ 3,719,234</u>	<u>\$ 21,450,590</u>

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund	Recreation & Public Safety Fund
Revenues:			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	--	--	--
Use of money and property	--	13,035	32,486
Intergovernmental	305,539	976,110	--
Charges for services	--	--	200,694
Fines and forfeitures	--	--	29,025
Miscellaneous	--	7,555	--
Total revenues	\$ 305,539	\$ 996,700	\$ 262,205
Expenditures:			
Current:			
Public safety	\$ --	\$ --	\$ 9,210
Public works	--	--	--
Culture and recreation	--	--	153,522
Community and economic development	306,023	1,153,441	--
General government	--	--	--
Capital projects	--	--	--
Total expenditures	\$ 306,023	\$ 1,153,441	\$ 162,732
Excess (deficiency) of revenues over (under) expenditures	\$ (484)	\$ (156,741)	\$ 99,473
Other financing sources (uses):			
Transfers in	\$ --	\$ --	\$ 114,559
Transfers out	--	--	(100,000)
Total other financing sources (uses)	\$ --	\$ --	\$ 14,559
Net change in fund balances	\$ (484)	\$ (156,741)	\$ 114,032
Fund balances, beginning	101,226	1,241,025	1,005,346
Increase (decrease) in reserve for inventories	--	--	--
Fund balances, ending	\$ 100,742	\$ 1,084,284	\$ 1,119,378

Special Revenue

Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement	Visitor & Tourism
\$ --	\$ --	\$ --	\$ 266,318	\$ 201,755	\$ --
--	--	--	--	--	345,085
35,743	3,256	27,576	144,883	129,497	15,010
--	--	--	--	--	--
404,741	--	36,832	--	--	--
--	--	193,713	--	--	--
33,631	7,852	--	--	--	17,870
<u>\$ 474,115</u>	<u>\$ 11,108</u>	<u>\$ 258,121</u>	<u>\$ 411,201</u>	<u>\$ 331,252</u>	<u>\$ 377,965</u>
\$ --	\$ --	\$ --	\$ 398,569	\$ 426,029	\$ --
--	--	193,060	--	--	--
--	438	--	--	--	385,689
--	--	--	--	--	--
288,563	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 288,563</u>	<u>\$ 438</u>	<u>\$ 193,060</u>	<u>\$ 398,569</u>	<u>\$ 426,029</u>	<u>\$ 385,689</u>
<u>\$ 185,552</u>	<u>\$ 10,670</u>	<u>\$ 65,061</u>	<u>\$ 12,632</u>	<u>\$ (94,777)</u>	<u>\$ (7,724)</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 74,600
(39,920)	--	(14,160)	--	--	(17,358)
<u>\$ (39,920)</u>	<u>\$ --</u>	<u>\$ (14,160)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 57,242</u>
\$ 145,632	\$ 10,670	\$ 50,901	\$ 12,632	\$ (94,777)	\$ 49,518
1,049,503	116,664	784,085	3,030,763	2,677,361	394,559
--	--	(3,732)	--	--	(7,757)
<u>\$ 1,195,135</u>	<u>\$ 127,334</u>	<u>\$ 831,254</u>	<u>\$ 3,043,395</u>	<u>\$ 2,582,584</u>	<u>\$ 436,320</u>

(continued)

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009
(Page 2 of 2)

	Special Revenue			
	Community Center & Sr Services	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
Revenues:				
Property taxes and assessments	\$ --	\$ --	\$ --	\$ --
Other city taxes	--	--	--	--
Use of money and property	17,930	--	--	--
Intergovernmental	--	--	--	--
Charges for services	3,108	5,200	2,970	390
Fines and forfeitures	--	--	--	--
Miscellaneous	27,336	--	--	--
Total revenues	\$ 48,374	\$ 5,200	\$ 2,970	\$ 390
Expenditures:				
Current:				
Public safety	\$ --	\$ --	\$ --	\$ --
Public works	--	--	--	--
Culture and recreation	66,835	--	--	--
Community and economic development	--	--	--	--
General government	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	\$ 66,835	\$ --	\$ --	\$ --
Excess (deficiency) of revenues over (under) expenditures	\$ (18,461)	\$ 5,200	\$ 2,970	\$ 390
Other financing sources (uses):				
Transfers in	\$ 40,000	\$ --	\$ --	\$ --
Transfers out	(10,183)	--	--	--
Total other financing sources (uses)	\$ 29,817	\$ --	\$ --	\$ --
Net change in fund balances	\$ 11,356	\$ 5,200	\$ 2,970	\$ 390
Fund balances, beginning	(19,818)	172,946	94,994	29,868
Increase (decrease) in reserve for inventories	--	--	--	--
Fund balances, ending	\$ (8,462)	\$ 178,146	\$ 97,964	\$ 30,258

(continued)

Capital Projects				
Washington Park Renovation	Capital Improvements	Sidewalk Assessment	Economic Development Capital	Total
\$ --	\$ --	\$ --	\$ --	\$ 468,073
--	--	--	--	345,085
981	233,282	--	257,071	910,750
--	145,118	--	155,000	1,581,767
--	--	--	--	653,935
--	--	--	--	222,738
--	231,481	--	304,537	630,262
<u>\$ 981</u>	<u>\$ 609,881</u>	<u>\$ --</u>	<u>\$ 716,608</u>	<u>\$ 4,812,610</u>
\$ --	\$ --	\$ --	\$ --	\$ 833,808
--	--	--	--	193,060
--	--	--	--	606,484
--	--	--	--	1,459,464
--	--	--	--	288,563
--	577,014	--	4,097,460	4,674,474
<u>\$ --</u>	<u>\$ 577,014</u>	<u>\$ --</u>	<u>\$ 4,097,460</u>	<u>\$ 8,055,853</u>
\$ 981	\$ 32,867	\$ --	\$ (3,380,852)	\$ (3,243,243)
\$ --	\$ 1,512,636	\$ 1,932	\$ 3,481,243	\$ 5,224,970
--	(1,589,964)	--	--	(1,771,585)
<u>\$ --</u>	<u>\$ (77,328)</u>	<u>\$ 1,932</u>	<u>\$ 3,481,243</u>	<u>\$ 3,453,385</u>
\$ 981	\$ (44,461)	\$ 1,932	\$ 100,391	\$ 210,142
28,923	5,821,729	(1,932)	3,618,843	20,146,085
--	--	--	--	(11,489)
<u>\$ 29,904</u>	<u>\$ 5,777,268</u>	<u>\$ --</u>	<u>\$ 3,719,234</u>	<u>\$ 20,344,738</u>

City of Cedar Falls, Iowa
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
ASSETS			
Current assets:			
Cash	\$ 5,522,155	\$ 1,895	\$ 2,278,333
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	43,000	--	19,876
Other	41,556	--	--
Inventories	--	--	--
Total current assets	<u>\$ 5,606,711</u>	<u>\$ 1,895</u>	<u>\$ 2,298,209</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ --	\$ --	\$ --
Machinery and equipment	--	--	--
Accumulated depreciation	--	--	--
Total noncurrent assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Total assets	<u>\$ 5,606,711</u>	<u>\$ 1,895</u>	<u>\$ 2,298,209</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,916	\$ 1,895	\$ 4,461
Accrued liabilities	255,456	--	--
Compensated absences due within one year	--	--	--
Noncurrent liabilities:			
Compensated absences after one year	--	--	--
Total liabilities	<u>\$ 260,372</u>	<u>\$ 1,895</u>	<u>\$ 4,461</u>
NET ASSETS			
Invested in capital assets	\$ --	\$ --	\$ --
Unrestricted	5,346,339	--	2,293,748
Total net assets	<u>\$ 5,346,339</u>	<u>\$ --</u>	<u>\$ 2,293,748</u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 3,578,669	\$ 952,374	\$ 499,132	\$ 12,832,558
28,943	7,123	5,078	104,020
--	--	16,733	58,289
--	2,054	97,304	99,358
<u>\$ 3,607,612</u>	<u>\$ 961,551</u>	<u>\$ 618,247</u>	<u>\$ 13,094,225</u>
\$ --	\$ --	\$ 90,302	\$ 90,302
--	1,126,840	6,460,099	7,586,939
--	(701,794)	(3,444,341)	(4,146,135)
<u>\$ --</u>	<u>\$ 425,046</u>	<u>\$ 3,106,060</u>	<u>\$ 3,531,106</u>
<u>\$ 3,607,612</u>	<u>\$ 1,386,597</u>	<u>\$ 3,724,307</u>	<u>\$ 16,625,331</u>
\$ 18,497	\$ 72,957	\$ 53,348	\$ 156,074
97,658	12,727	16,115	381,956
--	14,133	6,303	20,436
--	6,567	31,204	37,771
<u>\$ 116,155</u>	<u>\$ 106,384</u>	<u>\$ 106,970</u>	<u>\$ 596,237</u>
\$ --	\$ 425,046	\$ 3,106,062	\$ 3,531,108
3,491,457	855,167	511,275	12,497,986
<u>\$ 3,491,457</u>	<u>\$ 1,280,213</u>	<u>\$ 3,617,337</u>	<u>\$ 16,029,094</u>

