

# **CITY OF CEDAR FALLS, IOWA**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2010**

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, 2010**

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DEPARTMENT OF ADMINISTRATIVE SERVICES

CITY OF CEDAR FALLS, IOWA  
220 CLAY STREET  
CEDAR FALLS, IOWA 50613  
PHONE: 319-273-8600  
FAX: 319-268-5126

November 22, 2010

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, 2010. This is the eighth 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 continues to be strong. The Cedar Falls economy was insulated from many of the impacts created by the recent 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 FY11 by \$65 million, however taxable values only increased by almost \$36 million (See Attachment B) due to the residential rollback.

The City has responded to a portion of this challenge by maintaining a comparatively low tax rate. Cedar Falls has the fifth 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. This has been accomplished by maintaining the approximate same number of employees, even when demand for service has increased. Cedar Falls had one of the lowest number of full-time employees per 1,000 residents in FY10. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 1999, the average sales price reported was \$125,052. In 2009, the average sales price was \$207,754, which is a sixty-six (66) 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 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 11<sup>th</sup>, 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 and FY10, another approximately \$1.6 million was spent. The remainder of the costs to repair and rebuild will occur in FY11. Also, starting in FY10, the buyout of approximately 150 flood-damaged homes and businesses began. The City has secured funding for this buyout process either through FEMA, Jumpstart, or Community Block Grant.

## **MAJOR INITIATIVES**

### **Northern Cedar Falls Development:**

*Northern Cedar Falls Industrial Park* - For the past fifteen years, the concept for a Northern Industrial Park has been considered, however, the biggest challenge was funding for the needed infrastructure improvements. After the 2008 Flood, a grant for infrastructure improvements was available from the U.S. Department of Commerce. The grant was for flood related economic programs to impacted communities. The City of Cedar Falls was awarded a \$5.5 million grant. This grant allowed the City to move ahead with the Northern Industrial Park at a total project cost of \$8.5 million. The City purchased 103 acres of land located north of the river and along Highway 218. The City then hired an engineering firm to design the grading and infrastructure layout.

The unique feature of the Northern Industrial Park is the access to rail service. It is the only site in Cedar Falls that can provide rail access and will allow the City to market to different types of companies. The first occupant of the northern industrial park will be a co-op that was severely affected by the 2008 Flood. This will allow the co-op to move out of the floodplain and have its necessary rail access. The completion date of the Park is expected in Fall, 2011. The City will continue to market companies to this new Northern Industrial Park. The City believes it will have great economic opportunities which were not available before due to the location of the Park next to the highway, rail access, and its proximity to a municipal airport.

*North Cedar and Center Street* - In addition to the development of the Industrial Park in northern Cedar Falls, the City is also looking at redeveloping a section of the city commonly referred to as "North Cedar". This area is also located north of the river and was severely impacted by the 2008 Flood. As part of that redevelopment, the City has been working with a firm to create a design framework plan for the North Cedar Area which includes the Center Street Corridor, North Cedar Neighborhood, and the East District or "Cedar City" area. The intent of the plan is to reflect the community's values and aspirations in shaping an identity and seizing new opportunities for improving the area.

This study builds on the recommendations for future development, floodplain regulations, and the appearance of the Center Street Corridor. The firm looked at the economic outlook of the area, including a market and transportation study. The market analysis looked at projected commercial and residential development, current trends in number of households, and available land for development. The transportation analysis looked at average annual daily traffic counts. The project objectives of the study are:

- Create a Design Framework Plan of the North Cedar/Center Street Area to guide public and private improvements.
- Integrate public and private improvements into a mutually supportive plan consistent with the vision of the community.
- Build on the recommendation defined by the Northern Cedar Falls Reuse and Redevelopment Visioning Plan and the EPA workshops.
- Develop a realistic 20-25 year plan based on solid population estimates, market research and traffic projections.
- Create a special area plan that may be adopted as part of the comprehensive plan.
- Implementation of Recommendations.

## **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, 2010, 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, 2009. 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 twenty consecutive years (fiscal years ended 1990-2009). 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, 2009. 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 seventeen 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 Cathy Niebergall, Financial Technician. 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,

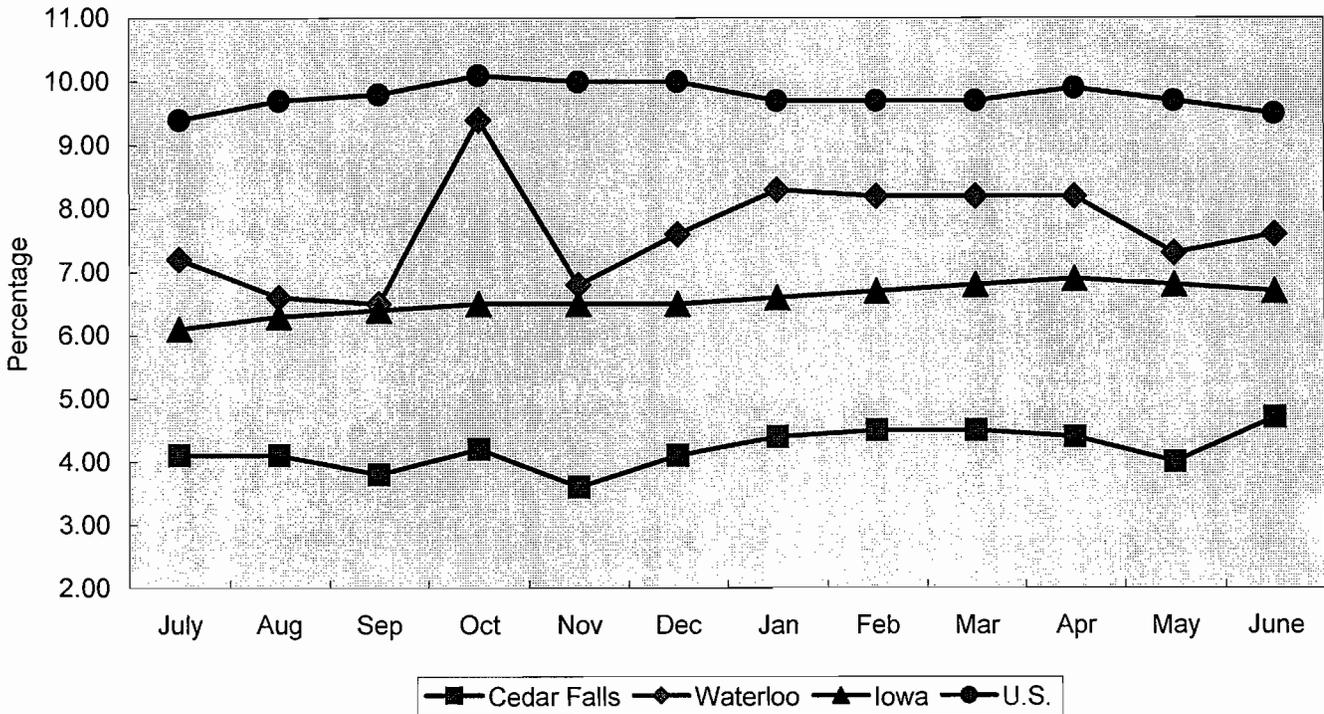


Jennifer Rodenbeck, CPA, CPFO  
Finance Manager

ATTACHMENT A

Unempl

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

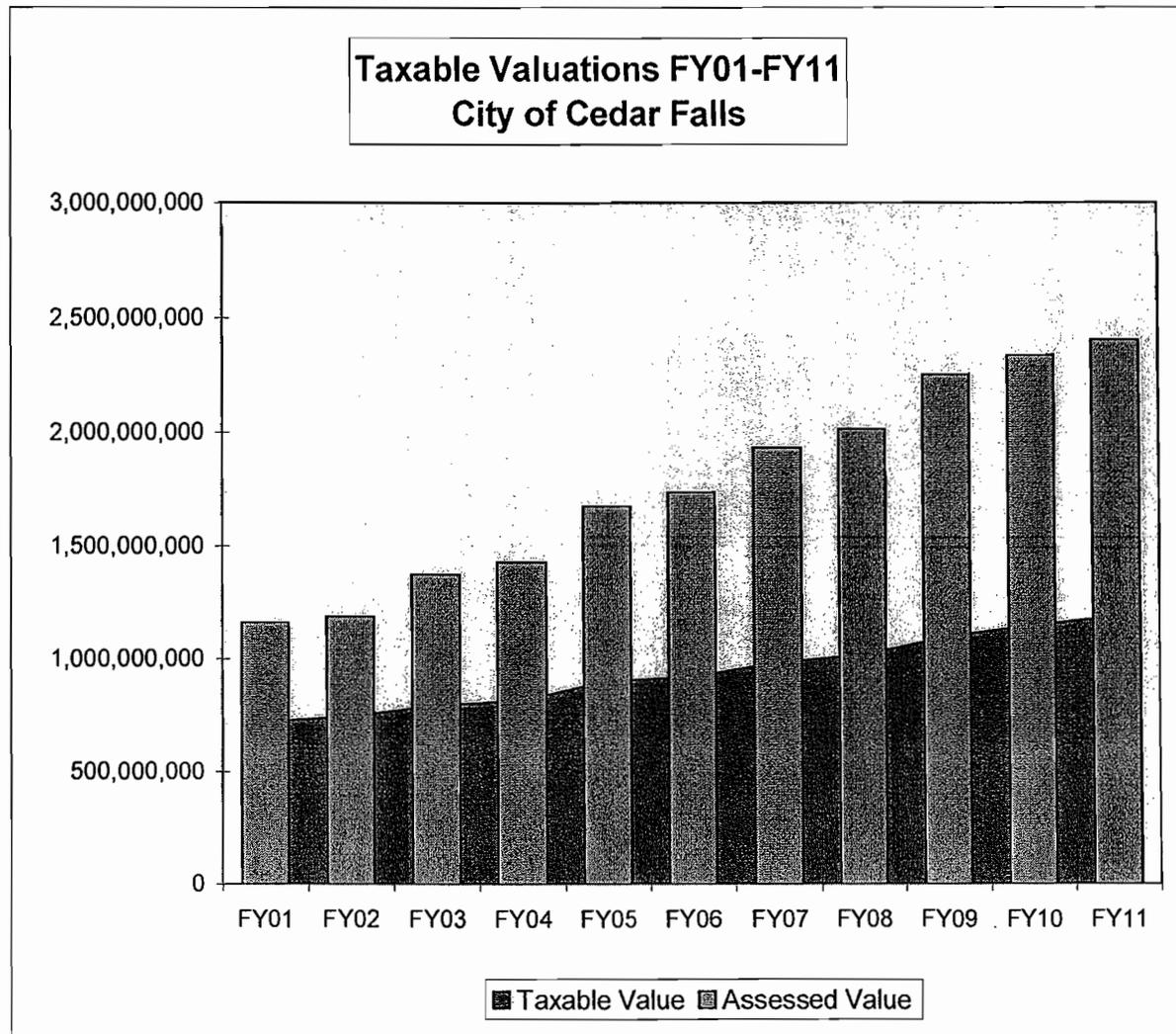


**Unemployment Rates  
Cedar Falls, Waterloo, Iowa & U.S.**

Month 09-10	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	4.1	7.2	6.1	9.4
Aug	4.1	6.6	6.3	9.7
Sep	3.8	6.5	6.4	9.8
Oct	4.2	9.4	6.5	10.1
Nov	3.6	6.8	6.5	10.0
Dec	4.1	7.6	6.5	10.0
Jan	4.4	8.3	6.6	9.7
Feb	4.5	8.2	6.7	9.7
Mar	4.5	8.2	6.8	9.7
Apr	4.4	8.2	6.9	9.9
May	4.0	7.3	6.8	9.7
June	4.7	7.6	6.7	9.5
Average	4.2	7.7	6.6	9.8

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



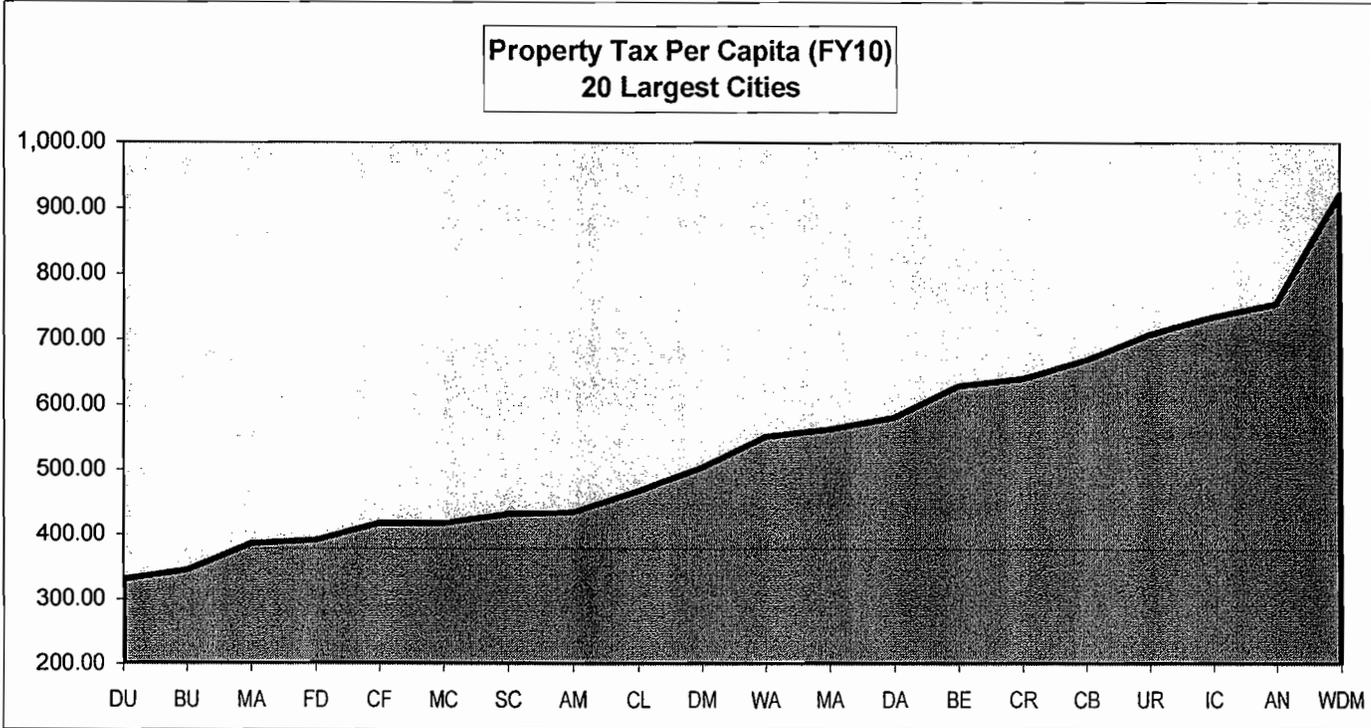
Year	Taxable Value	Assessed Value
FY01	722,070,299	1,161,812,891
FY02	747,955,311	1,188,336,276
FY03	794,505,253	1,374,429,803
FY04	817,896,980	1,427,127,146
FY05	903,439,479	1,673,902,007
FY06	920,739,030	1,737,456,552
FY07	985,250,869	1,931,758,484
FY08	1,018,530,684	2,013,812,356
FY09	1,098,295,277	2,252,421,925
FY10	1,150,078,051	2,336,646,915
FY11	1,185,969,161	2,402,107,961

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 FY11, assessed values increased by \$65,461,046. However, taxable values only increased by \$35,891,110 due mostly to the change in the residential rollback factor to 46.91% for FY11.

ATTACHMENT C

Citytaxr



Property Tax Per Capita (FY10)  
20 Largest Iowa Cities

City	FY10 Tax Per Person	2000 Population	Abbreviation
Dubuque	330.78	57,686	DU
Burlington	345.17	26,839	BU
Marshalltown	385.73	26,009	MA
Fort Dodge	391.32	25,136	FD
<b>Cedar Falls</b>	<b>417.23</b>	<b>36,145</b>	<b>CF</b>
Mason City	417.41	29,172	MC
Sioux City	431.73	85,013	SC
Ames	434.66	50,731	AM
Clinton	467.26	27,772	CL
Des Moines	503.72	198,682	DM
Waterloo	551.15	68,747	WA
Marion	562.19	26,294	MA
Davenport	580.82	98,359	DA
Bettendorf	628.58	31,275	BE
Cedar Rapids	639.98	120,758	CR
Council Bluffs	668.53	58,268	CB
Urbandale	707.66	29,072	UR
Iowa City	734.46	62,220	IC
Ankeny	754.68	27,117	AN
West Des Moines	922.40	46,403	WDM
Average	543.77		

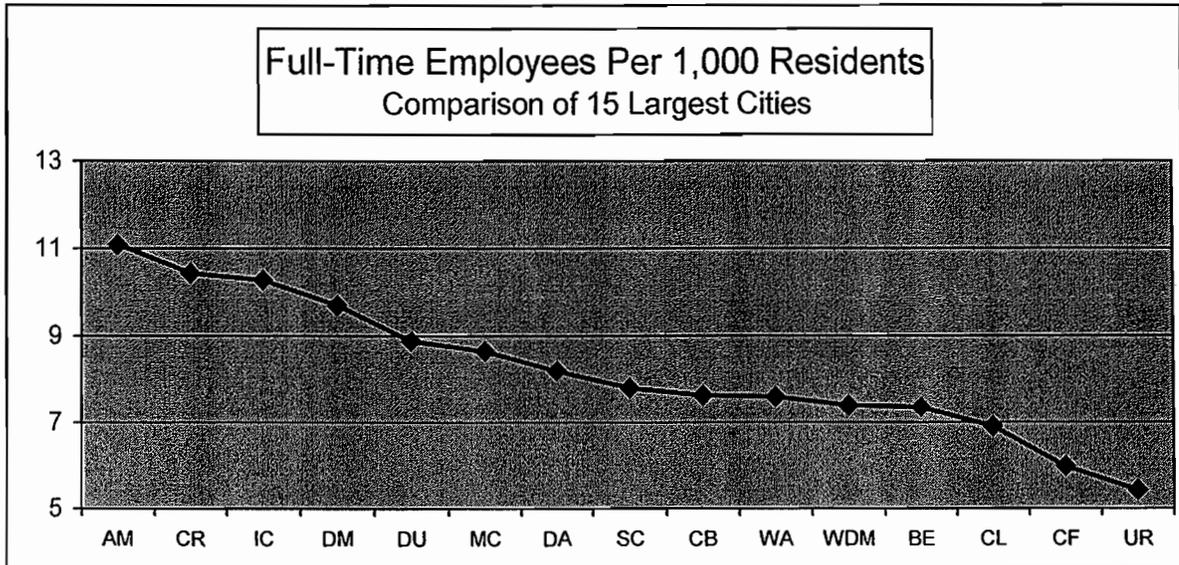
For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

At a cost of \$417.23 per person, the City is substantially below the average rate of \$543.77. 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 4.5 million dollars would be devoted to operations. This would be an increase of 30% of taxes levied in FY10.

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.