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
Operating revenues:			
Charges for services	\$ 2,538,014	\$ --	\$ 246,940
Other	218,976	--	167
	<u>\$ 2,756,990</u>	<u>\$ --</u>	<u>\$ 247,107</u>
Operating expenses:			
Personal services	\$ --	\$ --	\$ 353,416
Contractual services	1,940,528	--	--
Supplies and equipment	--	--	--
Depreciation	--	--	--
	<u>\$ 1,940,528</u>	<u>\$ --</u>	<u>\$ 353,416</u>
Operating income (loss)	<u>\$ 816,462</u>	<u>\$ --</u>	<u>\$ (106,309)</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 179,752	\$ --	\$ 81,893
Loss on disposal of equipment	--	--	--
	<u>\$ 179,752</u>	<u>\$ --</u>	<u>\$ 81,893</u>
Income (loss) before transfers	\$ 996,214	\$ --	\$ (24,416)
Transfers in	<u>--</u>	<u>--</u>	<u>--</u>
Change in net assets	\$ 996,214	\$ --	\$ (24,416)
Net assets, beginning	<u>4,350,125</u>	<u>--</u>	<u>2,318,164</u>
Net assets, ending	<u><u>\$ 5,346,339</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 2,293,748</u></u>

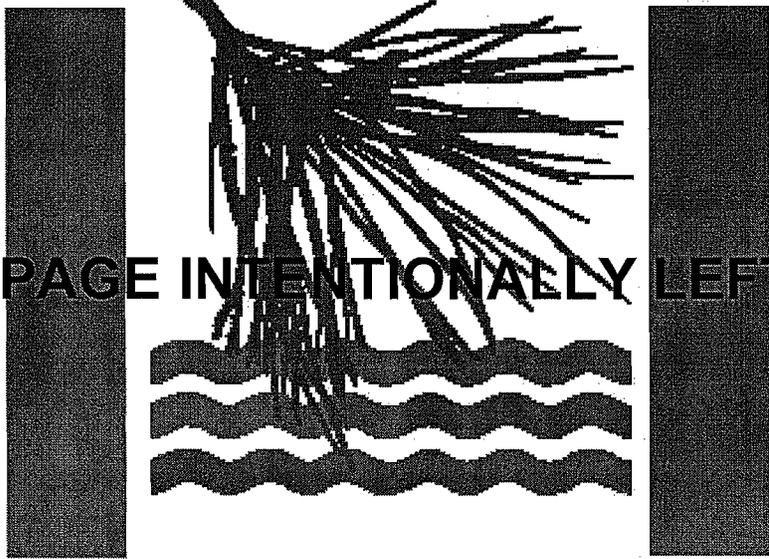
<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 667,713	\$ 719,955	\$ 1,559,020	\$ 5,731,642
35,248	1,672	26,555	282,618
<u>\$ 702,961</u>	<u>\$ 721,627</u>	<u>\$ 1,585,575</u>	<u>\$ 6,014,260</u>
\$ --	\$ 297,908	\$ 298,287	\$ 949,611
850,456	205,206	135,156	3,131,346
--	59,651	713,807	773,458
--	103,855	342,772	446,627
<u>\$ 850,456</u>	<u>\$ 666,620</u>	<u>\$ 1,490,022</u>	<u>\$ 5,301,042</u>
<u>\$ (147,495)</u>	<u>\$ 55,007</u>	<u>\$ 95,553</u>	<u>\$ 713,218</u>
\$ 114,606	\$ 29,148	\$ 18,222	\$ 423,621
--	(6,187)	(102,775)	(108,962)
<u>\$ 114,606</u>	<u>\$ 22,961</u>	<u>\$ (84,553)</u>	<u>\$ 314,659</u>
\$ (32,889)	\$ 77,968	\$ 11,000	\$ 1,027,877
--	3,104	97,790	100,894
<u>\$ (32,889)</u>	<u>\$ 81,072</u>	<u>\$ 108,790</u>	<u>\$ 1,128,771</u>
3,524,346	1,199,141	3,508,547	14,900,323
<u><u>\$ 3,491,457</u></u>	<u><u>\$ 1,280,213</u></u>	<u><u>\$ 3,617,337</u></u>	<u><u>\$ 16,029,094</u></u>

City of Cedar Falls, Iowa
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Health Insurance	Health Insurance Severance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interfund services	\$ 2,538,014	\$ --
Payments to suppliers	(1,770,277)	--
Payments to employees	--	--
Net cash provided by (used for) operating activities	\$ 767,737	\$ --
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ --	\$ --
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net acquisition of property and equipment	\$ --	\$ --
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	\$ 198,437	\$ --
Net increase (decrease) in cash	\$ 966,174	\$ --
CASH BALANCES, Beginning	4,555,981	1,895
CASH BALANCES, Ending	\$ 5,522,155	\$ 1,895
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 816,462	\$ --
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	--	--
Change in assets and liabilities:		
(Increase) decrease in:		
Other receivables	(41,556)	--
Inventories	--	--
Increase (decrease) in accounts payable, accrued and other liabilities	(7,169)	--
Net cash provided by (used for) operating activities	\$ 767,737	\$ --

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 246,940	\$ 667,713	\$ 719,955	\$ 1,542,288	\$ 5,714,910
--	(943,935)	(205,252)	(909,948)	(3,829,412)
<u>(353,676)</u>	<u>--</u>	<u>(292,977)</u>	<u>(300,068)</u>	<u>(946,721)</u>
<u>\$ (106,736)</u>	<u>\$ (276,222)</u>	<u>\$ 221,726</u>	<u>\$ 332,272</u>	<u>\$ 938,777</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,104</u>	<u>\$ 97,790</u>	<u>\$ 100,894</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ (97,474)</u>	<u>\$ (480,806)</u>	<u>\$ (578,280)</u>
<u>\$ 96,265</u>	<u>\$ 139,487</u>	<u>\$ 33,528</u>	<u>\$ 23,849</u>	<u>\$ 491,566</u>
<u>\$ (10,471)</u>	<u>\$ (136,735)</u>	<u>\$ 160,884</u>	<u>\$ (26,895)</u>	<u>\$ 952,957</u>
<u>2,288,804</u>	<u>3,715,404</u>	<u>791,490</u>	<u>526,027</u>	<u>11,879,601</u>
<u>\$ 2,278,333</u>	<u>\$ 3,578,669</u>	<u>\$ 952,374</u>	<u>\$ 499,132</u>	<u>\$ 12,832,558</u>
\$ (106,309)	\$ (147,495)	\$ 55,007	\$ 95,553	\$ 713,218
--	--	103,855	342,772	446,627
--	--	--	(16,732)	(58,288)
--	--	(151)	(38,950)	(39,101)
<u>(427)</u>	<u>(128,727)</u>	<u>63,015</u>	<u>(50,371)</u>	<u>(123,679)</u>
<u>\$ (106,736)</u>	<u>\$ (276,222)</u>	<u>\$ 221,726</u>	<u>\$ 332,272</u>	<u>\$ 938,777</u>

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Town

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source*
June 30, 2009 and 2008

	2009	2008
Governmental fund capital assets:		
Land	\$ 15,290,332	\$ 14,571,315
Land improvements	12,108,013	10,988,117
Buildings	26,827,853	26,594,756
Machinery and equipment	7,842,503	7,335,365
Infrastructure	130,473,896	126,534,176
Construction in progress	10,383,212	7,557,820
	<u>\$ 202,925,809</u>	<u>\$ 193,581,549</u>
 Investments in governmental funds capital assets by source:		
General fund	\$ 21,633,292	\$ 21,565,924
Special revenue funds	34,152,577	32,209,974
Capital projects funds	116,988,469	111,198,148
Internal service	10,875	10,875
Donations	30,140,596	28,596,628
	<u>\$ 202,925,809</u>	<u>\$ 193,581,549</u>

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

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity *
June 30, 2009

Function and Activity	Land	Land Improvements	Buildings
Public Safety	\$ 12,500	\$ --	\$ 970,339
Public Works	271,131	1,829,059	1,513,123
Health & Social Services	151,494	--	5,873,537
Culture and Recreation	2,628,942	9,951,408	12,107,545
Community and Economic Development	12,172,364	327,546	2,353,925
General Government	53,901	--	4,009,384
	<u>\$ 15,290,332</u>	<u>\$ 12,108,013</u>	<u>\$ 26,827,853</u>

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

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 910,530	\$ --	\$ 51,420	\$ 1,944,789
3,266,623	124,767,425	9,752,467	141,399,828
--	--	--	6,025,031
2,562,700	5,706,471	506,153	33,463,219
130,906	--	73,172	15,057,913
971,744	--	--	5,035,029
<u>\$ 7,842,503</u>	<u>\$ 130,473,896</u>	<u>\$ 10,383,212</u>	<u>\$ 202,925,809</u>

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity *
For the Fiscal Year Ended June 30, 2009

	Governmental Funds Capital Assets <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>June 30, 2009</u>
Public Safety	\$ 1,856,068	\$ 91,464	\$ 2,743	\$ 1,944,789
Public Works	133,336,394	8,076,239	12,805	141,399,828
Health & Social Services	6,025,031	--	--	6,025,031
Culture and Recreation	33,296,674	196,344	29,799	33,463,219
Community and Economic Development	14,039,752	1,018,161	--	15,057,913
General Government	5,027,630	7,399	--	5,035,029
	<u>\$ 193,581,549</u>	<u>\$ 9,389,607</u>	<u>\$ 45,347</u>	<u>\$ 202,925,809</u>

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

**City of Cedar Falls, Iowa
Statistical Section**

This part of the City statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
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.	103
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	113
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future	121
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.	133
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.	138

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

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

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

Fiscal Year

2006	2007	2008	2009
\$ 108,359,511	\$ 113,859,357	\$ 118,688,310	\$ 123,367,386
17,167,913	18,571,430	20,491,013	21,421,340
37,686,372	42,994,411	45,657,412	48,697,813
<u>\$ 163,213,796</u>	<u>\$ 175,425,198</u>	<u>\$ 184,836,735</u>	<u>\$ 193,486,539</u>
\$ 30,991,450	\$ 36,487,852	\$ 41,521,531	\$ 44,414,522
808,500	808,500	449,500	449,500
6,285,467	5,569,366	4,018,315	4,522,038
<u>\$ 38,085,417</u>	<u>\$ 42,865,718</u>	<u>\$ 45,989,346</u>	<u>\$ 49,386,060</u>
\$ 139,350,961	\$ 150,347,209	\$ 160,209,841	\$ 167,781,908
17,976,413	19,379,930	20,940,513	21,870,840
43,971,839	48,563,777	49,675,727	53,219,851
<u>\$ 201,299,213</u>	<u>\$ 218,290,916</u>	<u>\$ 230,826,081</u>	<u>\$ 242,872,599</u>

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

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
Public safety	\$ 5,485,120	\$ 6,378,906	\$ 6,786,083
Public works	7,554,513	8,083,107	8,121,486
Health and social services	367,638	177,236	261,476
Culture and recreation	4,388,937	4,788,464	5,350,058
Community and economic development	2,461,419	2,641,914	3,345,487
General government	3,164,667	3,309,062	3,751,183
Debt service	1,267,811	1,046,548	960,961
Capital projects	174,271	119,579	--
Total governmental activities expenses	<u>24,864,376</u>	<u>26,544,816</u>	<u>28,576,734</u>
Business-type activities:			
Sewer	2,722,667	2,656,015	2,777,820
Refuse	1,668,192	1,699,546	2,176,174
Storm Water	--	--	--
Total business-type activities expenses	<u>4,390,859</u>	<u>4,355,561</u>	<u>4,953,994</u>
Total primary government expenses	<u>\$ 29,255,235</u>	<u>\$ 30,900,377</u>	<u>\$ 33,530,728</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Public Safety	\$ 210,770	\$ 561,788	\$ 602,800
Public Works	79,357	311,932	209,424
Culture and Recreation	1,344,018	1,356,978	1,550,008
General Government	1,019,454	1,147,836	1,242,703
Operating grants and contributions	2,077,794	2,207,574	3,143,285
Capital grants and contributions	993,846	4,210,176	2,759,995
Total governmental activities program revenues	<u>5,725,239</u>	<u>9,796,284</u>	<u>9,508,215</u>
Business-type activities:			
Charges for services:			
Sewer	3,638,914	3,747,185	3,777,236
Refuse	2,097,720	2,471,886	2,460,525
Storm Water	--	--	--
Capital grants and contributions: sewer and storm water	8,720	11,687	820,264
Total business-type activities program revenues	<u>5,745,354</u>	<u>6,230,758</u>	<u>7,058,025</u>
Total primary government program revenues	<u>\$ 11,470,593</u>	<u>\$ 16,027,042</u>	<u>\$ 16,566,240</u>
Net (Expense)/Revenues			
Governmental activities	(19,139,137)	(16,748,532)	(19,068,519)
Business-type activities	1,354,495	1,875,197	2,104,031
Total primary government net expense	<u>\$ (17,784,642)</u>	<u>\$ (14,873,335)</u>	<u>\$ (16,964,488)</u>

Fiscal Year

2006	2007	2008	2009
\$ 6,920,986	\$ 6,602,108	\$ 8,065,013	\$ 7,192,846
9,291,307	9,390,405	9,696,327	13,938,703
325,479	147,007	234,124	310,365
5,911,073	5,894,494	6,736,108	6,836,437
4,353,658	4,341,611	4,346,385	5,677,705
3,972,891	3,918,550	4,244,545	4,619,221
968,298	930,278	831,315	754,989
--	--	--	--
<u>31,743,692</u>	<u>31,224,453</u>	<u>34,153,817</u>	<u>39,330,266</u>
3,212,254	3,359,111	3,009,639	3,178,354
1,797,655	2,011,573	2,142,679	2,355,999
--	619,192	652,999	620,460
<u>5,009,909</u>	<u>5,989,876</u>	<u>5,805,317</u>	<u>6,154,813</u>
<u>\$ 36,753,601</u>	<u>\$ 37,214,329</u>	<u>\$ 39,959,134</u>	<u>\$ 45,485,079</u>
\$ 715,066	\$ 567,948	\$ 534,722	\$ 538,398
344,199	282,146	249,903	259,569
1,841,570	2,024,082	2,028,869	2,184,620
1,323,816	1,165,048	1,466,523	1,191,151
2,533,024	2,461,032	2,365,608	2,153,921
3,622,803	4,922,588	4,395,714	7,183,972
<u>10,380,478</u>	<u>11,422,844</u>	<u>11,041,339</u>	<u>13,511,631</u>
3,862,562	3,794,631	3,775,728	3,999,239
2,576,395	2,746,393	2,833,449	3,148,295
--	731,844	780,666	780,837
<u>1,553,151</u>	<u>3,221,140</u>	<u>333,950</u>	<u>983,243</u>
<u>7,992,108</u>	<u>10,494,008</u>	<u>7,723,793</u>	<u>8,911,614</u>
<u>\$ 18,372,586</u>	<u>\$ 21,916,852</u>	<u>\$ 18,765,132</u>	<u>\$ 22,423,245</u>
(21,363,214)	(19,801,609)	(23,112,478)	(25,818,635)
2,982,199	4,504,132	1,918,476	2,756,801
<u>\$ (18,381,015)</u>	<u>\$ (15,297,477)</u>	<u>\$ (21,194,002)</u>	<u>\$ (23,061,834)</u>