ATTACHMENT D



City	FY09 Employees	2000 Population	Employees Per 1,000
Ames*	563.0	50,731	11.10
Cedar Rapids*	1261.0	120,758	10.44
Iowa City	638.0	62,220	10.28
Des Moines	1929.0	198,682	9.71
Dubuque	512.00	57,686	8.88
Mason City	251.0	29,040	8.64
Davenport	806.00	98,359	8.19
Sioux City	663.0	85,013	7.80
Council Bluffs	445.0	58,268	7.63
Waterloo	522.0	68,747	7.59
W. Des Moines	343.0	46,403	7.39
Bettendorf	230.0	31,275	7.35
Clinton	192.0	27,772	6.91
<b>Cedar Falls</b>	<b>216.0</b>	<b>36,145</b>	<b>5.98</b>
Urbandale	158.0	29,072	5.43
Average:			8.25

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

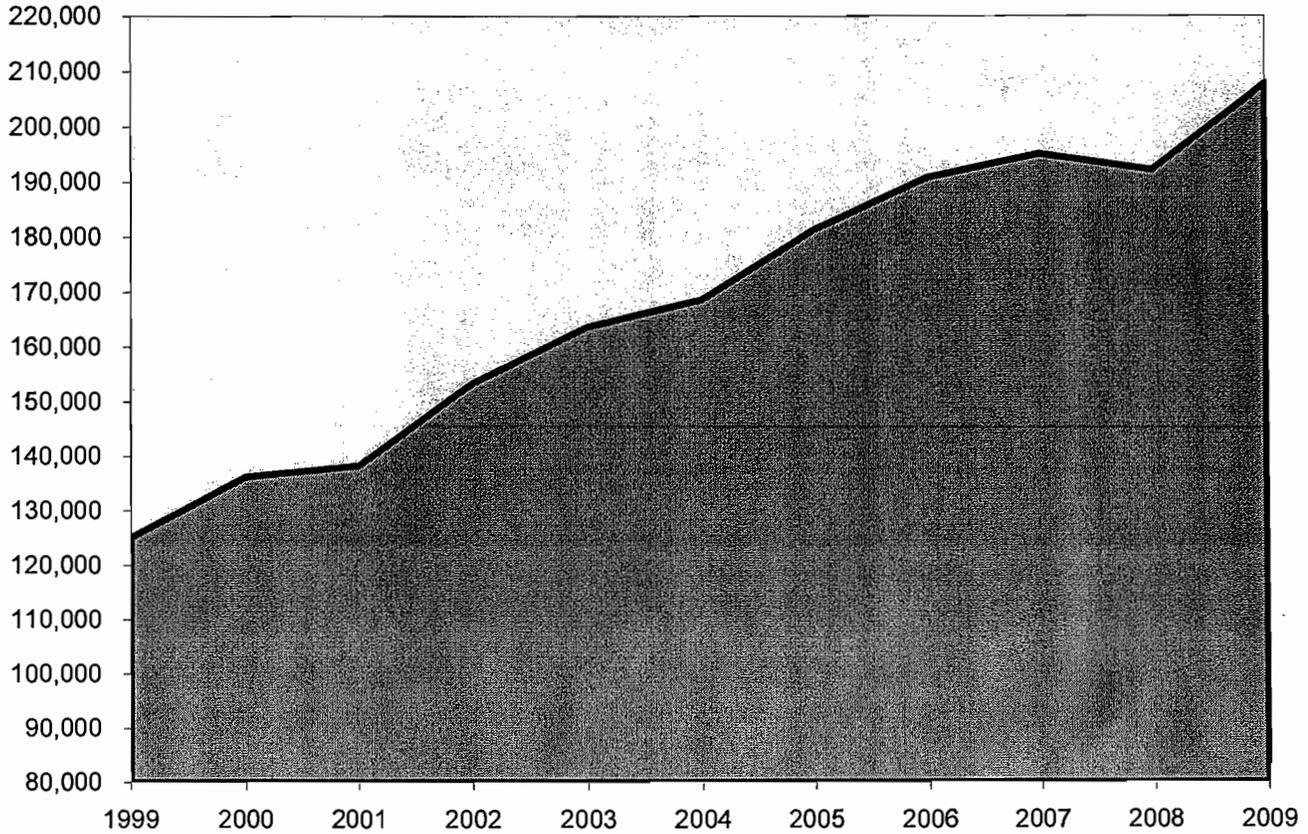
Cedar Falls has 2.3 employees per 1,000 capita less than the state average, which is equivalent to 83 fewer full-time employees.

Employment reductions have been implemented over the last 10 years, which has streamlined Cedar Falls' employment.

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

ATTACHMENT E

Average Residential Sales Price (Annual)  
Cedar Falls, Iowa



Year	Average Sales Price
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
2009	207,754
Average	168,374

The average sale price of residential properties in Cedar Falls has grown by 66% between 1999 - 2009 from \$125,052 to \$207,754.

# 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, 2009

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.



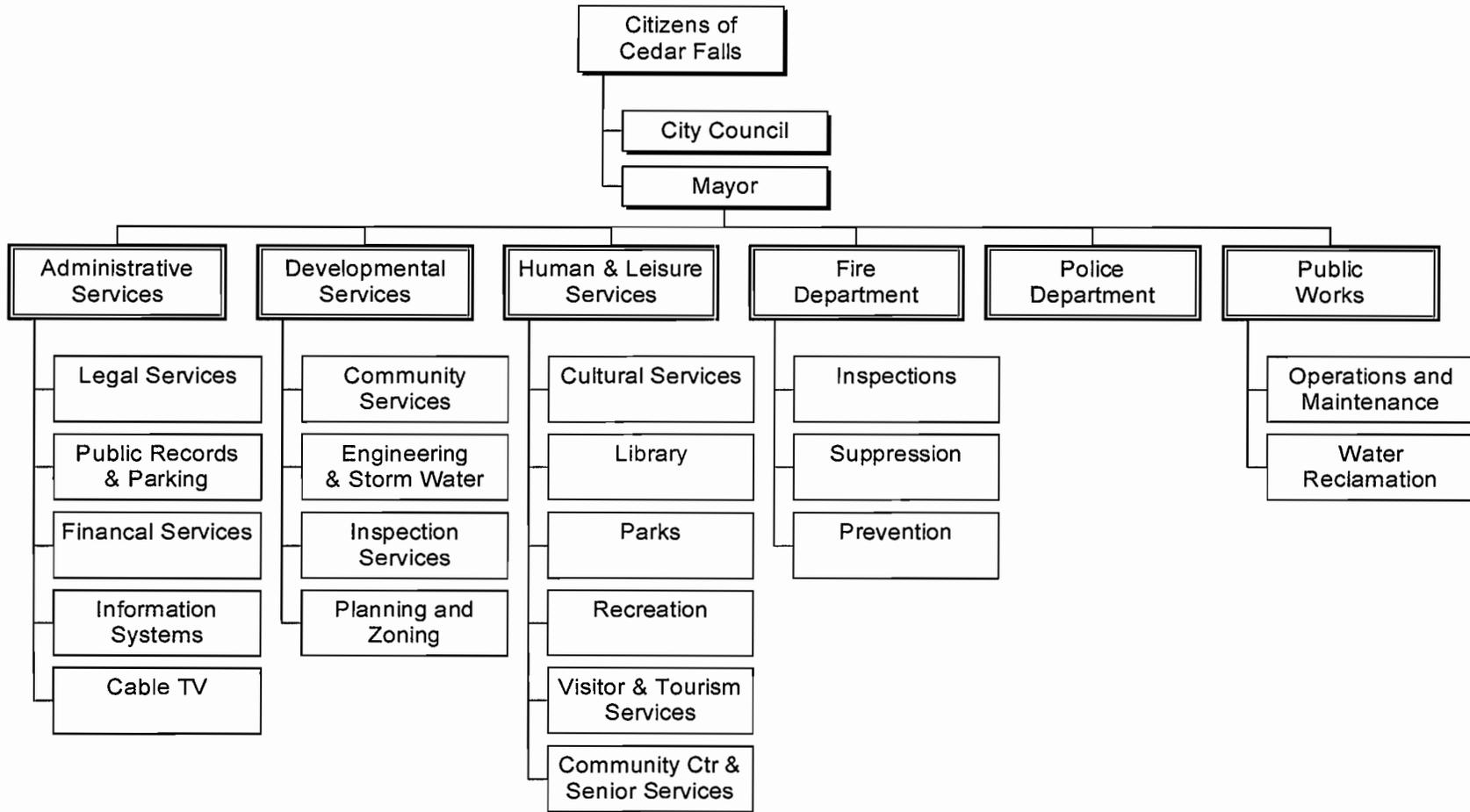
A stylized handwritten signature in black ink.

President

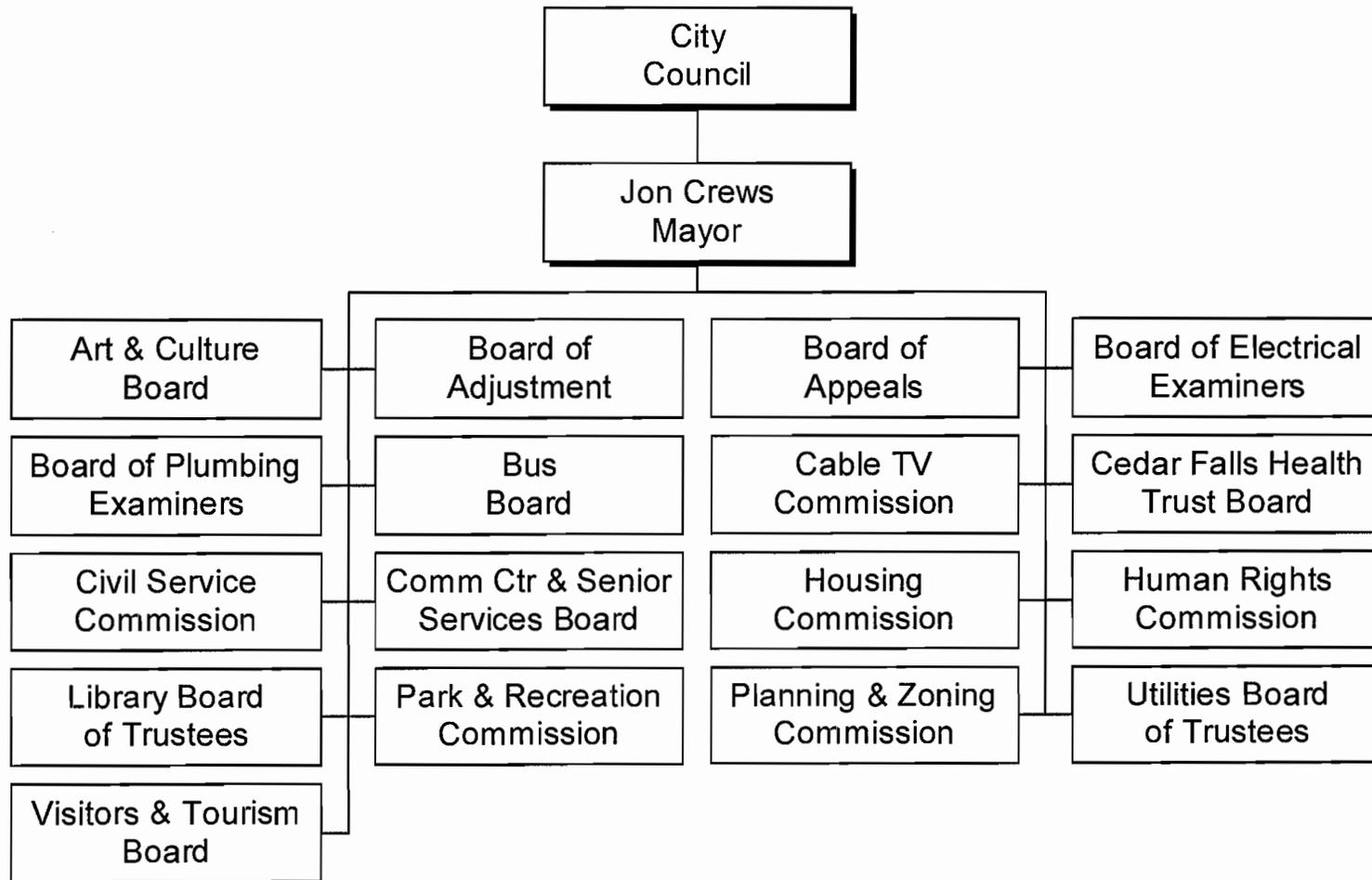
A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

## City of Cedar Falls, Iowa Organizational Chart



# City of Cedar Falls, Iowa Boards and Commissions



**CITY OF CEDAR FALLS, IOWA**

**PRINCIPAL OFFICIALS**

**June 30, 2010**

Title	Name
Mayor	Jon Crews
Council Member – 1 <sup>st</sup> Ward	Tom Hagarty
Council Member – 2 <sup>nd</sup> Ward	Susan deBuhr
Council Member – 3 <sup>rd</sup> Ward	John Runchey
Council Member – 4 <sup>th</sup> Ward	Kamyar Enshayan
Council Member – 5 <sup>th</sup> Ward	Frank Darrah
Council Member – At Large	Nick Taiber
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	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



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, 2010, 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, 2010, 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 November 8, 2010, 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.

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 Sully LLP". The signature is written in black ink and is positioned above the typed text of the firm's name.

Dubuque, Iowa  
November 8, 2010

## 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, 2010. Please read it in conjunction with the transmittal letter found on pages 1 – 11 of this report.

### 2010 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities increased 4.91%, or \$2,377,112, from fiscal year 2009 to fiscal year 2010. Property taxes increased \$1,071,692 for all activities.
- Program expenses decreased 2.51%, or \$1,140,569 in fiscal year 2010 from fiscal year 2009. Community and Economic Development expenses increased by \$1,341,490.
- The City's net assets increased 6.02%, or \$14,623,550, from June 30, 2009 to June 30, 2010. Of this amount, the net assets of the governmental activities increased by \$12,839,459 and the net assets of the business-type activities increased by \$1,784,091.

### 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 24 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	
	2010	2009	2010	2009	2010	2009
Current and						
other assets	\$ 108,024,037	\$ 101,630,089	\$ 8,052,661	\$ 9,020,091	\$ 116,076,698	\$ 110,650,180
Capital assets	146,541,131	138,336,263	48,652,504	47,212,711	195,193,635	185,548,974
Total assets	254,565,168	239,966,352	56,705,165	56,232,802	311,270,333	296,199,154
Long-term debt	\$ 18,035,731	\$ 17,502,402	\$ 4,708,019	\$ 6,016,333	\$ 22,743,750	\$ 23,518,735
Other liabilities	30,203,439	28,977,411	826,995	830,409	31,030,434	29,807,820
Total liabilities	\$ 48,239,170	\$ 46,479,813	\$ 5,535,014	\$ 6,846,742	\$ 53,774,184	\$ 53,326,555
Net assets:						
Invested in capital						
assets, net of						
related debt	\$ 131,237,132	\$ 123,367,386	\$ 46,273,076	\$ 44,414,522	\$ 177,510,208	\$ 167,781,908
Restricted	22,341,338	21,421,340	9,500	449,500	22,350,838	21,870,840
Unrestricted	52,747,528	48,697,813	4,887,575	4,522,038	57,635,103	53,219,851
Total net assets	\$ 206,325,998	\$ 193,486,539	\$ 51,170,151	\$ 49,386,060	\$ 257,496,149	\$ 242,872,599

Net assets of governmental activities increased from FY09 by approximately \$12.8 million, or 6.63%. This increase was due primarily to the continued strength of the property tax base and the continued increase in building permits received by the City. Net assets of business-type activities increased from FY09 by approximately \$1.8 million, or 3.61%. This increase was due to transfers from the FEMA fund to replace assets the Refuse Fund lost in the 2008 flood. In addition, this was the fourth year that storm water fees were collected. 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 \$58 million at the end of the year.

For the year ended June 30, 2010, net assets changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for						
services	\$ 4,595,625	\$ 4,173,738	\$ 7,989,853	\$ 7,928,371	\$ 12,585,478	\$ 12,102,109
Operating grants and contributions	1,606,798	2,153,921	-	-	1,606,798	2,153,921
Capital grants and contributions	8,928,178	7,183,972	128,795	983,243	9,056,973	8,167,215
<b>General Revenues</b>						
Property taxes	22,066,237	20,994,332	1,748	1,961	22,067,985	20,996,293
Local Option Sales Tax	4,363,353	4,557,172	-	-	4,363,353	4,557,172
Hotel/Motel Tax & Other	659,147	751,124	-	-	659,147	751,124
Use of money and property	1,640,456	2,421,181	76,663	224,133	1,717,119	2,645,314
Intergovernmental	4,258,253	3,693,255	-	-	4,258,253	3,693,255
Miscellaneous	1,127,964	965,194	-	-	1,127,964	965,194
Utility contribution	1,524,990	1,500,000	-	-	1,524,990	1,500,000
<b>Total revenues</b>	<b>\$ 50,771,001</b>	<b>\$ 48,393,889</b>	<b>\$ 8,197,059</b>	<b>\$ 9,137,708</b>	<b>\$ 58,968,060</b>	<b>\$ 57,531,597</b>
<b>Expenses</b>						
Public safety	\$ 7,725,740	\$ 7,192,846	\$ -	\$ -	\$ 7,725,740	\$ 7,192,846
Public works	10,699,831	13,938,703	-	-	10,699,831	13,938,703
Health and social services	164,836	310,365	-	-	164,836	310,365
Culture and recreation	6,864,804	6,836,437	-	-	6,864,804	6,836,437
Community and economic development	7,019,195	5,677,705	-	-	7,019,195	5,677,705
General government	4,797,762	4,619,221	-	-	4,797,762	4,619,221
Debt service	741,933	754,989	-	-	741,933	754,989
Sewer	-	-	3,187,378	3,178,354	3,187,378	3,178,354
Refuse	-	-	2,410,813	2,355,999	2,410,813	2,355,999
Storm Water	-	-	732,218	620,460	732,218	620,460
<b>Total expenses</b>	<b>\$ 38,014,101</b>	<b>\$ 39,330,266</b>	<b>\$ 6,330,409</b>	<b>\$ 6,154,813</b>	<b>\$ 44,344,510</b>	<b>\$ 45,485,079</b>
<b>Increase in net assets</b>						
before transfers	\$ 12,756,900	\$ 9,063,623	\$ 1,866,650	\$ 2,982,895	\$ 14,623,550	\$ 12,046,518
Transfers	82,559	(413,819)	(82,559)	413,819	-	-
<b>Increase in net assets</b>	<b>\$ 12,839,459</b>	<b>\$ 8,649,804</b>	<b>\$ 1,784,091</b>	<b>\$ 3,396,714</b>	<b>\$ 14,623,550</b>	<b>\$ 12,046,518</b>
Net assets, beginning	193,486,539	184,836,735	49,386,060	45,989,346	242,872,599	230,826,081
<b>Net assets, ending</b>	<b>\$ 206,325,998</b>	<b>\$ 193,486,539</b>	<b>\$ 51,170,151</b>	<b>\$ 49,386,060</b>	<b>\$ 257,496,149</b>	<b>\$ 242,872,599</b>

Property tax revenue increased by approximately \$1.1 million from FY09 due to increased TIF revenue. FEMA grants for property buyouts related to the 2008 Flood, caused capital grants and contributions to increase by \$890 thousand for FY10.

## 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 \$59,879,746. \$6,132,738 is reserved for employee retirement systems, inventory, and debt service. This leaves an unreserved balance of \$53,747,008.

This governmental fund balance increased by \$2,239,300, or 3.88%. This increase was due in part to the increase in the Hospital Fund. Due to low rates of return on the Hospital's investments, grant expenditures to outside agencies were not awarded in FY10.

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 \$5,150,947, while the total fund balance totaled \$5,329,094. 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 26.8% of the total General Fund expenditures, while the total fund balance represents 27.7% of that same amount.

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

	FY10 Amount	FY09 Amount	Increase (Decrease)
Hospital Fund	\$ 14,303,622	\$ 13,565,927	\$ 737,695
TIF Fund	97,128	56,807	40,321
Street Repair Fund	12,803,158	12,465,090	338,068
Street Construction Fund	3,749,867	3,171,402	578,465
Debt Service Fund	236,610	256,910	(20,300)
FEMA Fund	(1,740,555)	(186,530)	(1,554,025)
Bond Fund	2,805,648	2,546,898	258,750
Other Governmental Funds	22,295,174	20,344,738	1,950,436

The largest increase in fund balance for the major funds occurred in the Other Governmental Funds. This was due to TIF repayments to the Economic Development Fund in FY10.

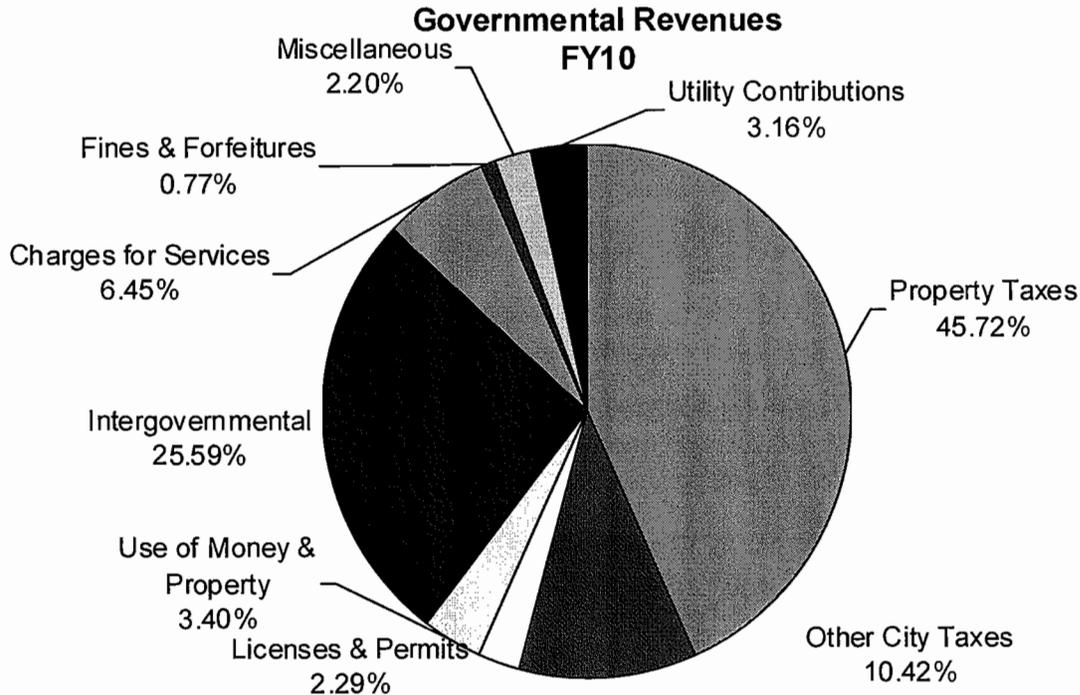
The FEMA Fund had the largest decrease in fund balance due to the continued expenditures related to the 2008 Flood for property buyouts and demolitions. The City continues to cashflow these expenditures until FEMA reimbursements are received.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2010 and June 30, 2009.

Revenues	FY10 Amount	Percent of Total	FY09 Amount	Increase (Decrease) from FY09	Percent of Increase (Decrease)
Property taxes and assessments	\$ 22,066,237	45.72 %	\$ 20,994,332	\$ 1,071,905	40.39 %
Other city taxes	5,029,677	10.42	5,338,098	(308,421)	(11.62)
Licenses and permits	1,106,716	2.29	767,938	338,778	12.76
Use of money and property	1,640,456	3.40	2,421,181	(780,725)	(29.41)
Intergovernmental	12,351,723	25.59	10,189,992	2,161,731	81.44
Charges for services	3,115,157	6.45	2,969,223	145,934	5.50
Fines and forfeitures	373,752	0.77	436,578	(62,826)	(2.37)
Miscellaneous	1,057,446	2.20	994,537	62,909	2.37
Utility contribution in lieu of taxes	1,524,990	3.16	1,500,000	24,990	0.94
	<u>\$ 48,266,154</u>	<u>100.00 %</u>	<u>\$ 45,611,879</u>	<u>\$ 2,654,275</u>	<u>100.00 %</u>

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

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.

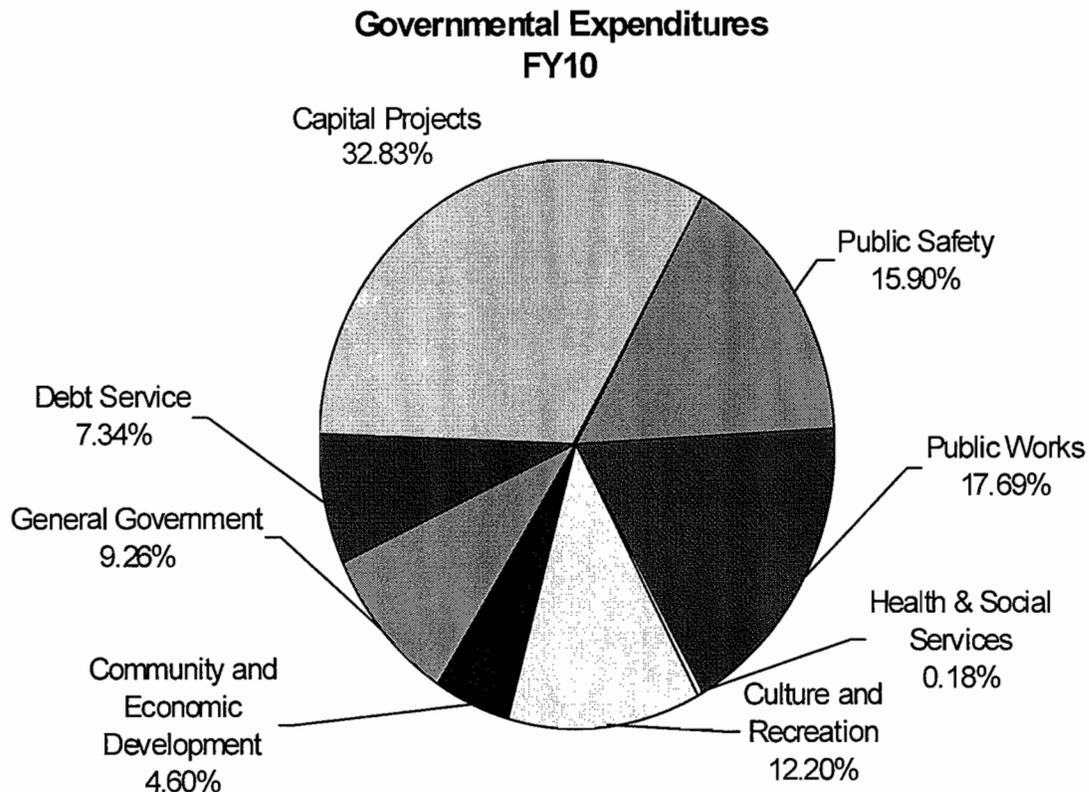


The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2009 and June 30, 2008.

Expenditures	FY10 Amount	Percent of Total	FY09 Amount	Increase (Decrease) from FY09	Percent of Increase (Decrease)
Public Safety	\$ 7,922,903	15.90 %	\$ 7,551,507	\$ 371,396	8.28 %
Public Works	8,816,278	17.69	7,783,897	1,032,381	23.00
Health & Social Services	87,304	0.18	163,528	(76,224)	(1.70)
Culture & Recreation	6,076,258	12.20	6,065,698	10,560	0.24
Community and Economic Development	2,291,861	4.60	2,253,049	38,812	0.86
General Government	4,613,684	9.26	4,381,790	231,894	5.17
Debt Service	3,658,057	7.34	3,649,841	8,216	0.18
Capital Projects	16,357,586	32.83	13,486,565	2,871,021	63.97
	<u>\$ 49,823,931</u>	<u>100.00 %</u>	<u>\$ 45,335,875</u>	<u>\$ 4,488,056</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 FY10, including disaster recovery expenditures.

The only decrease in expenditures occurred in the Health & Social Services. This was due to the Cedar Falls Health Trust Fund Board's recommendation to not fund projects in FY10.



## 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.

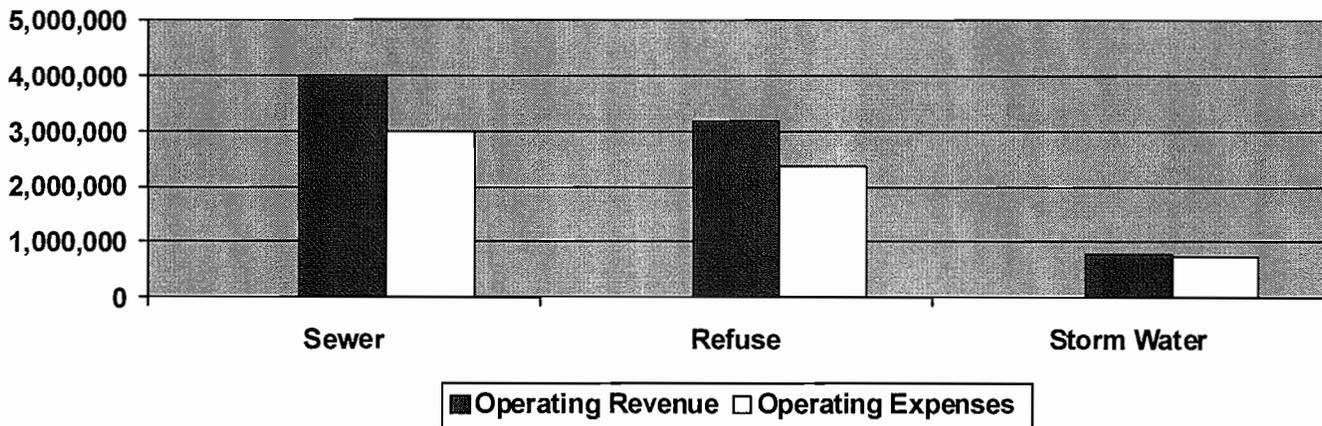
Unrestricted net assets of the Sewer, Refuse and Storm Water funds at the end of the year amounted to \$4,887,575. There are unrestricted assets in the Governmental Activities Internal Service fund of \$13,342,060.

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, 2010 and June 30, 2009 are as follows:

	Sewer		Refuse		Storm Water	
	2010	2009	2010	2009	2010	2009
Operating Revenues	\$ 4,015,527	\$ 3,999,239	\$ 3,186,384	\$ 3,148,295	\$ 787,942	\$ 780,837
Operating Expenses	2,985,577	2,946,401	2,393,296	2,356,057	732,218	620,460
Non-Operating Rev (Exp)	(149,470)	(59,266)	(4,495)	27,551	13,058	25,914
Capital Contributions	77,560	352,212	-	-	51,235	631,031
Operating Transfers, net	(73,160)	(202,460)	248,708	(437,941)	(258,107)	1,054,220
Net Income	884,880	1,143,324	1,037,301	381,848	(138,090)	1,871,542

**Proprietary Fund Operating Revenues & Expenses  
FY10**



## BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget one time. This amendment was done in April 2010. The amendment was needed due to the City's participation in the Jumpstart, Buyout, Demolition, and Public Assistance Federal & State Programs. 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, 2010, the City had approximately \$195 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 \$9.6 million or 5.2% over last year.

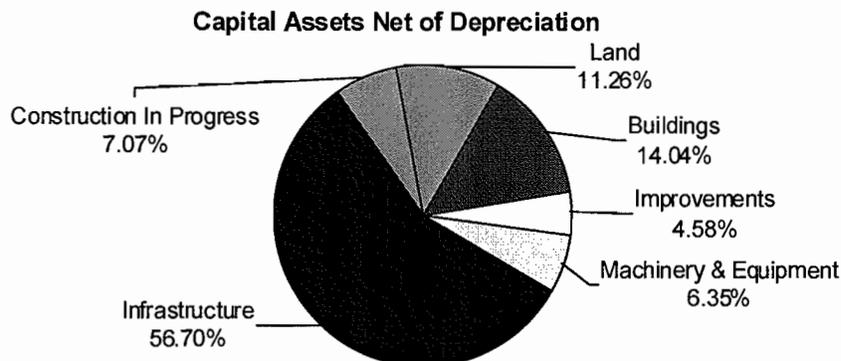
#### City of Cedar Falls Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 20,363,319	\$ 15,290,332	\$ 1,612,581	\$ 1,612,581	\$ 21,975,900	\$ 16,902,913
Buildings	19,572,863	20,128,589	7,828,512	6,903,335	27,401,375	27,031,924
Improvements other than buildings	8,935,794	9,138,288	-	-	8,935,794	9,138,288
Machinery and equipment	6,730,054	7,261,428	5,662,602	5,402,867	12,392,656	12,664,295
Infrastructure	80,795,030	76,134,414	29,900,203	29,381,517	110,695,233	105,515,931
Construction in progress	10,144,071	10,383,212	3,648,606	3,912,411	13,792,677	14,295,623
<b>Total</b>	<b>\$ 146,541,131</b>	<b>\$ 138,336,263</b>	<b>\$ 48,652,504</b>	<b>\$ 47,212,711</b>	<b>\$ 195,193,635</b>	<b>\$ 185,548,974</b>

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

- College Hill Reconstruction.
- East Viking Road Construction.
- Purchase of land related to Flood Buyout Program.
- Tourist Park Lift Station.
- University Dry Run Detention Basin.

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 \$22,685,000 in outstanding bonds compared to \$23,680,000 last year. That is a decrease of \$995,000 or 4.2%.

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

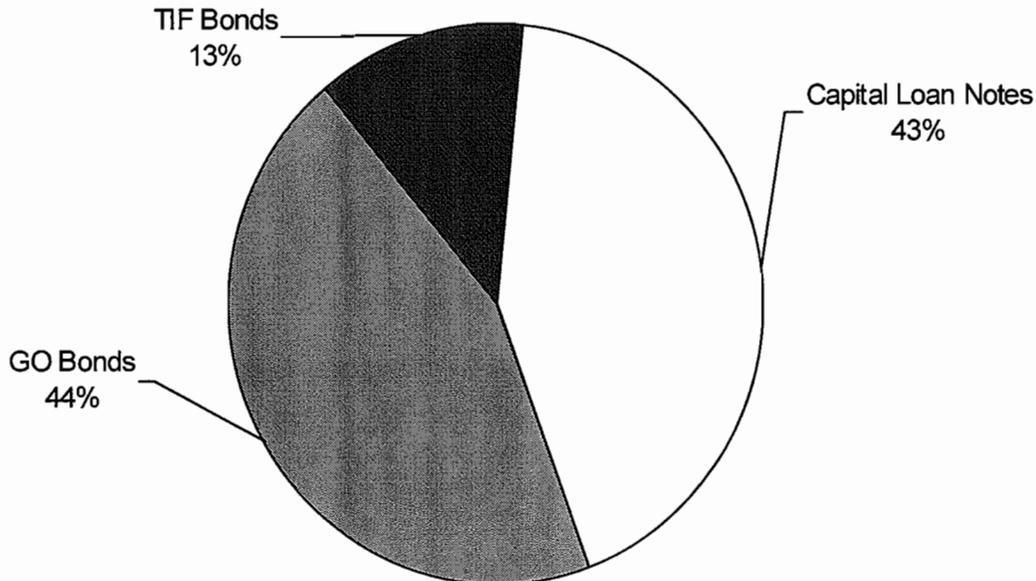
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 5,360,000	\$ 9,435,000	\$ 4,735,000	\$ 5,285,000	\$ 10,095,000	\$ 14,720,000
Tax increment financing	2,865,000	3,760,000	—	—	2,865,000	3,760,000
Capital loan notes	9,725,000	4,435,000	—	—	9,725,000	4,435,000
Revenue bonds	—	—	—	765,000	—	765,000
<b>Total</b>	<b>\$ 17,950,000</b>	<b>\$ 17,630,000</b>	<b>\$ 4,735,000</b>	<b>\$ 6,050,000</b>	<b>\$ 22,685,000</b>	<b>\$ 23,680,000</b>

The City of Cedar Falls was upgraded to a Aa1 rating from Moody's Investor Services for all general obligation issuances. This was a result of Moody's recalibrating their U.S. municipal rating scale.

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, 2010, the City's legal debt margin was \$93,841,750.

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  
FY10**



## 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 FY11. The tax levy rate per \$1,000 of taxable valuation for FY10 is provided below:

General levy	\$ 8.10
Trust and Agency levy	3.06
Debt Service levy	1.18
Transit levy	.27
Library levy	.27
Liability Insurance levy	.09
Municipal Band levy	<u>.02</u>
Total levy	\$ 12.99

## 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, Iowa**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 72,432,574	\$ 6,907,269	\$ 79,339,843
Certificates of deposit	-	-	-
Receivables, net of allowance for uncollectible amounts:			
Property taxes	23,874,855	-	23,874,855
Other city taxes	749,149	-	749,149
Accrued interest	106,733	9,508	116,241
Special assessments	8,720	-	8,720
Notes from associated company	-	-	-
Customers	-	-	-
Human & Leisure services contributions	3,140,360	-	3,140,360
Other	923,621	1,003,439	1,927,060
Due from component unit	774,990	-	774,990
Due from other governments	5,583,407	-	5,583,407
Inventories	429,628	132,445	562,073
Prepays and other assets	-	-	-
Restricted assets:			
Cash	-	-	-
Certificates of deposit	-	-	-
US government and agency securities	-	-	-
Capital assets:			
Land	20,363,319	1,612,581	21,975,900
Land improvements	12,397,788	-	12,397,788
Buildings	26,971,847	12,714,794	39,686,641
Machinery and equipment	15,285,384	7,407,342	22,692,726
Infrastructure	139,355,533	42,134,210	181,489,743
Construction in progress	10,144,071	3,648,606	13,792,677
Accumulated depreciation	(77,976,811)	(18,865,029)	(96,841,840)
Total assets	<u>\$ 254,565,168</u>	<u>\$ 56,705,165</u>	<u>\$ 311,270,333</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,418,894	\$ 306,420	\$ 2,725,314
Accrued liabilities	1,439,755	106,995	1,546,750
Due to primary government	-	-	-
Note payable to associated company	-	-	-
Unearned revenue	23,615,413	-	23,615,413
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	3,235,000	575,000	3,810,000
Compensated absences	690,101	112,966	803,067
Portion due or payable after one year:			
Bonds payable	14,800,731	4,133,019	18,933,750
Compensated absences	1,790,107	300,614	2,090,721
Net OPEB liability	249,169	-	249,169
Total liabilities	<u>\$ 48,239,170</u>	<u>\$ 5,535,014</u>	<u>\$ 53,774,184</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 131,237,132	\$ 46,273,076	\$ 177,510,208
Restricted:			
Streets	16,415,874	-	16,415,874
Debt service	236,610	-	236,610
Employee retirement system	5,591,726	-	5,591,726
TIF	97,128	-	97,128
Post closure costs	-	9,500	9,500
Unrestricted	52,747,528	4,887,575	57,635,103
Total net assets	<u>\$ 206,325,998</u>	<u>\$ 51,170,151</u>	<u>\$ 257,496,149</u>

See notes to financial statements

Component Units				
Electric Utility	Gas Utility	Water Utility	Communications Utility	
\$ 13,797,916	\$ 8,594,324	\$ 2,971,828	\$ 4,880,448	
6,285,058	--	--	539,000	
--	--	--	--	
--	--	--	--	
171,647	301	193	11,765	
--	--	--	--	
1,543,090	--	--	--	
4,372,673	2,555,512	431,618	1,309,067	
--	--	--	--	
1,618,688	47,937	7,941	389,474	
--	--	--	--	
3,347,295	309,525	124,826	168,753	
7,279,313	120,519	96,589	546,608	
573,785	33,052	18,244	153,880	
975,083	310,463	123,807	1,278,377	
6,570,913	--	--	364,000	
1,929,408	--	--	--	
1,071,983	41,350	63,466	--	
4,683	--	--	--	
21,918,563	1,942,909	799,063	--	
19,502,338	677,854	418,547	329,518	
131,811,603	17,146,851	24,179,598	18,490,268	
4,129,572	231,332	571,254	473,067	
(70,082,314)	(8,184,326)	(7,570,634)	(9,622,347)	
<u>\$ 156,821,297</u>	<u>\$ 23,827,603</u>	<u>\$ 22,236,340</u>	<u>\$ 19,311,878</u>	
\$ 2,946,371	\$ 1,962,302	\$ 207,522	\$ 1,128,454	
3,282,984	545,124	119,032	419,793	
1,500,000	--	--	--	
--	--	--	1,543,090	
--	--	--	--	
1,595,000	--	--	750,000	
--	--	--	--	
45,900,788	--	--	5,185,679	
725,956	186,644	82,953	134,799	
360,958	109,320	74,218	42,267	
<u>\$ 56,312,057</u>	<u>\$ 2,803,390</u>	<u>\$ 483,725</u>	<u>\$ 9,204,082</u>	
\$ 62,794,814	\$ 11,855,970	\$ 18,461,295	\$ 3,313,508	
--	--	--	--	
6,716,184	--	--	474,765	
--	--	--	--	
--	--	--	--	
--	--	--	--	
30,998,242	9,168,243	3,291,320	6,319,523	
<u>\$ 100,509,240</u>	<u>\$ 21,024,213</u>	<u>\$ 21,752,615</u>	<u>\$ 10,107,796</u>	

**City of Cedar Falls, Iowa**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
Public safety	\$ 7,725,740	\$ 597,348	\$ 135,711	\$ --
Public works	10,699,831	240,997	--	8,058,737
Health and social services	164,836	--	--	--
Culture and recreation	6,864,804	2,170,036	1,213,612	--
Community and economic development	7,019,195	--	--	869,441
General government	4,797,762	1,587,244	257,475	--
Interest on long-term debt and related fees	741,933	--	--	--
<b>Total governmental activities</b>	<b>\$ 38,014,101</b>	<b>\$ 4,595,625</b>	<b>\$ 1,606,798</b>	<b>\$ 8,928,178</b>
<b>Business-type activities:</b>				
Sewer	\$ 3,187,378	\$ 4,015,527	\$ --	\$ 77,560
Refuse	2,410,813	3,186,384	--	--
Storm Water	732,218	787,942	--	51,235
<b>Total business-type activities</b>	<b>\$ 6,330,409</b>	<b>\$ 7,989,853</b>	<b>\$ --</b>	<b>\$ 128,795</b>
<b>Total primary government</b>	<b>\$ 44,344,510</b>	<b>\$ 12,585,478</b>	<b>\$ 1,606,798</b>	<b>\$ 9,056,973</b>
<b>Component units</b>				
Electric Utility	\$ 37,256,568	\$ 40,674,951	\$ --	\$ 1,082,097
Gas Utility	13,734,160	15,048,764	--	67,864
Water Utility	2,834,898	3,135,143	--	810,163
Communications Utility	9,114,542	11,616,593	--	33,296
<b>Total component units</b>	<b>\$ 62,940,168</b>	<b>\$ 70,475,451</b>	<b>\$ --</b>	<b>\$ 1,993,420</b>