(continued)

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

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets			
Governmental activities:			
General revenues:			
Property taxes and assessments	\$ 12,807,408	\$ 14,110,761	\$ 16,034,121
Other city taxes	3,893,997	4,169,362	4,349,790
Use of money and property	3,031,121	2,618,556	1,874,497
Intergovernmental	4,053,397	3,785,710	3,809,479
Fines and forfeitures	527,966	--	--
Miscellaneous	1,156,311	946,121	207,661
Gain on sale of assets	(56,459)	72,034	65,215
Utility contribution in lieu of taxes	1,500,000	1,400,000	1,400,000
Transfers	(371,589)	(20,070)	556,462
Total governmental activities	<u>26,542,152</u>	<u>27,082,474</u>	<u>28,297,225</u>
Business-type activities:			
General revenues:			
Property taxes and assessments	10,396	54,475	149
Use of money and property	170,254	116,420	212,962
Transfers	371,589	20,070	(556,462)
Total business-type activities	<u>552,239</u>	<u>190,965</u>	<u>(343,351)</u>
Total primary government	<u>\$ 27,094,391</u>	<u>\$ 27,273,439</u>	<u>\$ 27,953,874</u>
Change in Net Assets			
Governmental activities	\$ 7,403,015	\$ 10,333,942	\$ 9,228,706
Business-type activities	1,906,734	2,066,162	1,760,680
Total primary government	<u>\$ 9,309,749</u>	<u>\$ 12,400,104</u>	<u>\$ 10,989,386</u>

(continued)

Fiscal Year			
2006	2007	2008	2009
\$ 17,163,242	\$ 18,931,378	\$ 19,468,413	\$ 20,994,332
4,709,758	4,582,479	5,060,324	5,308,296
2,425,140	2,924,080	2,868,337	2,421,181
3,527,541	3,551,695	3,728,669	3,693,255
--	--	--	--
491,847	474,249	850,716	965,194
--	--	--	--
1,400,000	1,400,000	1,400,000	1,500,000
752,088	149,130	(852,444)	(413,819)
<u>30,469,616</u>	<u>32,013,011</u>	<u>32,524,015</u>	<u>34,468,439</u>
--	1,287	1,609	1,961
301,153	424,012	351,099	224,133
(752,088)	(149,130)	852,444	413,819
<u>(450,935)</u>	<u>276,169</u>	<u>1,205,152</u>	<u>639,913</u>
<u>\$ 30,018,681</u>	<u>\$ 32,289,180</u>	<u>\$ 33,729,167</u>	<u>\$ 35,108,352</u>
\$ 9,106,402	\$ 12,211,402	\$ 9,411,537	\$ 8,649,804
2,531,264	4,780,301	3,123,628	3,396,714
<u>\$ 11,637,666</u>	<u>\$ 16,991,703</u>	<u>\$ 12,535,165</u>	<u>\$ 12,046,518</u>

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

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

Fiscal Year

2006	2007	2008	2009
\$ 119,589	\$ 147,220	\$ 131,466	\$ 132,803
5,462,495	5,350,005	5,262,086	5,286,401
<u>\$ 5,582,084</u>	<u>\$ 5,497,225</u>	<u>\$ 5,393,552</u>	<u>\$ 5,419,204</u>
\$ 5,922,020	\$ 5,997,646	\$ 6,024,776	\$ 5,967,680
--	--	--	--
27,560,891	29,823,558	32,615,782	34,366,788
12,165,289	12,482,706	13,842,259	11,886,774
<u>\$ 45,648,200</u>	<u>\$ 48,303,910</u>	<u>\$ 52,482,817</u>	<u>\$ 52,221,242</u>

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

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

Fiscal Year

2006	2007	2008	2009
\$ 17,186,164	\$ 18,931,049	\$ 19,459,594	\$ 20,994,332
4,712,426	4,564,009	5,032,798	5,338,098
982,954	785,116	1,031,667	767,938
2,425,140	2,924,080	2,868,337	2,421,181
6,834,840	7,047,600	9,153,104	10,189,992
2,589,376	2,787,909	2,827,076	2,969,223
652,321	466,199	421,274	436,578
437,966	648,118	803,161	994,537
1,400,000	1,400,000	1,400,000	1,500,000
<u>\$ 37,221,187</u>	<u>\$ 39,554,080</u>	<u>\$ 42,997,011</u>	<u>\$ 45,611,879</u>

\$ 7,173,967	\$ 7,373,826	\$ 7,996,188	\$ 7,551,507
7,595,353	7,928,949	7,282,523	7,783,897
199,164	838,185	87,286	163,528
5,277,687	5,330,482	5,536,483	6,065,698
2,384,359	2,345,866	2,529,313	2,253,049
3,814,373	3,929,548	4,168,161	4,381,790
2,920,000	3,040,000	2,850,000	2,910,000
937,274	916,414	806,181	739,841
9,612,287	5,392,998	9,857,325	13,486,565
<u>\$ 39,914,464</u>	<u>\$ 37,096,268</u>	<u>\$ 41,113,460</u>	<u>\$ 45,335,875</u>

<u>\$ (2,693,277)</u>	<u>\$ 2,457,812</u>	<u>\$ 1,883,551</u>	<u>\$ 276,004</u>
-----------------------	---------------------	---------------------	-------------------

\$ 2,835,000	\$ --	\$ 4,820,000	\$ --
5,650,000	--	(1,645,000)	--
(43,274)	--	(30,125)	--
--	--	--	--
(5,650,000)	--	--	--
5,999,757	5,914,848	8,358,264	10,291,922
(5,288,524)	(5,842,507)	(9,227,533)	(10,806,635)
<u>\$ 3,502,959</u>	<u>\$ 72,341</u>	<u>\$ 2,275,606</u>	<u>\$ (514,713)</u>
<u>\$ 809,682</u>	<u>\$ 2,530,153</u>	<u>\$ 4,159,157</u>	<u>\$ (238,709)</u>

12.7%

14.6%

11.4%

13.5%

City of Cedar Falls, Iowa
Assessed and Taxable Value of Property
Last Ten Fiscal Years
(Unaudited)

Levy Year	For Fiscal Year Ending June 30,	Real and Personal Property			
		Regular		Agricultural Land	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
1999	2000	\$ 653,019,972	\$ 1,006,391,551	\$ 6,484,720	\$ 6,484,720
2000	2001	722,070,299	1,154,915,581	6,643,223	6,897,310
2001	2002	747,955,311	1,181,469,596	6,866,680	6,866,680
2002	2003	794,505,253	1,367,280,273	7,149,530	7,149,530
2003	2004	817,896,980	1,420,200,646	6,926,500	6,926,500
2004	2005	903,439,479	1,668,483,277	5,418,730	5,418,730
2005	2006	920,739,030	1,732,108,902	5,347,650	5,347,650
2006	2007	985,250,869	1,925,987,344	5,771,140	5,771,140
2007	2008	1,018,530,684	2,008,358,826	5,453,530	5,453,530
2008	2009	1,098,295,277	2,246,385,815	5,438,677	6,036,110

Source: Black Hawk County Auditor's Office.