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
\$ (6,992,681)	\$ --	\$ (6,992,681)	\$ --	\$ --	\$ --	\$ --
(2,400,097)	--	(2,400,097)	--	--	--	--
(164,836)	--	(164,836)	--	--	--	--
(3,481,156)	--	(3,481,156)	--	--	--	--
(6,149,754)	--	(6,149,754)	--	--	--	--
(2,953,043)	--	(2,953,043)	--	--	--	--
(741,933)	--	(741,933)	--	--	--	--
<u>\$ (22,883,500)</u>	<u>\$ --</u>	<u>\$ (22,883,500)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 905,709	\$ 905,709	\$ --	\$ --	\$ --	\$ --
--	775,571	775,571	--	--	--	--
--	106,959	106,959	--	--	--	--
<u>\$ --</u>	<u>\$ 1,788,239</u>	<u>\$ 1,788,239</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (22,883,500)</u>	<u>\$ 1,788,239</u>	<u>\$ (21,095,261)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 4,500,480	\$ --	\$ --	\$ --
--	--	--	--	1,382,468	--	--
--	--	--	--	--	1,110,408	--
--	--	--	--	--	--	2,535,347
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,500,480</u>	<u>\$ 1,382,468</u>	<u>\$ 1,110,408</u>	<u>\$ 2,535,347</u>
\$ 22,066,237	\$ 1,748	\$ 22,067,985	\$ --	\$ --	\$ --	\$ --
4,363,353	--	4,363,353	--	--	--	--
542,466	--	542,466	--	--	--	--
116,681	--	116,681	--	--	--	--
1,640,456	76,663	1,717,119	380,776	23,062	14,729	22,402
4,258,253	--	4,258,253	--	--	--	--
1,127,964	--	1,127,964	--	--	--	--
1,524,990	--	1,524,990	--	--	--	--
82,559	(82,559)	--	--	--	--	--
<u>\$ 35,722,959</u>	<u>\$ (4,148)</u>	<u>\$ 35,718,811</u>	<u>\$ 380,776</u>	<u>\$ 23,062</u>	<u>\$ 14,729</u>	<u>\$ 22,402</u>
\$ 12,839,459	\$ 1,784,091	\$ 14,623,550	\$ 4,881,256	\$ 1,405,530	\$ 1,125,137	\$ 2,557,749
193,486,539	49,386,060	242,872,599	95,627,984	19,618,683	20,627,478	7,550,047
<u>\$ 206,325,998</u>	<u>\$ 51,170,151</u>	<u>\$ 257,496,149</u>	<u>\$ 100,509,240</u>	<u>\$ 21,024,213</u>	<u>\$ 21,752,615</u>	<u>\$ 10,107,796</u>

**City of Cedar Falls, Iowa**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
<b>ASSETS</b>				
Cash	\$ 5,145,931	\$ 14,302,318	\$ --	\$ 12,925,518
Receivables, net of allowance for uncollectible amounts:				
Property taxes	13,876,807	--	7,787,387	--
Other city taxes	72,741	--	--	603,667
Accrued interest	20,968	1,304	--	19,909
Special assessments	--	--	--	--
Human & Leisure services contributions	3,140,360	--	--	--
Other	46,526	430,824	--	--
Due from component unit	774,990	--	--	--
Due from other funds	--	--	--	--
Due from other governments	17,157	--	--	--
Inventories	178,147	--	--	--
Total assets	<u>\$ 23,273,627</u>	<u>\$ 14,734,446</u>	<u>\$ 7,787,387</u>	<u>\$ 13,549,094</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 247,141	\$ --	\$ --	\$ 745,936
Accrued liabilities	740,820	--	--	--
Deferred revenue	16,956,572	430,824	7,690,259	--
Due to other funds	--	--	--	--
Total liabilities	<u>\$ 17,944,533</u>	<u>\$ 430,824</u>	<u>\$ 7,690,259</u>	<u>\$ 745,936</u>
<b>FUND BALANCES</b>				
Reserved for:				
Employee retirement system	\$ --	\$ --	\$ --	\$ --
Inventories	178,147	--	--	--
Debt service	--	--	--	--
Unreserved:				
Undesignated, reported in:				
General fund	5,150,947	--	--	--
Special revenue funds	--	14,303,622	97,128	12,803,158
Capital projects funds	--	--	--	--
Total fund balances	<u>\$ 5,329,094</u>	<u>\$ 14,303,622</u>	<u>\$ 97,128</u>	<u>\$ 12,803,158</u>
Total liabilities and fund balances	<u>\$ 23,273,627</u>	<u>\$ 14,734,446</u>	<u>\$ 7,787,387</u>	<u>\$ 13,549,094</u>

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 is not due and payable in the current period and, therefore, is 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		
\$ 3,539,280	\$ 218,551	\$ --	\$ 3,460,794	\$ 19,198,181	\$ 58,790,573
--	1,710,730	--	--	499,931	23,874,855
--	--	--	--	72,741	749,149
--	--	387	1,147	41,016	84,731
--	--	--	--	8,720	8,720
--	--	--	--	--	3,140,360
--	--	--	--	118,665	596,015
--	--	--	--	--	774,990
--	--	--	--	3,055,563	3,055,563
200,126	--	4,456,689	867,464	41,971	5,583,407
98,153	--	--	--	28,102	304,402
<u>\$ 3,837,559</u>	<u>\$ 1,929,281</u>	<u>\$ 4,457,076</u>	<u>\$ 4,329,405</u>	<u>\$ 23,064,890</u>	<u>\$ 96,962,765</u>
\$ 18,392	\$ --	\$ 376,060	\$ 729,060	\$ 144,507	\$ 2,261,096
69,300	--	--	--	30,576	840,696
--	1,692,671	2,766,008	794,697	594,633	30,925,664
--	--	3,055,563	--	--	3,055,563
<u>\$ 87,692</u>	<u>\$ 1,692,671</u>	<u>\$ 6,197,631</u>	<u>\$ 1,523,757</u>	<u>\$ 769,716</u>	<u>\$ 37,083,019</u>
\$ --	\$ --	\$ --	\$ --	\$ 5,591,726	\$ 5,591,726
98,153	--	--	--	28,102	304,402
--	236,610	--	--	--	236,610
--	--	--	--	--	5,150,947
3,651,714	--	--	--	5,473,645	36,329,267
--	--	(1,740,555)	2,805,648	11,201,701	12,266,794
<u>\$ 3,749,867</u>	<u>\$ 236,610</u>	<u>\$ (1,740,555)</u>	<u>\$ 2,805,648</u>	<u>\$ 22,295,174</u>	<u>\$ 59,879,746</u>
<u>\$ 3,837,559</u>	<u>\$ 1,929,281</u>	<u>\$ 4,457,076</u>	<u>\$ 4,329,405</u>	<u>\$ 23,064,890</u>	
					143,409,417
					7,310,252
					16,473,774
					(51,168)
					(2,660,292)
					(18,035,731)
					<u>\$ 206,325,998</u>

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
<b>Revenues:</b>				
Property taxes and assessments	\$ 13,261,523	\$ --	\$ 6,754,287	\$ --
Other city taxes	382,669	--	--	4,363,353
Licenses and permits	1,106,716	--	--	--
Use of money and property	100,690	770,716	--	141,461
Intergovernmental	701,487	--	--	19,500
Charges for services	2,412,997	--	--	--
Fines and forfeitures	167,226	--	--	--
Miscellaneous	203,502	592	--	173,411
Utility contribution in lieu of taxes	1,524,990	--	--	--
Total revenues	<u>\$ 19,861,800</u>	<u>\$ 771,308</u>	<u>\$ 6,754,287</u>	<u>\$ 4,697,725</u>
<b>Expenditures:</b>				
Current:				
Public safety	\$ 7,159,271	\$ --	\$ --	\$ --
Public works	1,322,849	--	--	4,935,506
Health and social services	14,750	72,554	--	--
Culture and recreation	5,595,118	--	--	--
Community and economic development	826,596	--	--	--
General government	4,320,277	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>\$ 19,238,861</u>	<u>\$ 72,554</u>	<u>\$ --</u>	<u>\$ 4,935,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 622,939</u>	<u>\$ 698,754</u>	<u>\$ 6,754,287</u>	<u>\$ (237,781)</u>
<b>Other financing sources (uses):</b>				
Proceeds from long-term debt	\$ --	\$ --	\$ --	\$ --
Payments on refunding bonds	--	--	--	--
Proceeds from refunding bonds	--	--	--	--
Premium on long-term debt	--	--	--	--
Discount on long-term debt	--	--	--	--
Transfers in	691,425	38,941	--	575,849
Transfers out	(1,449,818)	--	(6,713,966)	--
Total other financing sources (uses)	<u>\$ (758,393)</u>	<u>\$ 38,941</u>	<u>\$ (6,713,966)</u>	<u>\$ 575,849</u>
Net change in fund balances	<u>\$ (135,454)</u>	<u>\$ 737,695</u>	<u>\$ 40,321</u>	<u>\$ 338,068</u>
Fund balances, beginning	5,419,204	13,565,927	56,807	12,465,090
Increase (decrease) in reserve for inventories	45,344	--	--	--
Fund balances, ending	<u>\$ 5,329,094</u>	<u>\$ 14,303,622</u>	<u>\$ 97,128</u>	<u>\$ 12,803,158</u>

See notes to financial statements

Special Revenue		Capital Projects				Total Governmental Funds
Street Construction Fund	Debt Service Fund	FEMA Fund	Bond Fund	Other Governmental Funds		
\$ --	\$ 1,634,792	\$ --	\$ --	\$ 415,635	\$ 22,066,237	
--	8,833	--	--	274,822	5,029,677	
--	--	--	--	--	1,106,716	
--	--	2,744	6,992	617,853	1,640,456	
3,155,634	--	6,529,287	183,072	1,762,743	12,351,723	
--	--	--	--	702,160	3,115,157	
--	--	--	--	206,526	373,752	
18,210	--	2,714	140,934	518,083	1,057,446	
--	--	--	--	--	1,524,990	
<u>\$ 3,173,844</u>	<u>\$ 1,643,625</u>	<u>\$ 6,534,745</u>	<u>\$ 330,998</u>	<u>\$ 4,497,822</u>	<u>\$ 48,266,154</u>	
\$ --	\$ --	\$ --	\$ --	\$ 763,632	\$ 7,922,903	
2,358,393	--	--	--	199,530	8,816,278	
--	--	--	--	--	87,304	
--	--	--	--	481,140	6,076,258	
--	--	--	--	1,465,265	2,291,861	
--	--	--	--	293,407	4,613,684	
--	3,615,925	--	42,132	--	3,658,057	
--	--	7,168,269	5,698,233	3,491,084	16,357,586	
<u>\$ 2,358,393</u>	<u>\$ 3,615,925</u>	<u>\$ 7,168,269</u>	<u>\$ 5,740,365</u>	<u>\$ 6,694,058</u>	<u>\$ 49,823,931</u>	
<u>\$ 815,451</u>	<u>\$ (1,972,300)</u>	<u>\$ (633,524)</u>	<u>\$ (5,409,367)</u>	<u>\$ (2,196,236)</u>	<u>\$ (1,557,777)</u>	
\$ --	\$ --	\$ --	\$ 3,440,000	\$ --	\$ 3,440,000	
--	(5,325,000)	--	--	--	(5,325,000)	
--	5,135,000	--	--	--	5,135,000	
--	227,162	--	--	--	227,162	
--	--	--	(28,724)	--	(28,724)	
--	1,914,838	--	2,296,084	5,499,969	11,017,106	
(272,208)	--	(920,501)	(39,243)	(1,359,539)	(10,755,275)	
<u>\$ (272,208)</u>	<u>\$ 1,952,000</u>	<u>\$ (920,501)</u>	<u>\$ 5,668,117</u>	<u>\$ 4,140,430</u>	<u>\$ 3,710,269</u>	
\$ 543,243	\$ (20,300)	\$ (1,554,025)	\$ 258,750	\$ 1,944,194	\$ 2,152,492	
3,171,402	256,910	(186,530)	2,546,898	20,344,738	57,640,446	
35,222	--	--	--	6,242	86,808	
<u>\$ 3,749,867</u>	<u>\$ 236,610</u>	<u>\$ (1,740,555)</u>	<u>\$ 2,805,648</u>	<u>\$ 22,295,174</u>	<u>\$ 59,879,746</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, 2010**

Net change in fund balances - total governmental funds \$ 2,152,492

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	14,422,687	
Depreciation expense	<u>(5,818,424)</u>	
		8,604,263

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:

Other	<u>2,236,701</u>	
		2,236,701

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:

Issued	(8,575,000)	
Discount on general obligation bonds	13,832	
Premium on general obligation bonds	(227,162)	
Repaid	8,255,000	
Accrued interest	<u>1,016</u>	
		(532,314)

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	(60,394)	
Other postemployment benefits	(92,777)	
Change in inventory	<u>86,808</u>	
		(66,363)

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.

444,680

Change in net assets of governmental activities	<u>\$ 12,839,459</u>
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See notes to financial statements

**City of Cedar Falls, Iowa**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

Business-type Activities -  
Enterprise Fund

	<u>Sewer Fund</u>	<u>Refuse Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 4,888,504	\$ 1,038,647
Receivables, net of allowance for uncollectible amounts:		
Accrued interest	6,277	1,679
Other	614,888	357,962
Inventories	32,643	99,802
Total current assets	<u>\$ 5,542,312</u>	<u>\$ 1,498,090</u>
Noncurrent assets:		
Capital assets:		
Land	779,878	204,845
Buildings	11,595,276	1,119,518
Machinery and equipment	5,512,387	1,894,955
Infrastructure	28,290,624	--
Construction in progress	1,323,768	723,585
Accumulated depreciation	(13,871,613)	(1,194,706)
Total noncurrent assets	<u>\$ 33,630,320</u>	<u>\$ 2,748,197</u>
Total assets	<u>\$ 39,172,632</u>	<u>\$ 4,246,287</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 175,098	\$ 127,800
Accrued liabilities	59,612	39,607
Bonds payable - due within one year	575,000	--
Compensated absences - due within one year	60,120	45,909
Total current liabilities	<u>\$ 869,830</u>	<u>\$ 213,316</u>
Noncurrent liabilities:		
Bonds payable- after one year	\$ 4,133,019	\$ --
Compensated absences - after one year	116,781	172,646
Total noncurrent liabilities	<u>\$ 4,249,800</u>	<u>\$ 172,646</u>
Total liabilities	<u>\$ 5,119,630</u>	<u>\$ 385,962</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 31,250,892	\$ 2,748,197
Restricted for post closure costs	--	9,500
Unrestricted	2,802,110	1,102,628
Total net assets	<u>\$ 34,053,002</u>	<u>\$ 3,860,325</u>

See notes to financial statements

Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 980,118	\$ 6,907,269	\$ 13,642,001
1,552	9,508	22,002
30,589	1,003,439	327,606
--	132,445	125,226
<u>\$ 1,012,259</u>	<u>\$ 8,052,661</u>	<u>\$ 14,116,835</u>
627,858	1,612,581	--
--	12,714,794	90,302
--	7,407,342	7,238,827
13,843,586	42,134,210	--
1,601,253	3,648,606	--
(3,798,710)	(18,865,029)	(4,197,415)
<u>\$ 12,273,987</u>	<u>\$ 48,652,504</u>	<u>\$ 3,131,714</u>
<u>\$ 13,286,246</u>	<u>\$ 56,705,165</u>	<u>\$ 17,248,549</u>
\$ 3,522	\$ 306,420	\$ 157,798
7,776	106,995	547,892
--	575,000	--
6,937	112,966	29,589
<u>\$ 18,235</u>	<u>\$ 1,101,381</u>	<u>\$ 735,279</u>
\$ --	\$ 4,133,019	\$ --
11,187	300,614	39,496
<u>\$ 11,187</u>	<u>\$ 4,433,633</u>	<u>\$ 39,496</u>
<u>\$ 29,422</u>	<u>\$ 5,535,014</u>	<u>\$ 774,775</u>
\$ 12,273,987	\$ 46,273,076	\$ 3,131,714
--	9,500	--
982,837	4,887,575	13,342,060
<u>\$ 13,256,824</u>	<u>\$ 51,170,151</u>	<u>\$ 16,473,774</u>

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	Business-type Activities - Enterprise Funds	
	Sewer Fund	Refuse Fund
Operating revenues:		
Charges for services	\$ 4,012,652	\$ 2,363,725
Other	2,875	822,659
Total operating revenues	<u>\$ 4,015,527</u>	<u>\$ 3,186,384</u>
Operating expenses:		
Personal services	\$ 1,158,254	\$ 1,066,099
Contractual services	697,969	1,084,598
Supplies and equipment	220,466	107,237
Depreciation	908,888	135,362
Total operating expenses	<u>\$ 2,985,577</u>	<u>\$ 2,393,296</u>
Operating income	<u>\$ 1,029,950</u>	<u>\$ 793,088</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 50,583	\$ 13,022
Interest expense	(201,801)	--
Gain (loss) on disposal of equipment	--	(17,517)
Property taxes and assessments	1,748	--
Nonoperating revenues (expenses),net	<u>\$ (149,470)</u>	<u>\$ (4,495)</u>
Income before contributions and transfers	<u>\$ 880,480</u>	<u>\$ 788,593</u>
Capital contributions	\$ 77,560	\$ --
Transfers in	220,698	937,663
Transfers out	(293,858)	(688,955)
Contributions and transfers, net	<u>\$ 4,400</u>	<u>\$ 248,708</u>
Change in net assets	\$ 884,880	\$ 1,037,301
Net assets, beginning	33,168,122	2,823,024
Net assets, ending	<u>\$ 34,053,002</u>	<u>\$ 3,860,325</u>

See notes to financial statements

Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
Storm Water Fund	Total	
\$ 787,942	\$ 7,164,319	\$ 6,185,563
--	825,534	612,778
<u>\$ 787,942</u>	<u>\$ 7,989,853</u>	<u>\$ 6,798,341</u>
\$ 197,643	\$ 2,421,996	\$ 867,225
116,319	1,898,886	3,938,298
78,241	405,944	925,352
340,015	1,384,265	436,209
<u>\$ 732,218</u>	<u>\$ 6,111,091</u>	<u>\$ 6,167,084</u>
<u>\$ 55,724</u>	<u>\$ 1,878,762</u>	<u>\$ 631,257</u>
\$ 13,058	\$ 76,663	\$ 157,436
--	(201,801)	--
--	(17,517)	(164,741)
--	1,748	--
<u>\$ 13,058</u>	<u>\$ (140,907)</u>	<u>\$ (7,305)</u>
<u>\$ 68,782</u>	<u>\$ 1,737,855</u>	<u>\$ 623,952</u>
\$ 51,235	\$ 128,795	\$ --
103,818	1,262,179	35,048
(361,925)	(1,344,738)	(214,320)
<u>\$ (206,872)</u>	<u>\$ 46,236</u>	<u>\$ (179,272)</u>
\$ (138,090)	\$ 1,784,091	\$ 444,680
13,394,914	49,386,060	16,029,094
<u>\$ 13,256,824</u>	<u>\$ 51,170,151</u>	<u>\$ 16,473,774</u>

**City of Cedar Falls, Iowa**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**

	Business-type Activities - <u>Enterprise Funds</u> Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 3,983,822
Receipts from interfund services	--
Payments to suppliers	(970,005)
Payments to employees	(1,177,901)
Net cash provided by operating activities	<u>\$ 1,835,916</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 220,698
Transfers to other funds	(293,858)
Property taxes and assessments	3,344
Net cash provided by (used for) noncapital financing activities	<u>\$ (69,816)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Net acquisition of property and equipment	\$ (1,562,544)
Capital contributions	77,560
Principal paid on debt maturities	(1,315,000)
Interest paid	(198,263)
Net cash (used for) capital and related financing activities	<u>\$ (2,998,247)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	\$ 82,051
Net increase (decrease) in cash	<u>\$ (1,150,096)</u>
<b>CASH BALANCES, Beginning</b>	<u>6,038,600</u>
<b>CASH BALANCES, Ending</b>	<u><u>\$ 4,888,504</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 1,029,950
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	908,888
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	(28,383)
Inventories	(6,480)
Increase (decrease) in accounts payable, accrued and other liabilities	(68,059)
Net cash provided by operating activities	<u>\$ 1,835,916</u>

See notes to financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Refuse Fund	Storm Water Fund	Total	
\$ 3,194,308	\$ 788,455	\$ 7,966,585	\$ --
--	--	--	6,185,563
(1,115,755)	(196,251)	(2,282,011)	(4,373,037)
(1,067,539)	(218,156)	(2,463,596)	(861,706)
<u>\$ 1,011,014</u>	<u>\$ 374,048</u>	<u>\$ 3,220,978</u>	<u>\$ 950,820</u>
\$ 937,663	\$ 103,819	\$ 1,262,180	\$ 35,048
(688,955)	(361,925)	(1,344,738)	(214,320)
--	--	3,344	--
<u>\$ 248,708</u>	<u>\$ (258,106)</u>	<u>\$ (79,214)</u>	<u>\$ (179,272)</u>
\$ (1,123,979)	\$ (155,054)	\$ (2,841,577)	\$ (201,557)
--	51,235	128,795	--
--	--	(1,315,000)	--
--	--	(198,263)	--
<u>\$ (1,123,979)</u>	<u>\$ (103,819)</u>	<u>\$ (4,226,045)</u>	<u>\$ (201,557)</u>
\$ 18,248	\$ 17,424	\$ 117,723	\$ 239,452
\$ 153,991	\$ 29,547	\$ (966,558)	\$ 809,443
884,656	950,571	7,873,827	12,832,558
<u>\$ 1,038,647</u>	<u>\$ 980,118</u>	<u>\$ 6,907,269</u>	<u>\$ 13,642,001</u>
\$ 793,088	\$ 55,724	\$ 1,878,762	\$ 631,257
135,362	340,015	1,384,265	436,209
1,688	513	(26,182)	(269,317)
(9,120)	--	(15,600)	(25,868)
89,996	(22,204)	(267)	178,539
<u>\$ 1,011,014</u>	<u>\$ 374,048</u>	<u>\$ 3,220,978</u>	<u>\$ 950,820</u>

**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, 2010, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2009 and March 31, 2010. 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 2009-2010 tax levy remitted to the City within sixty days subsequent to June 30, 2010, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2010, 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 assets of the component units are 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, 2010.