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

	Total		Total Taxable Value as a Percentage of	Total Direct Tax Rate
	Taxable Value	Assessed Value	Assessed Value	
\$	659,504,692	\$ 1,012,876,271	65.11 %	\$ 14.58793
	728,713,522	1,161,812,891	62.72	14.12498
	754,821,991	1,188,336,276	63.52	14.10036
	801,654,783	1,374,429,803	58.33	13.65069
	824,823,480	1,427,127,146	57.80	14.10410
	908,858,209	1,673,902,007	54.30	13.65325
	926,086,680	1,737,456,552	53.30	14.05084
	991,022,009	1,931,758,484	51.30	13.84420
	1,023,984,214	2,013,812,356	50.85	13.60793
	1,103,733,954	2,252,421,925	49.00	13.26327

**City of Cedar Falls, Iowa
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	City of Cedar Falls			Overlapping Rates		
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage
2000	\$ 11.69479	\$ 2.89314	\$ 14.58793	\$ 6.90463	\$ 0.58975	\$ 7.49438
2001	11.19250	2.93248	14.12498	6.78238	0.53875	7.32113
2002	11.21875	2.88161	14.10036	7.08003	0.60897	7.68900
2003	11.85892	1.79177	13.65069	7.01176	0.60721	7.61897
2004	11.93225	2.17185	14.10410	7.15152	0.59469	7.74621
2005	11.85492	1.79833	13.65325	6.90953	0.58284	7.49237
2006	12.39156	1.65928	14.05084	7.04780	0.56052	7.60832
2007	12.51746	1.32674	13.84420	6.83182	0.55784	7.38966
2008	12.41427	1.19366	13.60793	6.82613	0.58407	7.41020
2009	11.94886	1.31441	13.26327	6.35616	0.57975	6.93591

Source: Black Hawk County Auditor's Office.

Note: The city's general fund maximum property tax rate may only be \$8.10 per \$1,000 of valuation. The remaining portion of the operating rate and the rate for debt service are set based on each year's requirements.

Overlapping Rates

<u>Schools</u>				
<u>Operating Millage</u>	<u>Debt Service</u>	<u>Total School Millage</u>	<u>Other</u>	<u>Total</u>
\$ 13.71475	\$ --	\$ 13.71475	\$ 1.11145	\$ 36.90851
12.84387	--	12.84387	1.08713	35.37711
13.63050	--	13.63050	1.13630	36.55616
13.95173	--	13.95173	1.17929	36.40068
13.91234	--	13.91234	1.13876	36.90141
13.00577	--	13.00577	1.36743	35.51882
13.02846	--	13.02846	1.42197	36.10959
13.02447	--	13.02447	1.34392	35.60225
13.13283	--	13.13283	1.18405	35.33501
13.73251	--	13.73251	1.36422	35.29591

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

Taxpayer	2000		
	Assessed Valuation for Levy Year 1999 - 2000	Rank	Percentage of Total Assessed Valuation
Target Corporation	\$ --	--	--
Cedar Falls Utilities	--	--	--
College Square Mall Assoc. LLC	28,726,822	1	2.84 %
R and N Investments	--	--	--
Twenty Seventh Street Assoc, LLC	--	--	--
Panther Development, LLC	--	--	--
WB CF Assoc LTD Partners	4,721,349	7	0.47
Cedar Falls Investments, LLC	--	--	--
Walmart Re Business Trust	--	--	--
Christopherson, Jerry	--	--	--
Viking Pump	7,025,830	2	0.69
Deere & Company	5,636,387	4	0.56
Quest Corporation (US West, Inc)	5,538,194	6	0.55
Cedar Falls Utilities	5,610,160	5	0.55
Kinsath Hospitalities	4,205,269	10	0.42
Butschi, Robert	4,363,148	9	0.43
T&T Rentals, LC	4,467,645	8	0.44
Cedar Falls Retirement Residence	6,771,367	3	0.67
	\$ 77,066,171		7.61 %

Source: Black Hawk County Auditor's Office

City of Cedar Falls, Iowa
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Levy Year	For Fiscal Year Ending June 30,	Total Tax Levy	Current Tax Collection	Percentage of Current Taxes Collected	Delinquent Tax Collections
1999	2000	\$ 9,674,208	\$ 9,736,770	100.65 %	\$ 18
2000	2001	10,462,320	10,515,407	100.51	1,455
2001	2002	10,804,380	10,858,889	100.50	1,791
2002	2003	11,051,455	11,120,412	100.62	246
2003	2004	11,796,749	11,824,764	100.24	104
2004	2005	12,646,619	12,643,423	99.97	--
2005	2006	13,267,496	13,397,500	100.98	--
2006	2007	13,963,307	14,007,960	100.32	--
2007	2008	14,161,581	14,121,273	99.72	--
2008	2009	14,989,920	14,916,837	99.51	--

Source: Black Hawk County Auditor's Office.

Total Tax Collections	Total Tax Collections as a Percentage of Total Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes as a Percentage of Total Tax Levy
\$ 9,736,788	100.65 %	\$ 83,143	0.86 %
10,516,862	100.52	137,121	1.31
10,860,680	100.52	126,374	1.17
11,120,658	100.63	111,382	1.01
11,824,868	100.24	84,733	0.72
12,643,423	99.97	84,230	0.67
13,397,500	100.98	56,511	0.43
14,007,960	100.32	48,550	0.35
14,121,273	99.72	47,296	0.33
14,916,837	99.51	45,039	0.30

**City of Cedar Falls, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Tax Increment Financing Bonds	Capital Loan Note	General Obligation Bonds	Revenue Bonds
2000	\$ 21,205,000	\$ 2,685,000	\$ 430,000	\$ 4,275,000	\$ 6,160,000
2001	18,945,000	2,310,000	365,000	4,185,000	4,905,000
2002	21,615,000	4,955,000	--	4,090,000	3,590,000
2003	18,750,000	4,280,000	--	3,505,000	3,200,000
2004	18,210,000	3,115,000	--	2,850,000	4,705,000
2005	16,115,000	7,225,000	--	2,160,000	4,075,000
2006	16,860,000	6,395,000	--	2,980,000	3,420,000
2007	14,670,000	5,545,000	--	2,270,000	2,740,000
2008	11,055,000	4,665,000	4,820,000	5,825,000	1,005,000
2009	9,435,000	3,760,000	4,435,000	5,285,000	765,000

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

¹ Population and personal income data can be found on page 133.

<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
\$ 34,755,000	4.10 %	961
30,710,000	3.64	848
34,250,000	3.83	950
29,735,000	3.20	824
28,880,000	2.96	795
29,575,000	2.95	813
29,655,000	2.60	814
25,225,000	2.15	692
27,370,000	2.15	728
23,680,000	1.89	619

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

Fiscal Year	General Obligation Bonds ¹	Taxable Value of Property	Percentage Taxable Value of Property	Assessed Value of Property
1999	\$ 20,005,000	\$ 623,501,115	3.21 %	\$ 983,280,851
2000	21,205,000	659,504,692	3.22	1,012,876,271
2001	18,945,000	728,713,522	2.60	1,161,812,891
2002	21,615,000	754,821,991	2.86	1,188,336,276
2003	18,750,000	801,654,783	2.34	1,374,429,803
2004	18,210,000	824,823,480	2.21	1,427,127,146
2005	16,115,000	908,858,209	1.77	1,673,902,007
2006	16,860,000	926,086,680	1.82	1,737,456,552
2007	14,670,000	991,022,009	1.48	1,931,758,484
2008	11,055,000	1,023,984,214	1.08	2,013,812,356
2009	9,435,000	1,103,733,954	0.85	2,252,421,925

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

¹ Includes only general obligation bonds supported by property tax dollars.