## **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 one budget amendment resolution during the year ended June 30, 2010.

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 \$1,740,555. 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 \$1,373. 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, 2010 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, 2010, consist of the following:

Cash – unrestricted	<u>\$ 79,339,843</u>
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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	\$ 79,339,843
Cash – Governmental Activities	\$ 72,432,574
Cash – Business-type Activities	6,907,269
Total	<u>\$ 79,339,843</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, 2010, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 13,797,916	\$ 8,594,324	\$ 2,971,828	\$ 4,880,448
Cash – restricted	975,083	310,463	123,807	1,278,377
	<u>\$ 14,772,999</u>	<u>\$ 8,904,787</u>	<u>\$ 3,095,635</u>	<u>\$ 6,158,825</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	\$ 1,929,408	\$ --	\$ 1,929,408

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	\$ 14,772,999	\$ 8,904,787	\$ 3,095,635	\$ 6,158,825
Carrying amount of certificates	12,855,971	--	--	903,000
Carrying amount of investments	1,929,408	--	--	--
<b>Total</b>	<b>\$ 29,558,378</b>	<b>\$ 8,904,787</b>	<b>\$ 3,095,635</b>	<b>\$ 7,061,825</b>
Cash	\$ 13,797,916	\$ 8,594,324	\$ 2,971,828	\$ 4,880,448
Cash - Restricted	975,083	310,463	123,807	1,278,377
Investments:				
Certificates of deposit	6,285,058	--	--	539,000
Certificates of deposit - restricted	6,570,913	--	--	364,000
U.S. government and agency securities - restricted	1,929,408	--	--	--
<b>Total</b>	<b>\$ 29,558,378</b>	<b>\$ 8,904,787</b>	<b>\$ 3,095,635</b>	<b>\$ 7,061,825</b>

## B. Receivable

On June 30, 2010, the City has recorded a \$3,140,360 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, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 15,290,332	\$ 5,072,987	\$ --	\$ 20,363,319
Construction in progress	10,383,212	6,445,492	6,684,633	10,144,071
<b>Total capital assets, not being depreciated</b>	<b>\$ 25,673,544</b>	<b>\$ 11,518,479</b>	<b>\$ 6,684,633</b>	<b>\$ 30,507,390</b>
Capital assets, being depreciated:				
Buildings	\$ 26,918,155	\$ 104,192	\$ 50,500	\$ 26,971,847
Land improvements	12,108,013	328,515	38,740	12,397,788
Machinery and equipment	15,429,442	528,401	672,459	15,285,384
Infrastructure	130,473,896	8,881,637	--	139,355,533
<b>Total capital assets, being depreciated</b>	<b>\$ 184,929,506</b>	<b>\$ 9,842,745</b>	<b>\$ 761,699</b>	<b>\$ 194,010,552</b>
Less accumulated depreciation for:				
Buildings	\$ 6,789,930	\$ 655,341	\$ 46,287	\$ 7,398,984
Land improvements	2,969,725	497,963	5,694	3,461,994
Machinery and equipment	8,167,650	880,308	492,628	8,555,330
Infrastructure	54,339,482	4,221,021	--	58,560,503
<b>Total accumulated depreciation</b>	<b>\$ 72,266,787</b>	<b>\$ 6,254,633</b>	<b>\$ 544,609</b>	<b>\$ 77,976,811</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 112,662,719</b>	<b>\$ 3,588,112</b>	<b>\$ 217,090</b>	<b>\$ 116,033,741</b>
<b>Governmental activities capital asset, net</b>	<b>\$ 138,336,263</b>	<b>\$ 15,106,591</b>	<b>\$ 6,901,723</b>	<b>\$ 146,541,131</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,612,581	\$ --	\$ --	\$ 1,612,581
Construction in progress	3,912,411	2,082,671	2,346,476	3,648,606
Total capital assets, not being depreciated	<u>\$ 5,524,992</u>	<u>\$ 2,082,671</u>	<u>\$ 2,346,476</u>	<u>\$ 5,261,187</u>
Capital assets, being depreciated:				
Buildings	\$ 11,542,794	\$ 1,172,000	\$ --	\$ 12,714,794
Machinery and equipment	6,978,343	533,828	104,829	7,407,342
Infrastructure	40,734,657	1,399,553	--	42,134,210
Total capital assets, being depreciated	<u>\$ 59,255,794</u>	<u>\$ 3,105,381</u>	<u>\$ 104,829</u>	<u>\$ 62,256,346</u>
Less accumulated depreciation for:				
Buildings	\$ 4,639,459	\$ 246,823	\$ --	\$ 4,886,282
Machinery and equipment	1,575,476	256,575	87,311	1,744,740
Infrastructure	11,353,140	880,867	--	12,234,007
Total accumulated depreciation	<u>\$ 17,568,075</u>	<u>\$ 1,384,265</u>	<u>\$ 87,311</u>	<u>\$ 18,865,029</u>
Total capital assets, being depreciated, net	<u>\$ 41,687,719</u>	<u>\$ 1,721,116</u>	<u>\$ 17,518</u>	<u>\$ 43,391,317</u>
Business-type activities capital assets, net	<u>\$ 47,212,711</u>	<u>\$ 3,803,787</u>	<u>\$ 2,363,994</u>	<u>\$ 48,652,504</u>

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

Governmental activities:

Public safety	\$ 93,845
Public works	4,290,049
Health and social services	147,128
Culture and recreation	1,047,415
Community and economic development	80,270
General government	159,717
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	436,209
Total depreciation expense - governmental activities	<u>\$ 6,254,633</u>

Business-type activities

Sewer	\$ 908,888
Refuse	135,362
Storm Water	340,015
Total depreciation expense - business-type activities	<u>\$ 1,384,265</u>

### Construction Commitments

The City has active construction projects as of June 30, 2010. 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>
Big Woods Campground	531,540	87,884	443,656
Cedar Falls Trails	218,139	--	218,139
Center Street Streetscape	57,590	49,453	8,137
City Hall Remodel	142,987	142,487	500
Disinfection	1,699,800	1,039,605	660,195
Dry Run Creek Culverts	559,256	345,647	213,609
Floodwall System Improv.	74,976	--	74,976
Greenhill Road Extension	388,800	245,850	142,950
Hwy 58 Ped. Bridge	233,000	40,710	192,290
Northern Industrial Park	5,943,559	517,785	5,425,774
Public Works Complex	9,810,750	--	9,810,750
Ridgeway Ave. Reconstruction	266,000	264,184	1,816
Seal Coat	165,179	--	165,179
Sidewalk Repair	175,097	74,038	101,059
Southwest Branch Dry Run Channel Improv.	39,500	20,707	18,793
Southwest Dry Run Creek	1,079,361	1,011,274	68,087
State Street	1,474,762	228,049	1,246,713
Street reconstruction	6,319,429	4,386,599	1,932,830
Street restoration	2,617,013	2,169,614	447,399
Technology Parkway	2,236,608	2,234,855	1,753
University Ave. & College Street Signal	136,560	133,150	3,410
West 23 <sup>rd</sup> Street	548,816	145,671	403,145
West 23 <sup>rd</sup> Street Streetscape	128,675	--	128,675
West Viking Road	3,867,592	3,740,676	126,916
	<u>\$ 38,714,989</u>	<u>\$ 16,878,238</u>	<u>\$ 21,836,751</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 991,704	\$ 80,279	--	\$ 1,071,983
Construction in progress	10,812,093	28,437,494	35,120,015	4,129,572
Total capital assets, not being depreciated	<u>\$ 11,803,797</u>	<u>\$ 28,517,773</u>	<u>\$ 35,120,015</u>	<u>\$ 5,201,555</u>
Capital assets, being depreciated:				
Buildings	\$ 13,211,579	\$ 8,787,979	\$ 80,995	\$ 21,918,563
Land improvements	4,683	--	--	4,683
Machinery and equipment	18,023,629	1,679,356	200,647	19,502,338
Infrastructure	126,410,589	24,572,401	19,171,387	131,811,603
Total capital assets, being depreciated	<u>\$ 157,650,480</u>	<u>\$ 35,039,736</u>	<u>\$ 19,453,029</u>	<u>\$ 173,237,187</u>
Less accumulated depreciation for:				
Buildings	\$ 8,627,275	\$ 636,199	\$ 88,715	\$ 9,174,758
Land improvements	4,486	21	--	4,508
Machinery and equipment	6,980,759	1,593,916	200,647	8,374,028
Infrastructure	51,207,878	3,013,608	1,692,466	52,529,020
	<u>\$ 66,820,398</u>	<u>\$ 5,243,744</u>	<u>\$ 1,981,828</u>	<u>\$ 70,082,314</u>
Total capital assets, being depreciated, net	<u>\$ 90,830,082</u>	<u>\$ 29,795,992</u>	<u>\$ 17,471,201</u>	<u>\$ 103,154,873</u>
Electric Utility capital assets, net	<u>\$ 102,633,879</u>	<u>\$ 58,313,765</u>	<u>\$ 52,591,216</u>	<u>\$ 108,356,428</u>

Activity for the Gas Utility for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 41,350	\$ --	\$ --	\$ 41,350
Construction in progress	513,626	797,563	1,079,857	231,332
Total capital assets, not being depreciated	<u>\$ 554,976</u>	<u>\$ 797,563</u>	<u>\$ 1,079,857</u>	<u>\$ 272,682</u>
Capital assets, being depreciated:				
Buildings	\$ 1,269,118	\$ 707,937	\$ 34,146	\$ 1,942,909
Machinery and equipment	667,066	20,487	9,699	677,854
Infrastructure	16,867,021	351,432	71,602	17,146,851
Total capital assets, being depreciated	<u>\$ 18,803,205</u>	<u>\$ 1,079,856</u>	<u>\$ 115,447</u>	<u>\$ 19,767,614</u>
Less accumulated depreciation				
Buildings	\$ 304,255	\$ 30,904	\$ 34,147	\$ 301,012
Machinery and equipment	223,980	36,397	9,699	250,678
Infrastructure	7,082,496	631,377	81,237	7,632,636
	<u>\$ 7,610,731</u>	<u>\$ 698,678</u>	<u>\$ 125,083</u>	<u>\$ 8,184,326</u>
Total capital assets, being depreciated, net	<u>\$ 11,192,474</u>	<u>\$ 381,178</u>	<u>\$ (9,636)</u>	<u>\$ 11,583,288</u>
Gas Utility capital assets, net	<u>\$ 11,747,450</u>	<u>\$ 1,178,741</u>	<u>\$ 1,070,221</u>	<u>\$ 11,855,970</u>

Activity for the Water Utility for the year ended December 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 63,466	\$ --	\$ --	\$ 63,466
Construction in progress	<u>1,158,697</u>	<u>1,344,482</u>	<u>1,931,925</u>	<u>571,254</u>
Total capital assets, not being depreciated	<u>\$ 1,222,163</u>	<u>\$ 1,344,482</u>	<u>\$ 1,931,925</u>	<u>\$ 634,720</u>
Capital assets, being depreciated:				
Buildings	\$ 477,176	\$ 322,890	\$ 1,003	\$ 799,063
Machinery and equipment	432,637	8,931	23,021	418,547
Infrastructure	<u>22,689,315</u>	<u>1,600,103</u>	<u>109,820</u>	<u>24,179,598</u>
Total capital assets, being depreciated	<u>\$ 23,599,128</u>	<u>\$ 1,931,924</u>	<u>\$ 133,844</u>	<u>\$ 25,397,208</u>
Less accumulated depreciation				
Buildings	\$ 115,204	\$ 11,032	\$ 1,003	\$ 125,233
Machinery and equipment	196,582	20,903	23,021	194,464
Infrastructure	<u>6,875,600</u>	<u>486,309</u>	<u>110,972</u>	<u>7,250,937</u>
Total accumulated depreciation	<u>\$ 7,187,386</u>	<u>\$ 518,244</u>	<u>\$ 134,996</u>	<u>\$ 7,570,634</u>
Total capital assets, being depreciated, net	<u>\$ 16,411,742</u>	<u>\$ 1,413,680</u>	<u>\$ (1,152)</u>	<u>\$ 17,826,574</u>
Water Utility capital assets, net	<u><u>\$ 17,633,905</u></u>	<u><u>\$ 2,758,162</u></u>	<u><u>\$ 1,930,773</u></u>	<u><u>\$ 18,461,294</u></u>

Activity for the Communications Utility for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 446,402	\$ 2,688,668	\$ 2,662,003	\$ 473,067
Total capital assets, not being depreciated	<u>\$ 446,402</u>	<u>\$ 2,688,668</u>	<u>\$ 2,662,003</u>	<u>\$ 473,067</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 279,701	\$ 49,817	\$ --	\$ 329,518
Infrastructure	17,034,888	2,612,186	1,156,806	18,490,268
Total capital assets, being depreciated	<u>\$ 17,314,589</u>	<u>\$ 2,662,003</u>	<u>\$ 1,156,806</u>	<u>\$ 18,819,786</u>
Less accumulated depreciation				
Machinery and equipment	\$ 204,900	\$ 15,467	\$ --	\$ 220,367
Infrastructure	9,218,956	1,339,949	1,156,925	9,401,980
Total accumulated depreciation	<u>\$ 9,423,856</u>	<u>\$ 1,355,416</u>	<u>\$ 1,156,925</u>	<u>\$ 9,622,347</u>
Total capital assets, being depreciated, net	<u>\$ 7,890,733</u>	<u>\$ 1,306,587</u>	<u>\$ (119)</u>	<u>\$ 9,197,439</u>
Communications Utility capital assets, net	<u>\$ 8,337,135</u>	<u>\$ 3,995,255</u>	<u>\$ 2,661,884</u>	<u>\$ 9,670,506</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, 2010, is recorded as a receivable and deferred revenue in the Hospital Fund in the amount of \$430,824.

##### **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
2011	\$ 31,796	\$ 143,100
2012	31,796	143,100
2013	31,796	143,100
2014	31,796	131,175
2015	31,796	--
2016-2020	158,977	--
2021	31,796	--
Total	<u>\$ 349,753</u>	<u>\$ 560,475</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	(1,770,250)	(731,437)
Total	<u>\$ 4,254,781</u>	<u>\$ 1,422,488</u>

## E. Long-term Debt

### General Obligation Bonds

Unmatured general obligation bonds totaling \$10,008,867, net of unamortized discount and unamortized deferred amount on refunding of \$86,133, are outstanding as of June 30, 2010. These bonds bear interest with rates ranging from 2.30% to 3.90%; mature in varying annual amounts through June 30, 2018; and were originally issued for \$14,310,000. 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
2011	1,020,000	200,365	575,000	160,498
2012	1,055,000	163,135	590,000	143,262
2013	860,000	124,100	610,000	124,673
2014	925,000	92,280	635,000	104,623
2015	350,000	57,593	660,000	82,985
2016-2018	1,150,000	90,315	1,665,000	114,148
Total	<u>\$ 5,360,000</u>	<u>\$ 727,788</u>	<u>\$ 4,735,000</u>	<u>\$ 730,189</u>

### Tax Increment Financing Bonds

Unmatured tax increment financing bonds totaling \$2,974,583 net of unamortized deferred amount on refunding of \$109,583, are outstanding as of June 30, 2010. These bonds bear an interest rate of 3.00%; mature June 30, 2014; and were originally issued for \$2,865,000. Annual debt service requirements to maturity for tax increment financing bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2011	850,000	95,978
2012	890,000	60,450
2013	550,000	33,750
2014	575,000	17,250
Total	<u>\$ 2,865,000</u>	<u>\$ 207,428</u>

### Capital Loan Notes

Unmatured capital loan notes totaling \$9,760,300, net of unamortized discount and unamortized deferred amount on refunding of \$35,300 are outstanding as of June 30, 2010. These notes bear interest at rates of 1.00% to 3.80%; mature in varying annual amounts through June 30, 2024; and were originally issued for \$10,530,000. Annual debt service requirements to maturing for capital loan notes are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2011	1,365,000	299,705
2012	1,470,000	255,460
2013	1,235,000	214,940
2014	1,265,000	180,300
2015	680,000	142,892
2016-2020	3,010,000	389,085
2021-2024	700,000	66,298
Total	<u>\$ 9,725,000</u>	<u>\$ 1,548,680</u>

As of June 30, 2010, 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>\$ 2,376,935,006</u>
Debt limit - 5% of total actual valuation	\$ 118,846,750
Debt applicable to debt limit:	
General obligation bonds	22,685,000
General obligation bonds - component unit	<u>2,320,000</u>
Legal debt margin	<u>\$ 93,841,750</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, 2010, the City had no arbitrage liability.

During FY10, the City issued \$3,440,000 in capital loan notes. The proceeds will be used for various projects including College Hill Streetscape, West 1<sup>st</sup> Street Reconstruction and Northern Cedar Falls Industrial Park infrastructure improvement.

During FY10, the City also issued \$5,135,000 to current refund five outstanding issuances. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$260,117 and a reduction of \$268,492 in future debt service payments. Also during FY10, sewer reserve cash in the amount of \$520,000 was used to pay off the 2004 sewer revenue bonds.

## Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2010, and the total bonded indebtedness of the City as of that date.