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
2.03 %	558.36
2.09	586.47
1.63	522.89
1.82	599.48
1.36	519.82
1.28	501.06
0.96	442.96
0.97	462.97
0.76	402.70
0.55	294.15
0.42	246.63

**City of Cedar Falls, Iowa
Direct and Overlapping Debt
As of June 30, 2009**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Cedar Falls, Iowa	\$ <u>22,915,000</u>	100.00 %	\$ <u>22,915,000</u>
Overlapping:			
Black Hawk County	\$ 23,960,000	30.71	\$ 7,358,116
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Community College	<u>8,820,000</u>	18.08	<u>1,594,656</u>
Total Overlapping	\$ <u>32,780,000</u>		\$ <u>8,952,772</u>
Total	\$ <u><u>55,695,000</u></u>		\$ <u><u>31,867,772</u></u>

Source: Black Hawk County Auditor

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

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FALLS

Iowa

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Debt Limit	\$ 50,643,814	\$ 58,090,645	\$ 59,416,814	\$ 68,721,490	\$ 71,356,357
Total net debt applicable to limit	32,715,000	29,685,000	34,295,000	29,920,000	27,265,000
Legal debt margin	<u>\$ 17,928,814</u>	<u>\$ 28,405,645</u>	<u>\$ 25,121,814</u>	<u>\$ 38,801,490</u>	<u>\$ 44,091,357</u>
Total net debt applicable to the limit as a percentage of of debt limit	64.60%	51.10%	57.72%	43.54%	38.21%

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 83,695,100	\$ 86,872,828	\$ 96,587,924	\$ 100,893,175	\$ 114,511,196
28,260,000	28,660,000	24,555,000	28,070,000	24,235,000
<u>\$ 55,435,100</u>	<u>\$ 58,212,828</u>	<u>\$ 72,032,924</u>	<u>\$ 72,823,175</u>	<u>\$ 90,276,196</u>

33.77%

32.99%

25.42%

27.82%

21.16%

Legal Debt Margin Calculation for Fiscal Year 2009

Estimated actual valuation	\$ 2,290,223,921
Debt limit - 5% of total actual valuation	\$ 114,511,196
Debt applicable to debt limit:	
General obligation bonds	22,915,000
General obligation bonds - component unit	1,320,000
Legal debt margin	<u>\$ 90,276,196</u>

**City of Cedar Falls, Iowa
Revenue Bond Coverage
Sewer Authority
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses ¹</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements ²</u>	
				<u>Principal</u>	<u>Interest</u>
2000	\$ 4,178,205	\$ 1,227,350	\$ 2,950,855	\$ 1,190,000	\$ 185,418
2001	4,024,425	1,487,413	2,537,012	1,255,000	305,434
2002	3,938,329	1,553,672	2,384,657	1,315,000	257,545
2003	3,783,710	1,523,040	2,260,670	390,000	193,405
2004	3,835,712	1,533,885	2,301,827	395,000	172,735
2005	3,943,396	1,622,886	2,320,510	630,000	212,068
2006	4,118,235	2,021,641	2,096,594	655,000	175,227
2007	4,157,338	2,350,397	1,806,941	680,000	146,788
2008	4,070,619	1,977,204	2,093,415	1,735,000	116,368
2009	4,169,965	2,077,587	2,092,378	240,000	28,583

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

¹ Net of depreciation, interest, and debt service transfers.

² Includes principal and interest of revenue bonds only.

Debt Service
Requirements²

<u>Total</u>	<u>Coverage</u>
\$ 1,375,418	2.15
1,560,434	1.63
1,572,545	1.52
583,405	3.87
567,735	4.05
842,068	2.76
830,227	2.53
826,788	2.19
1,851,368	1.13
268,583	7.79

**City of Cedar Falls, Iowa
Sales History and Total Sewer Charges
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Water Sales (CCF)</u>	<u>Sewer Charges</u>
1999 - 00	1,669,268	\$ 3,407,731
2000 - 01	1,628,644	3,367,856
2001 - 02	1,589,986	3,549,232
2002 - 03	1,683,593	3,547,913
2003 - 04	1,868,675	3,686,981
2004 - 05	1,700,179	3,603,778
2005 - 06	1,737,946	3,644,514
2006 - 07	1,695,516	3,694,725
2007 - 08	1,765,541	4,492,230
2008 - 09	1,873,290	4,666,695

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa
Water Meter by Rate Class
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Other</u>	<u>Total</u>
1999	9,233	787	43	151	3	10,217
2000	9,426	805	42	168	3	10,444
2001	9,607	820	40	173	3	10,643
2002	9,903	854	39	168	3	10,967
2003	10,057	866	39	168	3	11,133
2004	10,313	889	38	164	3	11,407
2005	10,548	920	36	175	3	11,682
2006	10,878	948	35	177	3	12,041
2007	11,445	983	38	195	3	12,664
2008	11,258	972	35	197	3	12,465

**City of Cedar Falls, Iowa
Largest Sewer Customers
Fiscal Year 2009**

Customer	Water Sales (CCF)	Percent of Total Water Sales	Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	129,431	6.91 %	\$ 260,181	5.58 %
County Terrace Mobile Home Ct.	22,320	1.19	84,459	1.81
Western Home Communities	21,081	1.13	59,521	1.28
Metokote Corporation	15,988	0.85	29,566	0.63
Sartori Memorial Hospital	14,158	0.76	25,147	0.54
College Park Mills	11,449	0.61	35,359	0.76
Nazareth Lutheran Church	10,680	0.57	21,055	0.45
Lutheran Home	10,511	0.56	30,478	0.65
Gold Falls Villa Apartments	10,187	0.54	49,057	1.05
Holiday Inn	9,899	0.53	18,719	0.40
CF Schools	8,836	0.47	24,906	0.53
College Square Apartments	7,783	0.42	29,810	0.64
 Total 2009 CCF	 1,873,290			
Total 2009 Billings	\$4,666,695			

**City of Cedar Falls, Iowa
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income¹</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2000	36,157	846,869,254	23,422	26.0	4,456	2.5
2001	36,231	843,675,066	23,286	26.0	4,322	3.0
2002	36,056	894,008,520	24,795	26.0	4,339	3.3
2003	36,070	928,730,360	25,748	26.0	4,385	3.8
2004	36,343	975,664,178	26,846	26.0	4,437	4.0
2005	36,380	1,001,577,780	27,531	25.7	4,393	3.7
2006	36,417	1,140,981,027	31,331	25.7	4,435	2.9
2007	36,429	1,174,398,102	32,238	25.7	4,502	2.3
2008	37,583	1,271,771,137	33,839	25.7	4,501	2.6
2009	38,255	1,251,129,775	32,705	25.7	4,515	3.2

Sources: Population provided by the US Census Bureau. School enrollment is supplied by the Cedar Falls Board of Education. Unemployment data provided by the Iowa Workforce.

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

¹ Per Capita Income is based on Metropolitan Waterloo/Cedar Falls and based on figures from Bureau of Economic Analysis.

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

Employees	2000		
	Number of Employees ¹	Rank	Percentage of Total City Employment
John Deere Product Engineer Center ²	6,000	1	29.97%
University of Northern Iowa	5,303	2	26.49%
Hy-Vee Food Stores ²			
Wal-Mart Super Center ²	--		--
GMAC Mortgage. ²			
Cedar Falls Community School District	622	4	3.11%
CBE Group			
Target Distribution	--		--
Viking Pump Inc, Unit of Index Corp.	606	5	3.03%
City of Cedar Falls/Municipal Utilities	729	3	3.64%
Cedar Falls Lutheran Home	--		--
Principal Financial Group	--		--
Oster Communications	--		--
Wayne Engineering Corp.	125	10	0.62%
Younkers, Inc	--		--
Clay Equipment Corp.	--		--
Martin Brothers Distributing Co., Inc	313	7	1.56%
Sartori Hospital	290	8	1.45%
The Western Home	315	6	1.57%
Doerfer Engineering	137	9	0.68%
Total	14,440		72.14%

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

¹ Number of employees includes all full-time, part-time and seasonal employees.

² Number of employees includes multiple locations in both Cedar Falls and Waterloo.