	<u>Date of Issue</u>	<u>Balance Beginning of Year</u>	<u>Issued/ Incurred During Year</u>	<u>Redeemed/ Paid During Year</u>	<u>Balance End of Year</u>	<u>Amount Due Within One Year</u>
<b>Governmental Activities:</b>						
General obligation bonds:						
Corporate purpose	2002	1,265,000	--	1,265,000	--	--
Corporate purpose	2004	1,340,000	--	1,340,000	--	--
Corporate purpose	2004	530,000	--	530,000	--	--
Corporate purpose	2006	6,300,000	--	940,000	5,360,000	1,020,000
		<u>\$ 9,435,000</u>	<u>\$ --</u>	<u>\$ 4,075,000</u>	<u>\$ 5,360,000</u>	<u>\$ 1,020,000</u>
Less unamortized discount		34,122	--	24,756	9,366	--
Less unamortized deferred amount on refunding		60,913	--	11,127	49,786	--
		<u>\$ 9,339,965</u>	<u>\$ --</u>	<u>\$ 4,039,117</u>	<u>\$ 5,300,848</u>	<u>\$ 1,020,000</u>
Tax increment financing bonds:						
Tax increment financing	2001	1,035,000	--	1,035,000	--	--
Tax increment financing	2004	2,725,000	--	2,725,000	--	--
Tax increment financing	2010	--	2,865,000	--	2,865,000	850,000
		<u>\$ 3,760,000</u>	<u>\$ 2,865,000</u>	<u>\$ 3,760,000</u>	<u>\$ 2,865,000</u>	<u>\$ 850,000</u>
Less unamortized discount		14,976	--	14,976	--	--
Less unamortized deferred amount on refunding		--	(115,603)	(6,020)	(109,583)	--
		<u>\$ 3,745,024</u>	<u>\$ 2,980,603</u>	<u>\$ 3,751,044</u>	<u>\$ 2,974,583</u>	<u>\$ 850,000</u>
Capital Loan Notes:						
Corporate Purpose	2008	\$ 4,435,000	\$ --	\$ 420,000	\$ 4,015,000	\$ 450,000
Corporate Purpose	2009	--	3,440,000	--	3,440,000	165,000
Refunding	2010	--	2,270,000	--	2,270,000	750,000
		<u>\$ 4,435,000</u>	<u>\$ 5,710,000</u>	<u>\$ 420,000</u>	<u>\$ 9,725,000</u>	<u>\$ 1,365,000</u>
Less unamortized discount		17,587	28,724	3,017	43,294	--
Less unamortized deferred amount on refunding		--	(82,912)	(4,318)	(78,594)	--
		<u>\$ 4,417,413</u>	<u>\$ 5,764,188</u>	<u>\$ 421,301</u>	<u>\$ 9,760,300</u>	<u>\$ 1,365,000</u>
Governmental activity total long-term debt		<u>\$ 17,502,402</u>	<u>\$ 8,744,791</u>	<u>\$ 8,211,462</u>	<u>\$ 18,035,731</u>	<u>\$ 3,235,000</u>
<b>Business-type activities</b>						
General obligation bonds:						
Sewer	2006	\$ 1,350,000	\$ --	\$ 170,000	\$ 1,180,000	\$ 180,000
Sewer	2008	3,935,000	--	380,000	3,555,000	395,000
		<u>\$ 5,285,000</u>	<u>\$ --</u>	<u>\$ 550,000</u>	<u>\$ 4,735,000</u>	<u>\$ 575,000</u>
Less unamortized discount		30,591	--	3,610	26,981	--
		<u>\$ 5,254,409</u>	<u>\$ --</u>	<u>\$ 546,390</u>	<u>\$ 4,708,019</u>	<u>\$ 575,000</u>
Revenue bonds:						
Sewer	2004	\$ 765,000	\$ --	\$ 765,000	\$ --	\$ --
Less unamortized discount		3,076	--	3,076	--	--
		<u>\$ 761,924</u>	<u>\$ --</u>	<u>\$ 761,924</u>	<u>\$ --</u>	<u>\$ --</u>
Business-type activity total long-term debt		<u>\$ 6,016,333</u>	<u>\$ --</u>	<u>\$ 1,308,314</u>	<u>\$ 4,708,019</u>	<u>\$ 575,000</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
2010	1,595,000	1,967,970
2011	1,650,000	1,908,795
2012	1,720,000	1,846,707
2013	2,690,000	1,781,106
2014	2,805,000	1,679,707
2015-2019	15,935,000	6,614,890
2020-2024	18,850,000	3,029,455
2025-2026	2,810,000	185,937
	<u>\$ 48,055,000</u>	<u>\$ 19,014,567</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, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2003	8,775,000	--	265,000	8,510,000	270,000
Series 2005	23,195,000	--	630,000	22,565,000	655,000
Series 2007	<u>17,620,000</u>	<u>--</u>	<u>640,000</u>	<u>16,980,000</u>	<u>670,000</u>
Total revenue bonds	49,590,000	--	1,535,000	48,055,000	1,595,000
Less: Unamortized					
discount	602,090	327,925	88,315	841,700	--
Add: Unamortized					
premium	<u>218,627</u>	<u>94,263</u>	<u>30,402</u>	<u>282,488</u>	<u>--</u>
Total long-term debt	<u>\$ 49,206,537</u>	<u>\$ (233,662)</u>	<u>\$ 1,477,087</u>	<u>\$ 47,495,788</u>	<u>\$ 1,595,000</u>

**General Obligation Capital Loan Notes – Communications Utility**

All general obligation (G.O.) bonds and notes have been issued by the City on behalf of the Utility. The G.O. 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 notes are in a range between 2.50% and 5.50%. The total debt service obligations over the remaining term of the notes are as follows:

<u>Year Ending</u>	<u>Component Unit - G.O. Capital Loan Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2010	425,000	51,266
2011	145,000	51,415
2012	155,000	49,892
2013	155,000	47,878
2014	165,000	45,242
2015-2019	575,000	179,920
2020-2024	700,000	79,015
	<u>\$ 2,320,000</u>	<u>\$ 504,628</u>

**Revenue Capital Loan Notes – Communications Utility**

The Series 2009 revenue 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 notes are in a range between 3.0% and 4.3%. The notes are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

<u>Year Ending</u>	<u>Component Unit - Revenue Capital Loan Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2010	325,000	121,595
2011	325,000	119,760
2012	335,000	110,010
2013	345,000	99,960
2014	355,000	89,610
2015-2019	880,000	333,400
2020-2024	1,075,000	141,403
	<u>\$ 3,640,000</u>	<u>\$ 1,015,738</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, 2009 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, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bond:					
Series 1998	\$ 365,000	\$ --	\$ 365,000	\$ --	\$ --
Series 1999	335,000	--	335,000	--	--
Series 2002	620,000	--	620,000	--	--
Series 1999 capital loan notes	2,020,000	--	2,020,000	--	--
Capital loan notes					
Series 2009		2,320,000		2,320,000	425,000
Revenue capital loan notes					
Series 2009		3,640,000		3,640,000	325,000
	<u>\$ 3,340,000</u>	<u>\$ 5,960,000</u>	<u>\$ 3,340,000</u>	<u>\$ 5,960,000</u>	<u>\$ 750,000</u>
Less: unamortized discount on debt	1,280	70,589	1,280	70,589	--
Add: unamortized premium on debt	(1,608)	46,268	(1,608)	46,268	--
	<u>\$ 3,337,112</u>	<u>\$ 5,935,679</u>	<u>\$ 3,337,112</u>	<u>\$ 5,935,679</u>	<u>\$ 750,000</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, 2010, and the total liability of the City as of that date as reported on the government-wide statement of net assets:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Payable Within One Year
Governmental activities	<u>\$ 2,408,939</u>	<u>\$ 220,897</u>	<u>\$ 149,628</u>	<u>\$ 2,480,208</u>	<u>\$ 690,101</u>
Business-type activities	<u>\$ 465,191</u>	<u>\$ 4,024</u>	<u>\$ 55,635</u>	<u>\$ 413,580</u>	<u>\$ 112,966</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 30<sup>th</sup>. 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, 2010, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 50,355
Interest on net OPEB obligation	7,820
Adjustment to annual required contribution	<u>(6,026)</u>
Annual OPEB Cost	52,149
Net contributions received from retirees	<u>40,628</u>
Increase in net OPEB obligation	92,777
Net OPEB obligation beginning of year	<u>156,392</u>
Net OPEB obligation end of year	\$249,169

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2010.

For the year ended June 30, 2010, the City paid \$86,761 for retiree health claims. Plan members eligible for benefits contributed \$127,389 or 100% of the premium costs. The net resulted in a \$40,628 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, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2010	\$ 52,149	(77.9%)	\$249,169

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$671,926, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$671,926. The covered payroll (annual payroll of active employees covered by the plan) was \$10,707,080 and the ratio of the UAAL to covered payroll was 6.3%. As of June 30, 2010, 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, 2009 actuarial valuation date, the projected 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 10%. 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 a combination of the retirement probabilities from MFPRSI Actuarial Report, the IPERS Actuarial Report, and the City's experience.

Projected claim costs of the health plan are \$593.92 per month for retirees less than age 65 and \$424.42 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, 2010, were stated in the fund financial statements as follows:

Fund	Total	
	Interfund Receivables	Interfund Payables
FEMA Fund	\$ --	\$ 3,055,563
Nonmajor Governmental Funds	3,055,563	--
Total	<u>\$ 3,055,563</u>	<u>\$ 3,055,563</u>

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	\$ 118,230
	Non-major Governmental Funds	137,355
	Sewer Fund	97,150
	Refuse Fund	124,370
	Internal Service Funds	214,320
		<u>\$ 691,425</u>
Hospital Fund	Sewer Fund	\$ 38,941
Street Repair Fund	Bond Fund	\$ 33,335
	Non-Major Governmental Funds	503,677
	Sewer Fund	38,837
		<u>\$ 575,849</u>
Debt Service Fund	General Fund	\$ 945,000
	TIF Fund	969,838
		<u>\$ 1,914,838</u>
Bond Fund	TIF Fund	\$ 2,296,084
Non-major Governmental Funds	General Fund	\$ 504,818
	TIF Fund	3,448,044
	Non-major Governmental Funds	620,597
	Refuse Fund	564,585
	Storm Water Fund	361,925
		<u>\$ 5,499,969</u>
Internal Service Fund	Street Construction	\$ 35,048
Sewer Fund	FEMA Fund	\$ 220,698
Refuse Fund	FEMA Fund	\$ 699,803
	Street Construction Fund	118,930
	Sewer Fund	118,930
		<u>\$ 937,663</u>
Storm Water Fund	Bond Fund	\$ 5,908
	Non-major Governmental Funds	97,910
		<u>\$ 103,818</u>
	Total	<u>\$ 12,314,333</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 4.30% of their annual covered salary and the City is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$581,107, \$548,622 and \$507,597 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 9.40% of earnable compensation and the City's contribution rate may not be less than 17.00% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2010, 2009, and 2008 were \$666,649, \$699,619, and \$931,069 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, 2010, were as follows:

	Due from
Component Unit:	<u>                    </u>
Electric utility	\$ 774,990
	<u>                    </u>

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, 2009.

**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, 2009 and 2010 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 \$2,316,011 for 2010. 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, 2010, 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, 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
Claims and changes in estimates during fiscal year 2010	2,437,723	297,026	--	--	2,734,749
Claim payments	(2,356,993)	(211,202)	--	--	(2,568,195)
Claim liabilities					
June 30, 2010	<u>\$ 336,186</u>	<u>\$ 183,482</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 519,668</u>

#### E. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2010, 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. New Governmental Accounting Standards Board (GASB) Standards

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

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 this statement will have on the City's financial statements.

**City of Cedar Falls, Iowa**  
**Budgetary Comparison Schedule - Function Budget**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts	
	Original	Final
<b>Revenues:</b>		
Property taxes and assessments	\$ 22,071,366	\$ 22,071,366
Other City taxes	5,011,411	5,011,411
Licenses and permits	851,200	851,200
Use of money and property	2,220,890	2,220,890
Intergovernmental	19,708,040	28,167,590
Charges for services	9,901,350	10,068,500
Miscellaneous	3,101,253	8,523,353
Total revenues	<u>\$ 62,865,510</u>	<u>\$ 76,914,310</u>
<b>Expenditures:</b>		
<b>Current:</b>		
Public safety	\$ 8,119,220	\$ 8,284,420
Public works	12,595,060	12,677,060
Health and social services	22,250	53,250
Culture and recreation	6,599,410	6,702,310
Community and economic development	2,580,690	2,600,690
General government	4,595,820	4,624,520
Debt service	3,999,990	10,904,990
Capital projects	17,283,400	28,713,400
Business-type	10,834,980	12,022,980
Total expenditures	<u>\$ 66,630,820</u>	<u>\$ 86,583,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,765,310)</u>	<u>\$ (9,669,310)</u>
<b>Other financing sources (uses):</b>		
Proceeds from long-term debt	\$ 5,753,300	\$ 10,713,300
Transfers in	12,418,230	12,418,230
Transfers out	(12,418,230)	(12,418,230)
Total other financing sources (uses)	<u>\$ 5,753,300</u>	<u>\$ 10,713,300</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,987,990</u>	<u>\$ 1,043,990</u>
Fund balances, beginning	59,407,268	59,407,268
Fund balances, ending	<u>\$ 61,395,258</u>	<u>\$ 60,451,258</u>

See notes to the required supplementary information.

Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 21,998,720	\$ (72,646)
5,193,710	182,299
1,107,536	256,336
2,114,005	(106,885)
13,776,227	(14,391,363)
10,108,142	39,642
2,317,140	(6,206,213)
<u>\$ 56,615,480</u>	<u>\$ (20,298,830)</u>
\$ 7,838,700	\$ 445,720
8,774,238	3,902,822
48,364	4,886
5,925,669	776,641
2,287,195	313,495
4,517,941	106,579
10,357,614	547,376
17,643,491	11,069,909
8,076,086	3,946,894
<u>\$ 65,469,298</u>	<u>\$ 21,114,322</u>
<u>\$ (8,853,818)</u>	<u>\$ 815,492</u>
\$ 8,773,438	\$ (1,939,862)
13,998,834	1,580,604
(13,998,834)	(1,580,604)
<u>\$ 8,773,438</u>	<u>\$ (1,939,862)</u>
\$ (80,380)	\$ (1,124,370)
64,301,362	4,894,094
<u>\$ 64,220,982</u>	<u>\$ 3,769,724</u>

**City of Cedar Falls, Iowa**

**Notes to Required Supplementary Information – Budgetary Reporting  
For the Year ended June 30, 2010**

**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 appropriations lapse at year end.

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, one budget amendment increased budgeted disbursements by \$19,952,800. 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**

	<u><b>Function Budget</b></u>
<b>Sources</b>	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 56,615,480
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	(359,473)
	\$ 56,256,007
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	(1,643,625)
FEMA Fund	(6,534,745)
Bond capital projects Fund	(330,998)
Nonmajor governmental GAAP funds	(4,497,822)
Business-type enterprise funds	(7,989,853)
	\$ 35,258,964
Total revenues for general fund and major special revenue funds	\$ 35,258,964
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 19,861,800
Hospital Fund	771,308
TIF Fund	6,754,287
Street Repair Fund	4,697,725
Street Construction Fund	3,173,844
	\$ 35,258,964
Total revenues for general fund and major special revenue funds	\$ 35,258,964

	<b>Function Budget</b>
<b>Uses</b>	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 65,469,298
<b>Adjustments</b>	
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	(9,534,276)
<b>Total uses for the function budget on a GAAP basis of accounting</b>	<b>\$ 55,935,022</b>
<b>Reclassifications:</b>	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(3,615,925)
FEMA Fund	(7,168,269)
Bond capital projects Fund	(5,740,365)
Nonmajor governmental GAAP funds	(6,694,058)
Business-type enterprise funds	(6,111,091)
<b>Total expenditures for general fund and major special revenue funds</b>	<b>\$ 26,605,314</b>
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:</b>	
General Fund	\$ 19,238,861
Hospital Fund	72,554
TIF Fund	--
Street Repair Fund	4,935,506
Street Construction Fund	2,358,393
<b>Total expenditures for general fund and major special revenue funds</b>	<b>\$ 26,605,314</b>

**City of Cedar Falls, Iowa**  
**Schedule of Funding Progress for the**  
**Cedar Falls Health Plan**  
**June 30, 2010**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL As a Percentage of Covered Payroll</b>
July 1, 2007	-	1,041,000	1,041,000	0.0%	10,506,285	9.9%
July 1, 2009	-	671,926	671,926	0.0%	10,707,080	6.3%

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**  
**(Page 1 of 2)**

	Community Development Fund	Housing Assistance Fund	Recreation & Public Safety Fund
<b>ASSETS</b>			
Cash	\$ 82,958	\$ 844,341	\$ 1,481,603
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	1,764
Special assessment	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Due from other governments	41,971	--	--
Inventories	--	--	--
Total assets	<u>\$ 124,929</u>	<u>\$ 844,341</u>	<u>\$ 1,483,367</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 19,337	\$ 47	\$ 1,612
Accrued liabilities	5,020	4,788	--
Deferred revenue	17,930	--	--
Total liabilities	<u>\$ 42,287</u>	<u>\$ 4,835</u>	<u>\$ 1,612</u>
<b>FUND BALANCES</b>			
Reserved for:			
Employee retirement system	\$ --	\$ --	\$ --
Inventories	--	--	--
Unreserved, undesignated, reported in:			
Special revenue funds	82,642	839,506	1,481,755
Capital projects funds	--	--	--
Total fund balances (deficit)	<u>\$ 82,642</u>	<u>\$ 839,506</u>	<u>\$ 1,481,755</u>
Total liabilities and fund balances	<u>\$ 124,929</u>	<u>\$ 844,341</u>	<u>\$ 1,483,367</u>

Special Revenue

Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement	Visitor & Tourism
\$ 1,233,004	\$ 138,455	\$ 867,891	\$ 3,035,633	\$ 2,535,252	\$ 455,550
--	--	--	277,644	222,287	--
--	--	--	--	--	72,741
1,919	226	1,407	11,216	8,036	668
--	--	--	--	--	--
118,665	--	--	--	--	--
--	--	--	--	--	--
--	--	2,376	--	--	25,726
<u>\$ 1,353,588</u>	<u>\$ 138,681</u>	<u>\$ 871,674</u>	<u>\$ 3,324,493</u>	<u>\$ 2,765,575</u>	<u>\$ 554,685</u>
\$ 6,336	\$ --	\$ 4,943	\$ --	\$ 3,100	\$ 33,736
7,722	--	4,330	--	--	7,343
--	--	--	275,119	220,123	72,741
<u>\$ 14,058</u>	<u>\$ --</u>	<u>\$ 9,273</u>	<u>\$ 275,119</u>	<u>\$ 223,223</u>	<u>\$ 113,820</u>
\$ --	\$ --	\$ --	\$ 3,049,374	\$ 2,542,352	\$ --
--	--	2,376	--	--	25,726
1,339,530	138,681	860,025	--	--	415,139
--	--	--	--	--	--
<u>\$ 1,339,530</u>	<u>\$ 138,681</u>	<u>\$ 862,401</u>	<u>\$ 3,049,374</u>	<u>\$ 2,542,352</u>	<u>\$ 440,865</u>
<u>\$ 1,353,588</u>	<u>\$ 138,681</u>	<u>\$ 871,674</u>	<u>\$ 3,324,493</u>	<u>\$ 2,765,575</u>	<u>\$ 554,685</u>

(continued)

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**  
**(Page 2 of 2)**

	Special Revenue			
	Community Center & Sr Services	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
<b>ASSETS</b>				
Cash	\$ 3,731	\$ 183,450	\$ 101,766	\$ 32,524
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>\$ 3,731</u>	<u>\$ 183,450</u>	<u>\$ 101,766</u>	<u>\$ 32,524</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,731	\$ --	\$ --	\$ --
Accrued liabilities	1,373	--	--	--
Deferred revenue	--	--	--	--
Total liabilities	<u>\$ 5,104</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>FUND BALANCES</b>				
Reserved for:				
Employee retirement system	\$ --	\$ --	\$ --	\$ --
Inventories	--	--	--	--
Unreserved, undesignated, reported in:				
Special revenue funds	(1,373)	183,450	101,766	32,524
Capital projects funds	--	--	--	--
Total fund balances (deficit)	<u>\$ (1,373)</u>	<u>\$ 183,450</u>	<u>\$ 101,766</u>	<u>\$ 32,524</u>
Total liabilities and fund balances	<u>\$ 3,731</u>	<u>\$ 183,450</u>	<u>\$ 101,766</u>	<u>\$ 32,524</u>

(continued)

	Capital Project:		
Washington Park Renovation	Capital Improvement	Economic Development Capital	Total
\$ 30,200	\$ 5,976,043	\$ 2,195,780	\$ 19,198,181
--	--	--	499,931
--	--	--	72,741
49	10,336	5,395	41,016
--	8,720	--	8,720
--	--	--	118,665
--	--	3,055,563	3,055,563
--	--	--	41,971
--	--	--	28,102
<u>\$ 30,249</u>	<u>\$ 5,995,099</u>	<u>\$ 5,256,738</u>	<u>\$ 23,064,890</u>
\$ --	\$ 67,477	\$ 4,188	\$ 144,507
--	--	--	30,576
--	8,720	--	594,633
<u>\$ --</u>	<u>\$ 76,197</u>	<u>\$ 4,188</u>	<u>\$ 769,716</u>
\$ --	\$ --	\$ --	\$ 5,591,726
--	--	--	28,102
--	--	--	5,473,645
30,249	5,918,902	5,252,550	11,201,701
<u>\$ 30,249</u>	<u>\$ 5,918,902</u>	<u>\$ 5,252,550</u>	<u>\$ 22,295,174</u>
<u>\$ 30,249</u>	<u>\$ 5,995,099</u>	<u>\$ 5,256,738</u>	<u>\$ 23,064,890</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, 2010**  
**(Page 1 of 2)**

	Community Development Fund	Housing Assistance Fund	Recreation & Public Safety Fund
<b>Revenues:</b>			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	--	--	--
Use of money and property	--	2,198	12,859
Intergovernmental	266,967	928,219	--
Charges for services	--	--	190,499
Fines and forfeitures	--	--	22,783
Miscellaneous	--	5,003	747
<b>Total revenues</b>	<b>\$ 266,967</b>	<b>\$ 935,420</b>	<b>\$ 226,888</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	\$ --	\$ --	\$ 53,907
Public works	--	--	--
Culture and recreation	--	--	88,086
Community and economic development	285,067	1,180,198	--
General government	--	--	--
Capital projects	--	--	--
<b>Total expenditures</b>	<b>\$ 285,067</b>	<b>\$ 1,180,198</b>	<b>\$ 141,993</b>
Excess (deficiency) of revenues over (under) expenditures	<b>\$ (18,100)</b>	<b>\$ (244,778)</b>	<b>\$ 84,895</b>
<b>Other financing sources (uses):</b>			
Transfers in	\$ --	\$ --	\$ 277,482
Transfers out	--	--	--
<b>Total other financing sources (uses)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 277,482</b>
<b>Net change in fund balances</b>	<b>\$ (18,100)</b>	<b>\$ (244,778)</b>	<b>\$ 362,377</b>
Fund balances, beginning	100,742	1,084,284	1,119,378
Increase (decrease) in reserve for inventories	--	--	--
<b>Fund balances, ending</b>	<b>\$ 82,642</b>	<b>\$ 839,506</b>	<b>\$ 1,481,755</b>

Special Revenue

Cable Television	Cultural Services	Parking Fund	Police Retirement	Fire Retirement	Visitor & Tourism
\$ --	\$ --	\$ --	\$ 233,436	\$ 182,199	\$ --
--	--	--	--	--	274,822
13,778	1,976	9,811	135,331	124,506	5,781
--	--	--	--	--	--
461,202	--	34,471	--	--	--
--	--	183,743	--	--	--
4,732	9,371	--	--	--	14,650
<u>\$ 479,712</u>	<u>\$ 11,347</u>	<u>\$ 228,025</u>	<u>\$ 368,767</u>	<u>\$ 306,705</u>	<u>\$ 295,253</u>
\$ --	\$ --	\$ --	\$ 362,788	\$ 346,937	\$ --
--	--	199,530	--	--	--
--	--	--	--	--	328,474
--	--	--	--	--	--
293,407	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 293,407</u>	<u>\$ --</u>	<u>\$ 199,530</u>	<u>\$ 362,788</u>	<u>\$ 346,937</u>	<u>\$ 328,474</u>
<u>\$ 186,305</u>	<u>\$ 11,347</u>	<u>\$ 28,495</u>	<u>\$ 5,979</u>	<u>\$ (40,232)</u>	<u>\$ (33,221)</u>
\$ --	\$ --	\$ 14,724	\$ --	\$ --	\$ 49,469
(41,910)	--	(13,050)	--	--	(16,967)
<u>\$ (41,910)</u>	<u>\$ --</u>	<u>\$ 1,674</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 32,502</u>
\$ 144,395	\$ 11,347	\$ 30,169	\$ 5,979	\$ (40,232)	\$ (719)
1,195,135	127,334	831,254	3,043,395	2,582,584	436,320
--	--	978	--	--	5,264
<u>\$ 1,339,530</u>	<u>\$ 138,681</u>	<u>\$ 862,401</u>	<u>\$ 3,049,374</u>	<u>\$ 2,542,352</u>	<u>\$ 440,865</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, 2010**  
**(Page 2 of 2)**

	Special Revenue			
	Community Center & Sr Services	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
<b>Revenues:</b>				
Property taxes and assessments	\$ --	\$ --	\$ --	\$ --
Other city taxes	--	--	--	--
Use of money and property	18,518	--	--	--
Intergovernmental	--	--	--	--
Charges for services	4,616	5,304	3,802	2,266
Fines and forfeitures	--	--	--	--
Miscellaneous	13,056	--	--	--
<b>Total revenues</b>	<b>\$ 36,190</b>	<b>\$ 5,304</b>	<b>\$ 3,802</b>	<b>\$ 2,266</b>
<b>Expenditures:</b>				
Current:				
Public safety	\$ --	\$ --	\$ --	\$ --
Public works	--	--	--	--
Culture and recreation	64,580	--	--	--
Community and economic development	--	--	--	--
General government	--	--	--	--
Capital projects	--	--	--	--
<b>Total expenditures</b>	<b>\$ 64,580</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (28,390)</b>	<b>\$ 5,304</b>	<b>\$ 3,802</b>	<b>\$ 2,266</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 47,407	\$ --	\$ --	\$ --
Transfers out	(11,928)	--	--	--
<b>Total other financing sources (uses)</b>	<b>\$ 35,479</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
<b>Net change in fund balances</b>	<b>\$ 7,089</b>	<b>\$ 5,304</b>	<b>\$ 3,802</b>	<b>\$ 2,266</b>
Fund balances, beginning	(8,462)	178,146	97,964	30,258
Increase (decrease) in reserve for inventories	--	--	--	--
<b>Fund balances, ending</b>	<b>\$ (1,373)</b>	<b>\$ 183,450</b>	<b>\$ 101,766</b>	<b>\$ 32,524</b>

(continued)

Capital Projects			
Washington Park Renovation	Capital Improvements	Economic Development Capital	Total
\$ --	\$ --	\$ --	\$ 415,635
--	--	--	274,822
345	99,275	193,475	617,853
--	192,557	375,000	1,762,743
--	--	--	702,160
--	--	--	206,526
--	214,439	256,085	518,083
<u>\$ 345</u>	<u>\$ 506,271</u>	<u>\$ 824,560</u>	<u>\$ 4,497,822</u>
\$ --	\$ --	\$ --	\$ 763,632
--	--	--	199,530
--	--	--	481,140
--	--	--	1,465,265
--	--	--	293,407
--	795,104	2,695,980	3,491,084
<u>\$ --</u>	<u>\$ 795,104</u>	<u>\$ 2,695,980</u>	<u>\$ 6,694,058</u>
<u>\$ 345</u>	<u>\$ (288,833)</u>	<u>\$ (1,871,420)</u>	<u>\$ (2,196,236)</u>
\$ --	\$ 1,706,151	\$ 3,404,736	\$ 5,499,969
--	(1,275,684)	--	(1,359,539)
<u>\$ --</u>	<u>\$ 430,467</u>	<u>\$ 3,404,736</u>	<u>\$ 4,140,430</u>
\$ 345	\$ 141,634	\$ 1,533,316	\$ 1,944,194
29,904	5,777,268	3,719,234	20,344,738
--	--	--	6,242
<u>\$ 30,249</u>	<u>\$ 5,918,902</u>	<u>\$ 5,252,550</u>	<u>\$ 22,295,174</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2010**

	Health Insurance	Health Insurance Severance	Payroll
<b>ASSETS</b>			
Current assets:			
Cash	\$ 6,062,047	\$ 26,789	\$ 2,307,107
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	9,567	--	4,101
Other	39,728	--	--
Inventories	--	--	--
Total current assets	\$ 6,111,342	\$ 26,789	\$ 2,311,208
Noncurrent assets:			
Capital assets:			
Buildings	\$ --	\$ --	\$ --
Machinery and equipment	--	--	--
Accumulated depreciation	--	--	--
Total noncurrent assets	\$ --	\$ --	\$ --
Total assets	\$ 6,111,342	\$ 26,789	\$ 2,311,208
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 5,045	\$ 26,789	\$ 2,575
Accrued liabilities	336,186	--	--
Compensated absences due within one year	--	--	--
Noncurrent liabilities:			
Compensated absences after one year	--	--	--
Total liabilities	\$ 341,231	\$ 26,789	\$ 2,575
<b>NET ASSETS</b>			
Invested in capital assets	\$ --	\$ --	\$ --
Unrestricted	5,770,111	--	2,308,633
Total net assets	\$ 5,770,111	\$ --	\$ 2,308,633

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 3,414,944	\$ 898,857	\$ 932,257	\$ 13,642,001
5,493	1,463	1,378	22,002
287,704	--	174	327,606
--	2,835	122,391	125,226
<u>\$ 3,708,141</u>	<u>\$ 903,155</u>	<u>\$ 1,056,200</u>	<u>\$ 14,116,835</u>
\$ --	\$ --	\$ 90,302	\$ 90,302
--	1,164,542	6,074,285	7,238,827
--	(803,799)	(3,393,616)	(4,197,415)
<u>\$ --</u>	<u>\$ 360,743</u>	<u>\$ 2,770,971</u>	<u>\$ 3,131,714</u>
<u>\$ 3,708,141</u>	<u>\$ 1,263,898</u>	<u>\$ 3,827,171</u>	<u>\$ 17,248,549</u>
\$ 21,466	\$ 74,466	\$ 27,457	\$ 157,798
183,482	14,433	13,791	547,892
--	20,634	8,955	29,589
--	11,675	27,821	39,496
<u>\$ 204,948</u>	<u>\$ 121,208</u>	<u>\$ 78,024</u>	<u>\$ 774,775</u>
\$ --	\$ 360,743	\$ 2,770,971	\$ 3,131,714
3,503,193	781,947	978,176	13,342,060
<u>\$ 3,503,193</u>	<u>\$ 1,142,690</u>	<u>\$ 3,749,147</u>	<u>\$ 16,473,774</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, 2010**

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
Operating revenues:			
Charges for services	\$ 2,711,672	\$ 27,750	\$ 256,910
Other	206,001	--	--
Total operating revenues	<u>\$ 2,917,673</u>	<u>\$ 27,750</u>	<u>\$ 256,910</u>
Operating expenses:			
Personal services	\$ --	\$ --	\$ 271,365
Contractual services	2,564,404	27,750	--
Supplies and equipment	--	--	--
Depreciation	--	--	--
Total operating expenses	<u>\$ 2,564,404</u>	<u>\$ 27,750</u>	<u>\$ 271,365</u>
Operating income (loss)	<u>\$ 353,269</u>	<u>\$ --</u>	<u>\$ (14,455)</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 70,503	\$ --	\$ 29,340
Loss on disposal of equipment	--	--	--
Nonoperating revenues (expenses)	<u>\$ 70,503</u>	<u>\$ --</u>	<u>\$ 29,340</u>
Income (loss) before transfers	<u>\$ 423,772</u>	<u>\$ --</u>	<u>\$ 14,885</u>
Transfers in	--	--	--
Transfers out	--	--	--
Transfers, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Change in net assets	\$ 423,772	\$ --	\$ 14,885
Net assets, beginning	5,346,339	--	2,293,748
Net assets, ending	<u>\$ 5,770,111</u>	<u>\$ --</u>	<u>\$ 2,308,633</u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 684,414	\$ 683,907	\$ 1,820,910	\$ 6,185,563
330,716	10,919	65,142	612,778
<u>\$ 1,015,130</u>	<u>\$ 694,826</u>	<u>\$ 1,886,052</u>	<u>\$ 6,798,341</u>
\$ --	\$ 317,233	\$ 278,627	\$ 867,225
945,962	241,125	159,057	3,938,298
--	171,389	753,963	925,352
--	113,067	323,142	436,209
<u>\$ 945,962</u>	<u>\$ 842,814</u>	<u>\$ 1,514,789</u>	<u>\$ 6,167,084</u>
<u>\$ 69,168</u>	<u>\$ (147,988)</u>	<u>\$ 371,263</u>	<u>\$ 631,257</u>
\$ 37,298	\$ 10,940	\$ 9,355	\$ 157,436
--	(475)	(164,266)	(164,741)
<u>\$ 37,298</u>	<u>\$ 10,465</u>	<u>\$ (154,911)</u>	<u>\$ (7,305)</u>
<u>\$ 106,466</u>	<u>\$ (137,523)</u>	<u>\$ 216,352</u>	<u>\$ 623,952</u>
--	--	35,048	35,048
(94,730)	--	(119,590)	(214,320)
<u>\$ (94,730)</u>	<u>\$ --</u>	<u>\$ (84,542)</u>	<u>\$ (179,272)</u>
\$ 11,736	\$ (137,523)	\$ 131,810	\$ 444,680
3,491,457	1,280,213	3,617,337	16,029,094
<u>\$ 3,503,193</u>	<u>\$ 1,142,690</u>	<u>\$ 3,749,147</u>	<u>\$ 16,473,774</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from interfund services	\$ 2,711,672	\$ 27,750
Payments to suppliers	(2,275,716)	--
Payments to employees	--	(2,856)
Net cash provided by (used for) operating activities	<u>\$ 435,956</u>	<u>\$ 24,894</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ --	\$ --
Transfers to other funds	--	--
Net cash used for financing activities	<u>\$ --</u>	<u>\$ --</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Net acquisition of property and equipment	\$ --	\$ --
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	\$ 103,936	\$ --
Net increase (decrease) in cash	\$ 539,892	\$ 24,894
CASH BALANCES, Beginning	<u>5,522,155</u>	<u>1,895</u>
CASH BALANCES, Ending	<u>\$ 6,062,047</u>	<u>\$ 26,789</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 353,269	\$ --
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>		
Depreciation	--	--
<b>Change in assets and liabilities:</b>		
<b>(Increase) decrease in:</b>		
Other receivables	1,828	--
Inventories	--	--
Increase (decrease) in accounts payable, accrued and other liabilities	80,859	24,894
Net cash provided by (used for) operating activities	<u>\$ 435,956</u>	<u>\$ 24,894</u>

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 256,910	\$ 684,414	\$ 683,907	\$ 1,820,910	\$ 6,185,563
--	(814,157)	(400,867)	(882,297)	(4,373,037)
<u>(273,250)</u>	--	<u>(303,918)</u>	<u>(281,682)</u>	<u>(861,706)</u>
<u>\$ (16,340)</u>	<u>\$ (129,743)</u>	<u>\$ (20,878)</u>	<u>\$ 656,931</u>	<u>\$ 950,820</u>
\$ --	\$ --	\$ --	\$ 35,048	\$ 35,048
--	(94,730)	--	(119,590)	(214,320)
<u>\$ --</u>	<u>\$ (94,730)</u>	<u>\$ --</u>	<u>\$ (84,542)</u>	<u>\$ (179,272)</u>
\$ --	\$ --	\$ (49,239)	\$ (152,318)	\$ (201,557)
\$ 45,114	\$ 60,748	\$ 16,600	\$ 13,054	\$ 239,452
\$ 28,774	\$ (163,725)	\$ (53,517)	\$ 433,125	\$ 809,443
2,278,333	3,578,669	952,374	499,132	12,832,558
<u>\$ 2,307,107</u>	<u>\$ 3,414,944</u>	<u>\$ 898,857</u>	<u>\$ 932,257</u>	<u>\$ 13,642,001</u>
\$ (14,455)	\$ 69,168	\$ (147,988)	\$ 371,263	\$ 631,257
--	--	113,067	323,142	436,209
--	(287,704)	--	16,559	(269,317)
--	--	(781)	(25,087)	(25,868)
<u>(1,885)</u>	<u>88,793</u>	<u>14,824</u>	<u>(28,946)</u>	<u>178,539</u>
<u>\$ (16,340)</u>	<u>\$ (129,743)</u>	<u>\$ (20,878)</u>	<u>\$ 656,931</u>	<u>\$ 950,820</u>

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source\***  
**June 30, 2010 and 2009**

	2010	2009
Governmental fund capital assets:		
Land	\$ 20,363,319	\$ 15,290,332
Land improvements	12,397,788	12,108,013
Buildings	26,881,545	26,827,853
Machinery and equipment	8,046,557	7,842,503
Infrastructure	139,355,533	130,473,896
Construction in progress	10,144,071	10,383,212
Total governmental funds capital assets	\$ 217,188,813	\$ 202,925,809
Investments in governmental funds capital assets by source:		
General fund	\$ 21,465,051	\$ 21,633,292
Special revenue funds	36,612,353	34,152,577
Capital projects funds	128,477,479	116,988,469
Internal service	225,195	10,875
Donations	30,408,739	30,140,596
Total governmental funds capital assets	\$ 217,188,813	\$ 202,925,809

\* 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, 2010**

Function and Activity	Land	Land Improvements	Buildings
Public Safety	\$ 12,500	\$ --	\$ 1,024,832
Public Works	290,326	1,829,059	1,513,123
Health & Social Services	151,494	69,599	5,873,537
Culture and Recreation	2,628,942	10,171,584	12,095,244
Community and Economic Development	17,226,156	327,546	2,365,425
General Government	53,901	--	4,009,384
	<u>\$ 20,363,319</u>	<u>\$ 12,397,788</u>	<u>\$ 26,881,545</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>
\$ 964,154	\$ --	\$ --	\$ 2,001,486
3,345,566	133,609,768	8,524,420	149,112,262
--	--	--	6,094,630
2,625,899	5,745,765	524,879	33,792,313
130,906	--	935,494	20,985,527
980,032	--	159,278	5,202,595
<u>\$ 8,046,557</u>	<u>\$ 139,355,533</u>	<u>\$ 10,144,071</u>	<u>\$ 217,188,813</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, 2010**

	Governmental Funds Capital Assets July 1, 2009	Additions	Deletions	Governmental Funds Capital Assets June 30, 2010
Public Safety	\$ 1,944,789	\$ 222,166	\$ 165,469	\$ 2,001,486
Public Works	141,399,828	13,998,292	6,285,858	149,112,262
Health & Social Services	6,025,031	69,599	--	6,094,630
Culture and Recreation	33,463,219	771,112	442,018	33,792,313
Community and Economic Development	15,057,913	5,927,614	--	20,985,527
General Government	5,035,029	170,883	3,317	5,202,595
	<u>\$ 202,925,809</u>	<u>\$ 21,159,666</u>	<u>\$ 6,896,662</u>	<u>\$ 217,188,813</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	101
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	111
<b>Debt Capacity</b> 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	119
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	131
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	136

**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; therefore the first four tables include information beginning in that year.

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

	Fiscal Year		
	2003	2004	2005
<b>Governmental activities</b>			
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
<b>Total governmental activities net assets</b>	<b><u>\$ 134,501,936</u></b>	<b><u>\$ 144,878,688</u></b>	<b><u>\$ 154,107,394</u></b>
<b>Business-type activities</b>			
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
<b>Total business-type activities net assets</b>	<b><u>\$ 31,861,531</u></b>	<b><u>\$ 33,793,473</u></b>	<b><u>\$ 35,554,153</u></b>
<b>Primary government</b>			
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
<b>Total primary government net assets</b>	<b><u>\$ 166,363,467</u></b>	<b><u>\$ 178,672,161</u></b>	<b><u>\$ 189,661,547</u></b>

Fiscal Year

2006	2007	2008	2009	2010
\$ 108,359,511	\$ 113,859,357	\$ 118,688,310	\$ 123,367,386	\$ 131,237,132
17,167,913	18,571,430	20,491,013	21,421,340	22,341,338
37,686,372	42,994,411	45,657,412	48,697,813	52,747,528
<u>\$ 163,213,796</u>	<u>\$ 175,425,198</u>	<u>\$ 184,836,735</u>	<u>\$ 193,486,539</u>	<u>\$ 206,325,998</u>
\$ 30,991,450	\$ 36,487,852	\$ 41,521,531	\$ 44,414,522	\$ 46,273,076
808,500	808,500	449,500	449,500	9,500
6,285,467	5,569,366	4,018,315	4,522,038	4,887,575
<u>\$ 38,085,417</u>	<u>\$ 42,865,718</u>	<u>\$ 45,989,346</u>	<u>\$ 49,386,060</u>	<u>\$ 51,170,151</u>
\$ 139,350,961	\$ 150,347,209	\$ 160,209,841	\$ 167,781,908	\$ 177,510,208
17,976,413	19,379,930	20,940,513	21,870,840	22,350,838
43,971,839	48,563,777	49,675,727	53,219,851	57,635,103
<u>\$ 201,299,213</u>	<u>\$ 218,290,916</u>	<u>\$ 230,826,081</u>	<u>\$ 242,872,599</u>	<u>\$ 257,496,149</u>

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

	Fiscal Year		
	2003	2004	2005
<b>Expenses</b>			
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>
<b>Program Revenues</b>			
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>
<b>Net (Expense)/Revenues</b>			
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	2010
\$ 6,920,986	\$ 6,602,108	\$ 8,065,013	\$ 7,192,846	\$ 7,725,740
9,291,307	9,390,405	9,696,327	13,938,703	10,699,831
325,479	147,007	234,124	310,365	164,836
5,911,073	5,894,494	6,736,108	6,836,437	6,864,804
4,353,658	4,341,611	4,346,385	5,677,705	7,019,195
3,972,891	3,918,550	4,244,545	4,619,221	4,797,762
968,298	930,278	831,315	754,989	741,933
--	--	--	--	--
<u>31,743,692</u>	<u>31,224,453</u>	<u>34,153,817</u>	<u>39,330,266</u>	<u>38,014,101</u>
3,212,254	3,359,111	3,009,639	3,178,354	3,187,378
1,797,655	2,011,573	2,142,679	2,355,999	2,410,813
--	619,192	652,999	620,460	732,218
<u>5,009,909</u>	<u>5,989,876</u>	<u>5,805,317</u>	<u>6,154,813</u>	<u>6,330,409</u>
<u>\$ 36,753,601</u>	<u>\$ 37,214,329</u>	<u>\$ 39,959,134</u>	<u>\$ 45,485,079</u>	<u>\$ 44,344,510</u>
\$ 715,066	\$ 567,948	\$ 534,722	\$ 538,398	\$ 597,348
344,199	282,146	249,903	259,569	240,997
1,841,570	2,024,082	2,028,869	2,184,620	2,170,036
1,323,816	1,165,048	1,466,523	1,191,151	1,587,244
2,533,024	2,461,032	2,365,608	2,153,921	1,606,798
3,622,803	4,922,588	4,395,714	7,183,972	8,928,178
<u>10,380,478</u>	<u>11,422,844</u>	<u>11,041,339</u>	<u>13,511,631</u>	<u>15,130,601</u>
3,862,562	3,794,631	3,775,728	3,999,239	4,015,527
2,576,395	2,746,393	2,833,449	3,148,295	3,186,384
--	731,844	780,666	780,837	787,942
1,553,151	3,221,140	333,950	983,243	128,795
<u>7,992,108</u>	<u>10,494,008</u>	<u>7,723,793</u>	<u>8,911,614</u>	<u>8,118,648</u>
<u>\$ 18,372,586</u>	<u>\$ 21,916,852</u>	<u>\$ 18,765,132</u>	<u>\$ 22,423,245</u>	<u>\$ 23,249,249</u>
(21,363,214)	(19,801,609)	(23,112,478)	(25,818,635)	(22,883,500)
2,982,199	4,504,132	1,918,476	2,756,801	1,788,239
<u>\$ (18,381,015)</u>	<u>\$ (15,297,477)</u>	<u>\$ (21,194,002)</u>	<u>\$ (23,061,834)</u>	<u>\$ (21,095,261)</u>