2009

<u>Number of Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
4,600	1	22.28%
1,791	2	8.68%
894	3	4.33%
757	4	3.67%
752	5	3.64%
635	6	3.08%
606	7	2.94%
600	8	2.91%
600	8	2.91%
509	10	2.47%
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11,744		56.89%

City of Cedar Falls, Iowa
Full-Time Equivalent City Government Employees by Function/Department
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30			
	2000	2001	2002	2003
Public Safety				
Police	51.65	53.15	52.85	49.89
Fire	34.80	34.80	35.10	35.40
Inspection Services	6.00	6.00	6.00	6.00
Public Works				
Streets	21.32	21.32	21.57	24.00
Parking Meter	4.15	3.15	3.05	3.05
Engineering	13.60	13.60	13.60	13.60
Culture and Recreation				
Human & Leisure Administration	2.80	2.80	2.50	2.00
Cultural Services	9.20	9.20	10.40	10.50
Library	14.80	14.80	14.80	14.80
Cemetery	4.60	4.60	4.40	4.40
Golf	6.30	6.00	5.60	5.60
Parks	22.20	22.60	18.00	18.00
Recreation	30.85	30.85	31.05	31.05
Visitor & Tourism	--	--	1.80	2.40
Senior Services	--	--	--	--
Community & Economic Development				
Developmental Services Admin.	1.50	1.50	1.50	1.50
Economic Development	1.85	1.85	1.85	1.85
Planning Services	3.10	3.10	3.10	3.43
Block Grant	2.15	2.15	2.15	2.20
Housing Vouchers	0.85	2.50	2.50	2.50
Section 8 Housing	1.65	--	--	--
General Government				
Mayor's Office	1.50	1.50	1.50	1.50
Administrative Services Admin.	1.50	1.50	1.50	1.50
Financial Services	4.65	5.65	5.58	5.58
Legal Services	3.00	3.00	3.00	3.00
Personnel	2.50	2.50	2.50	2.00
Public Records	3.50	3.50	3.80	3.50
Cable TV	3.85	3.80	3.80	4.00
Print Shop	1.00	1.00	1.00	1.00
Public Buildings	13.18	13.18	12.78	10.78
Internal Service				
Information Systems	3.00	3.00	3.00	3.00
Vehicle Maintenance	6.40	6.40	6.40	6.40
Sewer	17.00	17.00	17.30	17.30
Refuse	12.85	15.65	17.80	16.43
Storm Water	--	--	--	--
Total	307.30	311.65	311.78	308.16

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

2004	2005	2006	2007	2008	2009
49.89	49.89	50.89	51.49	51.69	53.44
34.60	34.60	35.60	35.65	35.65	35.65
6.00	6.00	6.50	6.50	6.40	6.40
24.82	24.35	25.35	24.37	24.37	20.56
3.10	3.10	3.10	3.66	3.61	3.61
13.60	11.60	11.60	11.57	11.42	11.42
2.00	2.00	2.25	2.25	2.25	2.25
9.05	8.81	8.81	8.00	8.00	8.00
14.80	16.20	16.20	17.53	17.25	17.25
4.40	4.60	4.60	4.60	4.60	4.60
6.40	7.15	7.15	5.50	4.70	4.90
16.20	18.68	18.68	18.48	18.90	20.10
31.05	31.05	31.05	30.88	32.23	33.50
2.40	2.60	2.60	2.90	2.90	3.20
--	--	--	0.50	0.50	1.23
1.50	1.50	1.50	1.50	1.50	1.50
1.85	1.85	1.85	1.77	2.10	2.26
3.43	3.43	3.43	3.68	3.68	3.68
2.20	2.20	2.20	2.17	1.84	1.68
2.50	2.50	2.50	1.79	1.79	1.79
--	--	--	--	--	--
1.50	1.50	1.50	1.50	1.50	1.50
1.50	1.50	1.50	1.50	1.50	1.50
4.95	4.95	4.95	5.95	6.45	6.45
3.00	3.00	2.00	3.00	3.00	3.00
2.00	2.00	2.00	--	--	--
3.50	3.50	3.50	3.45	3.70	3.70
4.00	3.00	4.00	4.30	4.50	4.50
1.00	1.00	1.00	1.00	1.00	1.00
11.31	12.11	14.11	14.71	15.25	15.25
3.00	3.00	4.00	4.00	4.00	4.00
6.40	6.40	6.40	6.10	6.10	6.10
17.30	16.75	16.88	16.30	16.72	18.38
16.50	16.80	15.80	17.80	17.80	19.30
--	--	--	3.25	3.30	3.30
305.75	307.62	313.50	317.65	320.20	325.00

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

	Fiscal Year		
	2000	2001	2002
Public Safety			
Police			
Physical arrests	1,502	1,299	1,386
Traffic violations	3,120	3,960	3,959
Parking violations	38,876	48,613	48,613
Fire			
Number of calls answered	1,370	1,393	1,435
Inspections conducted	3,213	2,314	4,554
Sewer			
Sewage System			
Daily average treatment in gallons	5,800,000	5,800,000	4,750,000
Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
Water System			
Daily average consumption in gallons	3,653,594	3,773,582	3,783,126
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
Refuse¹			
Solid Waste			
32 Gallon Containers	--	--	--
68 Gallon Containers	--	--	--
95 Gallon Containers	--	--	--
Yard Waste			
95 Gallon Containers	--	--	--

Sources: Various city departments

¹ Statistics begin in FY04

Fiscal Year

2003	2004	2005	2006	2007	2008	2009
1,485	1,672	1,616	1,670	1,421	1,353	1,501
4,033	5,453	6,007	4,705	2,562	7,267	3,544
42,162	37,260	34,056	29,952	25,575	26,354	25,267
1,554	1,511	1,452	1,599	1,925	1,936	2,016
3,367	2,166	1,807	2,517	2,331	2,470	2,076
4,120,000	4,120,000	4,600,000	4,550,000	5,730,000	6,510,000	5,130,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,800,209	3,800,209	3,439,943	3,636,258	3,379,708	3,660,000	4,110,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
--	3,155	3,299	3,344	3,382	3,529	3,735
--	5,679	5,903	5,997	6,169	6,273	6,337
--	1,093	1,284	1,464	1,652	1,760	1,876
--	4,499	4,924	5,280	5,575	5,769	5,999

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

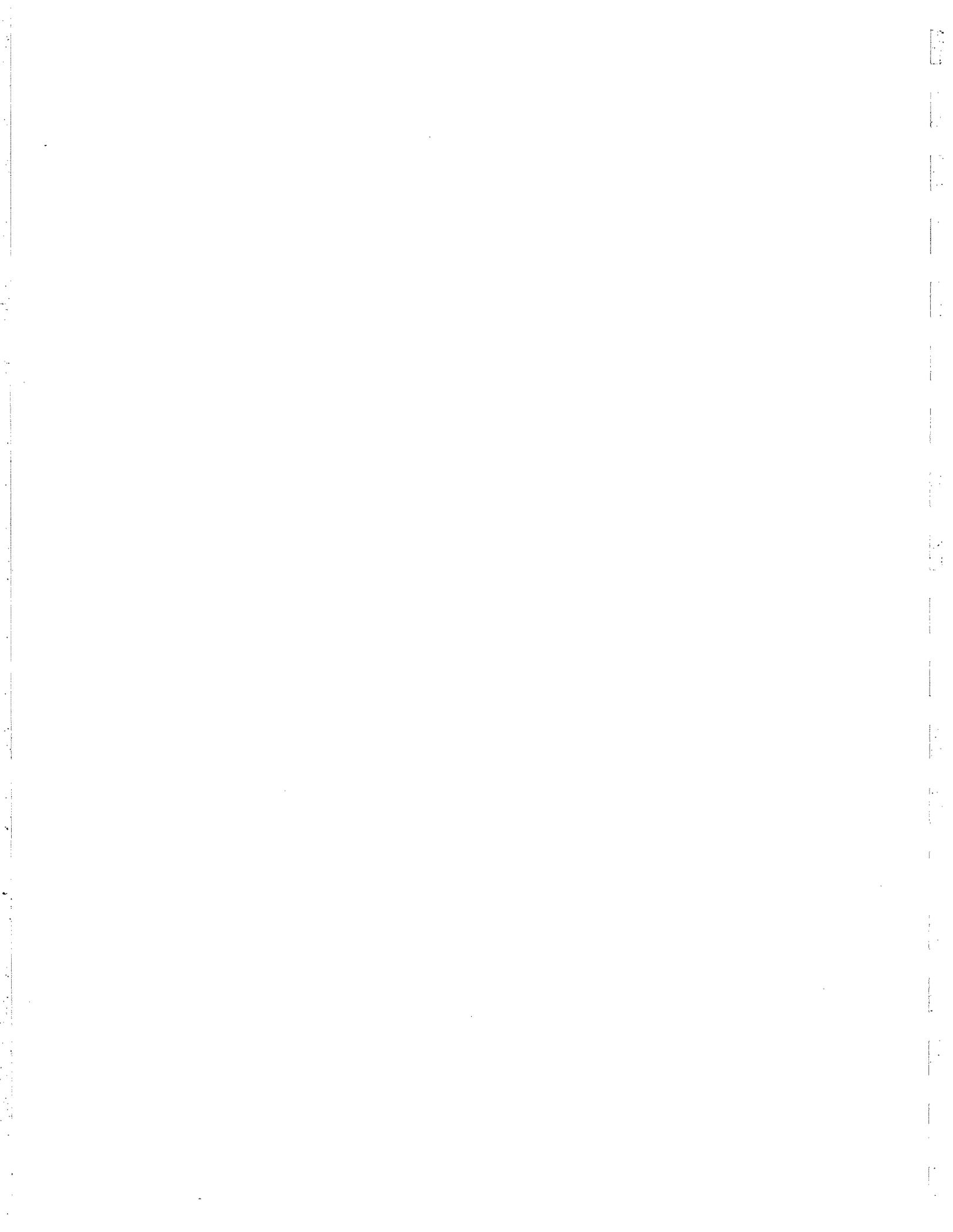
	Fiscal Year				
	2000	2001	2002	2003	2004
Public safety					
Police					
Stations	1	1	1	1	1
Patrol Units	9	9	12	12	12
Fire					
Stations	2	2	2	2	2
Fire apparatus ¹	--	--	8	8	8
Public works					
Streets					
Miles	200	200	200	200	200
Street lights	2,539	2,588	2,609	2,642	2,670
Health and social services					
Hospital	1	1	1	1	1
Number of patient beds	101	101	101	101	101
Cultural and Recreation					
Hearst Center for the Arts	1	1	1	1	1
Library	1	1	1	1	1
Cemeteries	3	3	3	3	3
Acreage	56.9	56.9	56.9	56.9	56.9
Golf	3	3	3	3	3
Miniature golf course	1	1	1	1	1
Parks	34	34	34	34	34
Acreage	1,116	1,116	1,116	1,116	1,116
Recreation					
Recreation Center	1	1	1	1	1
Swimming pools	3	3	3	3	3
Softball fields	6	6	8	8	8
Baseball fields	3	3	2	2	2
Tennis courts	6	6	6	6	6
Sewer					
Sewage System					
Miles of sanitary sewer	150	150	150	160	160
Miles of storm sewers	160	160	160	160	160
Number of treatment plants	1	1	1	1	1
Number of service connectors	12,762	12,762	10,790	11,039	11,039
Water Systems					
Miles of water mains	160.00	164.02	167.00	169.00	169.00
Number of service connectors	10,220	10,444	10,643	10,967	10,967
Number of city owned fire hydrants	1,383	1,427	1,468	1,503	1,503

Sources: Various city departments

¹ Number of fire trucks statistic was not kept in prior years

Fiscal Year

2005	2006	2007	2008	2009
1	1	1	1	1
12	10	10	10	10
2	1	2	2	2
8	8	8	8	8
203	205	210	215	217
2,695	2,705	2,856	2,998	3,025
1	1	1	1	1
101	101	101	101	101
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
56.9	56.9	56.9	56.9	56.9
3	3	3	3	2
1	1	--	--	--
34	34	34	34	34
1,116	1,116	1,116	1,136	1,136
1	1	1	1	1
3	3	3	3	3
8	8	8	8	8
2	2	2	2	2
6	6	6	6	6
162	163	169	177	178.62
161	162	167	168	171.2
1	1	1	1	1
11,039	11,649	11,966	11,975	12,145
175.30	184.70	181.80	192.90	195.70
11,407	11,682	12,041	12,212	12,169
1,593	1,717	1,771	1,951	1,892



**INFORMATION TO COMPLY WITH
GOVERNMENT AUDITING STANDARDS AND
OMB CIRCULAR A-133, AUDITS OF STATES, LOCAL
GOVERNMENTS AND NON-PROFIT ORGANIZATIONS
JUNE 30, 2009**

CITY OF CEDAR FALLS, IOWA

CITY OF CEDAR FALLS, IOWA

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CPAs & BUSINESS ADVISORS

**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 Falls, 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 Falls, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 19, 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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 City'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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Cedar Falls, Iowa, and are reported in Part II of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on 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 interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Cedar Falls, Iowa, and other parties to whom the City of Cedar Falls, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Cedar Falls, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
October 19, 2009



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO ITS 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 Falls, Iowa

Compliance

We have audited the compliance of the City of Cedar Falls, 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 its major federal program for the year ended June 30, 2009. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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'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's compliance with those requirements.

In our opinion, the City of Cedar Falls, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency in the City'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 non-compliance 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 City's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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 Falls, Iowa, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 19, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Cedar Falls, Iowa, and other parties to whom the City of Cedar Falls, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
October 19, 2009

CITY OF CEDAR FALLS, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Department of Housing and Urban Development:			
Direct Program			
Community Development Block Grants/ Entitlement Grants	14.218		\$ 234,011
Pass-through program from:			
Iowa Department of Economic Development Community Development Block Grants/ State's Program	14.228	08-DRH-007	12,190
Pass-through program from:			
City of Waterloo, Iowa HOME Investment Partnerships Program	14.239	M01DC190206	71,528
Direct Program			
Section 8 Housing Choice Vouchers	14.871		<u>976,110</u>
Total Department of Housing and Urban Development			<u>1,293,839</u>
Department of Justice:			
Direct Program			
Bulletproof Vest Partnership Program	16.607		2,459
Pass-through program from:			
Iowa Department of Human Rights Enforcing Underage Drinking Laws Program	16.727	2008-EUDL	<u>639</u>
Total Department of Justice			<u>3,098</u>
Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation Highway Planning and Construction	20.205	STP-U-1185(635)--70-07	58,502
Highway Planning and Construction	20.205	STP-E-1185(638)--8V-07	3,699
Highway Planning and Construction	20.205	STP-U-1185(631)--70-07	83,302
Pass-through program from:			
Iowa Department of Public Safety State and Community Highway Safety	20.600	08-04	1,223
State and Community Highway Safety	20.600	09-04	<u>8,748</u>
Total Department of Transportation			<u>155,474</u>
Institute of Museum and Library Services			
Direct Program			
Museums for America Grants	45.301		<u>1,764</u>
Department of Homeland Security			
Pass-through program from:			
Iowa Department of Homeland Security Disaster Grants - Public Assistance	97.036	FEMA-IA DR-1763	<u>1,884,142</u>
Total			<u>\$ 3,338,317</u>

CITY OF CEDAR FALLS, IOWA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Cedar Falls, Iowa, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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. SUBRECIPIENTS

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/ Entitlement Grants	14.218	\$ 86,623

CITY OF CEDAR FALLS, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for the major program	Unqualified

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

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
---	-----------

Auditee qualified as low-risk auditee	Yes
---------------------------------------	-----

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - Disbursements before the December 22, 2008, amendment exceeded the original amount budgeted in the capital projects function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Disbursements exceeded the original budget due to unexpected disbursements related to the 2008 flood. An amendment was made for the flood disbursements and disbursements did not exceed the amended budget at year-end.

Conclusion - Response accepted.

II-B-09 Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

(continued)

CITY OF CEDAR FALLS, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting: (continued)

- II-C-09 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-09 Business Transactions - No business transactions between the City and City officials or employees were noted.
- II-E-09 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 insure that the coverage is adequate for current operations.
- II-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-09 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- II-H-09 Revenue Bonds - No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.