(continued)

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

	Fiscal Year		
	2003	2004	2005
<b>General Revenues and Other Changes in Net Assets</b>			
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>
<b>Change in Net Assets</b>			
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				
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 17,163,242	\$ 18,931,378	\$ 19,468,413	\$ 20,994,332	\$ 22,066,237
4,709,758	4,582,479	5,060,324	5,308,296	5,022,500
2,425,140	2,924,080	2,868,337	2,421,181	1,640,456
3,527,541	3,551,695	3,728,669	3,693,255	4,258,253
--	--	--	--	--
491,847	474,249	850,716	965,194	1,127,964
--	--	--	--	--
1,400,000	1,400,000	1,400,000	1,500,000	1,524,990
752,088	149,130	(852,444)	(413,819)	82,559
<u>30,469,616</u>	<u>32,013,011</u>	<u>32,524,015</u>	<u>34,468,439</u>	<u>35,722,959</u>
--	1,287	1,609	1,961	1,748
301,153	424,012	351,099	224,133	76,663
(752,088)	(149,130)	852,444	413,819	(82,559)
<u>(450,935)</u>	<u>276,169</u>	<u>1,205,152</u>	<u>639,913</u>	<u>(4,148)</u>
<u>\$ 30,018,681</u>	<u>\$ 32,289,180</u>	<u>\$ 33,729,167</u>	<u>\$ 35,108,352</u>	<u>\$ 35,718,811</u>
\$ 9,106,402	\$ 12,211,402	\$ 9,411,537	\$ 8,649,804	\$ 12,839,459
2,531,264	4,780,301	3,123,628	3,396,714	1,784,091
<u>\$ 11,637,666</u>	<u>\$ 16,991,703</u>	<u>\$ 12,535,165</u>	<u>\$ 12,046,518</u>	<u>\$ 14,623,550</u>

**City of Cedar Falls, Iowa**  
**Fund Balances, Governmental Funds,**  
**Last Eight 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	2010
\$ 119,589	\$ 147,220	\$ 131,466	\$ 132,803	\$ 178,147
5,462,495	5,350,005	5,262,086	5,286,401	5,150,947
<u>\$ 5,582,084</u>	<u>\$ 5,497,225</u>	<u>\$ 5,393,552</u>	<u>\$ 5,419,204</u>	<u>\$ 5,329,094</u>
\$ 5,922,020	\$ 5,997,646	\$ 6,024,776	\$ 5,967,680	\$ 5,954,591
--	--	--	--	--
27,560,891	29,823,558	32,615,782	34,366,788	36,329,267
12,165,289	12,482,706	13,842,259	11,886,774	12,266,794
<u>\$ 45,648,200</u>	<u>\$ 48,303,910</u>	<u>\$ 52,482,817</u>	<u>\$ 52,221,242</u>	<u>\$ 54,550,652</u>

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

	2003	2004	2005
<b>Revenues:</b>			
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>
<b>Expenditures:</b>			
<b>Current:</b>			
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
<b>Debt service</b>			
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>
<b>Other financing sources (uses):</b>			
Issuance of long-term debt	\$ 3,554,596	\$ 2,355,000	\$ 5,450,000
Premium on long-term debt	--	--	--
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>
<b>Debt service as a percentage of noncapital expenditures</b>			
	17.4%	18.0%	16.9%

Fiscal Year

2006	2007	2008	2009	2010
\$ 17,186,164	\$ 18,931,049	\$ 19,459,594	\$ 20,994,332	\$ 22,066,237
4,712,426	4,564,009	5,032,798	5,338,098	5,029,677
982,954	785,116	1,031,667	767,938	1,106,716
2,425,140	2,924,080	2,868,337	2,421,181	1,640,456
6,834,840	7,047,600	9,153,104	10,189,992	12,351,723
2,589,376	2,787,909	2,827,076	2,969,223	3,115,157
652,321	466,199	421,274	436,578	373,752
437,966	648,118	803,161	994,537	1,057,446
1,400,000	1,400,000	1,400,000	1,500,000	1,524,990
<u>\$ 37,221,187</u>	<u>\$ 39,554,080</u>	<u>\$ 42,997,011</u>	<u>\$ 45,611,879</u>	<u>\$ 48,266,154</u>

\$ 7,173,967	\$ 7,373,826	\$ 7,996,188	\$ 7,551,507	\$ 7,922,903
7,595,353	7,928,949	7,282,523	7,783,897	8,816,278
199,164	838,185	87,286	163,528	87,304
5,277,687	5,330,482	5,536,483	6,065,698	6,076,258
2,384,359	2,345,866	2,529,313	2,253,049	2,291,861
3,814,373	3,929,548	4,168,161	4,381,790	4,613,684
2,920,000	3,040,000	2,850,000	2,910,000	2,930,000
937,274	916,414	806,181	739,841	728,057
9,612,287	5,392,998	9,857,325	13,486,565	16,357,586
<u>\$ 39,914,464</u>	<u>\$ 37,096,268</u>	<u>\$ 41,113,460</u>	<u>\$ 45,335,875</u>	<u>\$ 49,823,931</u>

<u>\$ (2,693,277)</u>	<u>\$ 2,457,812</u>	<u>\$ 1,883,551</u>	<u>\$ 276,004</u>	<u>\$ (1,557,777)</u>
-----------------------	---------------------	---------------------	-------------------	-----------------------

\$ 2,835,000	\$ --	\$ 4,820,000	\$ --	\$ 3,440,000
--	--	--	--	227,162
5,650,000	--	(1,645,000)	--	5,135,000
(43,274)	--	(30,125)	--	(28,724)
--	--	--	--	--
(5,650,000)	--	--	--	(5,325,000)
5,999,757	5,914,848	8,358,264	10,291,922	11,017,106
(5,288,524)	(5,842,507)	(9,227,533)	(10,806,635)	(10,755,275)
<u>\$ 3,502,959</u>	<u>\$ 72,341</u>	<u>\$ 2,275,606</u>	<u>\$ (514,713)</u>	<u>\$ 3,710,269</u>
<u>\$ 809,682</u>	<u>\$ 2,530,153</u>	<u>\$ 4,159,157</u>	<u>\$ (238,709)</u>	<u>\$ 2,152,492</u>

13.8%

14.6%

11.4%

10.1%

10.3%

**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
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
2009	2010	1,150,078,051	2,330,760,155	5,525,128	5,886,760

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	
\$	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
	1,155,603,179	2,336,646,915	49.46	13.02110

**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 Black Hawk County		
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage
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
2010	11.82625	1.19485	13.02110	6.12831	0.57689	6.70520

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>
\$ 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
13.73228	--	13.73228	1.33721	34.79579

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

Taxpayer	2001		
	Assessed Valuation for Levy Year 2000 - 2001	Rank	Percentage of Total Assessed Valuation
Target Corporation	--	--	--
Cedar Falls Utilities	6,091,360	6	0.52
College Square Mall Assoc. LLC	\$ 29,610,250	1	2.55 %
R and N Investments	6,690,020	5	0.58
Twenty Seventh Street Assoc, LLC	--	--	--
Panther Development, LLC	--	--	--
WB CF Assoc LTD Partners	4,779,990	10	0.41
Cedar Falls Investments, LLC	--	--	--
Walmart Re Business Trust	--	--	--
Christopherson, Jerry	5,075,370	9	0.44
Viking Pump	8,881,770	3	0.76
Deere & Company	8,971,830	2	0.77
Quest Corporation (US West, Inc)	5,590,078	8	0.48
Cedar Falls Retirement Residence	6,855,470	4	0.59
Farm & Fleet	5,833,160	7	0.50
	<u>\$ 88,379,298</u>		<u>7.60 %</u>

Source: Black Hawk County Auditor's Office

2010

Assessed Valuation for Fiscal Year 2009 - 2010	Rank	Percentage of Total Assessed Valuation
\$ 57,466,920	1	2.46 %
44,113,987	2	1.89
35,725,000	3	1.53
14,048,770	4	0.60
12,971,000	5	0.56
12,878,120	6	0.55
10,682,000	7	0.46
10,315,240	8	0.44
9,690,220	9	0.41
9,496,790	10	0.41
--	--	--
--	--	--
--	--	--
--	--	--
\$ 217,388,047		9.31 %

**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
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	--
2009	2010	15,398,267	15,372,363	99.83	--

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
\$ 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
15,372,363	99.83	39,266	0.26

**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
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
2010	5,360,000	2,865,000	9,725,000	4,735,000	--

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

<sup>1</sup> Population and personal income data can be found on page 131.

<u>Total Primary Government</u>	<u>Percentage of Personal Income<sup>1</sup></u>	<u>Per Capita<sup>1</sup></u>
\$ 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
22,685,000	1.66	588

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

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Taxable Value of Property</u>	<u>Percentage Taxable Value of Property</u>	<u>Assessed Value of Property</u>
2001	\$ 25,805,000	\$ 728,713,522	3.54 %	\$ 1,161,812,891
2002	30,660,000	754,821,991	4.06	1,188,336,276
2003	26,535,000	801,654,783	3.31	1,374,429,803
2004	24,175,000	824,823,480	2.93	1,427,127,146
2005	25,500,000	908,858,209	2.81	1,673,902,007
2006	26,235,000	926,086,680	2.83	1,737,456,552
2007	22,485,000	991,022,009	2.27	1,931,758,484
2008	26,365,000	1,023,984,214	2.57	2,013,812,356
2009	22,915,000	1,103,733,954	2.08	2,252,421,925
2010	22,685,000	1,155,603,179	1.96	2,336,646,915

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

<sup>1</sup> Includes only general obligation debt supported by property tax dollars.

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
2.22 %	712.24
2.58	850.34
1.93	735.65
1.69	665.19
1.52	700.93
1.51	720.41
1.16	617.23
1.31	701.51
1.02	599.01
0.97	588.33

**City of Cedar Falls, Iowa  
Direct and Overlapping Debt  
As of June 30, 2010**

<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>17,950,000</u>	100.00 %	\$ <u>17,950,000</u>
Overlapping:			
Black Hawk County	\$ 28,120,000	30.93	\$ 8,697,516
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Community College	<u>6,325,000</u>	18.21	<u>1,151,783</u>
Total Overlapping	\$ <u>34,445,000</u>		\$ <u>9,849,299</u>
Total	\$ <u><u>52,395,000</u></u>		\$ <u><u>27,799,299</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.

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt Limit	\$ 58,090,645	\$ 59,416,814	\$ 68,721,490	\$ 71,356,357	\$ 83,695,100
Total net debt applicable to limit	29,685,000	34,295,000	29,920,000	27,265,000	28,260,000
Legal debt margin	<u>\$ 28,405,645</u>	<u>\$ 25,121,814</u>	<u>\$ 38,801,490</u>	<u>\$ 44,091,357</u>	<u>\$ 55,435,100</u>
Total net debt applicable to the limit as a percentage of of debt limit	51.10%	57.72%	43.54%	38.21%	33.77%

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

Fiscal Year

2006	2007	2008	2009	2010
\$ 86,872,828	\$ 96,587,924	\$ 100,807,511	\$ 114,324,931	\$ 118,846,750
28,660,000	24,555,000	28,070,000	24,235,000	25,005,000
<u>\$ 58,212,828</u>	<u>\$ 72,032,924</u>	<u>\$ 72,737,511</u>	<u>\$ 90,089,931</u>	<u>\$ 93,841,750</u>

32.99%                  25.42%                  27.85%                  21.20%                  21.04%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Estimated actual valuation	<u>\$ 2,376,935,006</u>
Debt limit - 5% of total actual valuation	\$ 118,846,750
Debt applicable to debt limit:	
General obligation bonds	22,685,000
General obligation bonds - component unit	<u>2,320,000</u>
Legal debt margin	<u>\$ 93,841,750</u>

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

Fiscal Year	Gross Revenues	Less: Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>2</sup>	
				Principal	Interest
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
2010	4,066,110	2,076,689	1,989,421	765,000	22,103

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

<sup>1</sup> Net of depreciation, interest, and debt service transfers.

<sup>2</sup> Includes principal and interest of revenue bonds only.

Debt Service  
Requirements<sup>2</sup>

	<u>Total</u>	<u>Coverage</u>
\$	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
	787,103	2.53

**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>
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
2009 - 10	1,523,683	4,665,753

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>
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
2009	11,529	984	34	196	3	12,746

**City of Cedar Falls, Iowa  
Largest Sewer Customers  
Fiscal Year 2010**

Customer	Water Sales (CCF)	Percent of Total Water Sales	Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	110,118	7.23 %	\$ 229,916	4.93 %
Western Home Communities	24,034	1.58	82,846	1.78
Country Terrace MHP LLC	22,040	1.45	83,274	1.78
Target Corporation	18,124	1.19	52,544	1.13
Metokote Corporation	11,967	0.79	22,739	0.49
Sartori Mem. Hospital Inc.	11,314	0.74	20,602	0.44
College Park Mills	10,888	0.71	34,166	0.73
Lutheran Home	10,573	0.69	30,714	0.66
Nazareth Lutheran Church	10,049	0.66	20,121	0.43
CF Schools	9,528	0.63	25,428	0.54
Holiday Inn	9,031	0.59	17,197	0.37
Gold Falls Villa Apts.	8,948	0.59	47,857	1.03
Total 2010 CCF	1,523,683			
Total 2010 Billings			\$4,665,753	

**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 Income<sup>1</sup></u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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
2010	38,558	1,365,261,664	35,408	25.4	4,678	4.2

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.

<sup>1</sup> 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	2001		
	Number of Employees <sup>1</sup>	Rank	Percentage of Total City Employment
John Deere Product Engineer Center <sup>2</sup>	4,748	1	24.22%
Wheaton Franciscan Healthcare <sup>2</sup>	--	--	--
University of Northern Iowa	2,956	2	15.08%
Hy-Vee Food Stores <sup>2</sup>	--	--	--
Area Education Agency 267	--	--	--
Wal-Mart Super Center <sup>2</sup>	--	--	--
Cedar Falls Community School District	600	3	3.06%
City of Cedar Falls/Municipal Utilities	487	5	2.48%
Viking Pump Inc, Unit of Index Corp.	562	4	2.87%
Target Distribution	--	--	--
Wayne Engineering Corp.	130	9	0.66%
Yunkers, Inc	120	10	0.61%
Martin Brothers Distributing Co., Inc	342	6	1.74%
Sartori Hospital	294	7	1.50%
The Western Home	258	8	1.32%
<b>Total</b>	<b>10,497</b>		<b>53.54%</b>

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

<sup>1</sup> Number of employees includes all full-time, part-time and seasonal employees.

<sup>2</sup> Number of employees includes multiple locations in both Cedar Falls and Waterloo.

2010		
Number of Employees <sup>1</sup>	Rank	Percentage of Total City Employment
5,300	1	24.54%
3,018	2	13.97%
1,850	3	8.56%
1,121	4	5.19%
1,110	5	5.14%
755	6	3.50%
666	7	3.08%
527	8	2.44%
480	9	2.22%
475	10	2.20%
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
15,302		70.84%

**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		
	2001	2002	2003
Public Safety			
Police	53.15	52.85	49.89
Fire	34.80	35.10	35.40
Inspection Services	6.00	6.00	6.00
Public Works			
Streets	21.32	21.57	24.00
Parking Meter	3.15	3.05	3.05
Engineering	13.60	13.60	13.60
Culture and Recreation			
Human & Leisure Administration	2.80	2.50	2.00
Cultural Services	9.20	10.40	10.50
Library	14.80	14.80	14.80
Cemetery	4.60	4.40	4.40
Golf	6.00	5.60	5.60
Parks	22.60	18.00	18.00
Recreation	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
Economic Development	1.85	1.85	1.85
Planning Services	3.10	3.10	3.43
Block Grant	2.15	2.15	2.20
Housing Vouchers	2.50	2.50	2.50
Section 8 Housing	--	--	--
General Government			
Mayor's Office	1.50	1.50	1.50
Administrative Services Admin.	1.50	1.50	1.50
Financial Services	5.65	5.58	5.58
Legal Services	3.00	3.00	3.00
Personnel	2.50	2.50	2.00
Public Records	3.50	3.80	3.50
Cable TV	3.80	3.80	4.00
Print Shop	1.00	1.00	1.00
Public Buildings	13.18	12.78	10.78
Internal Service			
Information Systems	3.00	3.00	3.00
Vehicle Maintenance	6.40	6.40	6.40
Sewer	17.00	17.30	17.30
Refuse	15.65	17.80	16.43
Storm Water	--	--	--
Total	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	2010
49.89	49.89	50.89	51.49	51.69	53.44	52.69
34.60	34.60	35.60	35.65	35.65	35.65	35.65
6.00	6.00	6.50	6.50	6.40	6.40	7.40
24.82	24.35	25.35	24.37	24.37	20.56	20.56
3.10	3.10	3.10	3.66	3.61	3.61	3.61
13.60	11.60	11.60	11.57	11.42	11.42	11.42
2.00	2.00	2.25	2.25	2.25	2.25	2.25
9.05	8.81	8.81	8.00	8.00	8.00	8.20
14.80	16.20	16.20	17.53	17.25	17.25	17.55
4.40	4.60	4.60	4.60	4.60	4.60	4.60
6.40	7.15	7.15	5.50	4.70	4.90	5.30
16.20	18.68	18.68	18.48	18.90	20.10	20.10
31.05	31.05	31.05	30.88	32.23	33.50	34.26
2.40	2.60	2.60	2.90	2.90	3.20	3.20
--	--	--	0.50	0.50	1.23	1.23
1.50	1.50	1.50	1.50	1.50	1.50	1.50
1.85	1.85	1.85	1.77	2.10	2.26	2.00
3.43	3.43	3.43	3.68	3.68	3.68	3.68
2.20	2.20	2.20	2.17	1.84	1.68	1.69
2.50	2.50	2.50	1.79	1.79	1.79	1.84
--	--	--	--	--	--	--
1.50	1.50	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	6.45
3.00	3.00	2.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	--	--	--	--
3.50	3.50	3.50	3.45	3.70	3.70	3.70
4.00	3.00	4.00	4.30	4.50	4.50	4.50
1.00	1.00	1.00	1.00	1.00	1.00	1.00
11.31	12.11	14.11	14.71	15.25	15.25	15.25
3.00	3.00	4.00	4.00	4.00	4.00	4.00
6.40	6.40	6.40	6.10	6.10	6.10	6.10
17.30	16.75	16.88	16.30	16.72	18.38	18.38
16.50	16.80	15.80	17.80	17.80	19.30	19.30
--	--	--	3.25	3.30	3.30	3.30
305.75	307.62	313.50	317.65	320.20	325.00	326.71

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

	Fiscal Year		
	2001	2002	2003
<b>Public Safety</b>			
<b>Police</b>			
Physical arrests	1,299	1,386	1,485
Traffic violations	3,960	3,959	4,033
Parking violations	48,613	48,613	42,162
<b>Fire</b>			
Number of calls answered	1,393	1,435	1,554
Inspections conducted	2,314	4,554	3,367
<b>Sewer</b>			
<b>Sewage System</b>			
Daily average treatment in gallons	5,800,000	4,750,000	4,120,000
Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
<b>Water System</b>			
Daily average consumption in gallons	3,773,582	3,783,126	3,800,209
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
<b>Refuse<sup>1</sup></b>			
<b>Solid Waste</b>			
32 Gallon Containers	--	--	--
68 Gallon Containers	--	--	--
95 Gallon Containers	--	--	--
<b>Yard Waste</b>			
95 Gallon Containers	--	--	--

**Sources:** Various city departments

<sup>1</sup> Statistics begin in FY04

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
1,672	1,616	1,670	1,421	1,353	1,501	1,403
5,453	6,007	4,705	2,562	7,267	3,544	3,237
37,260	34,056	29,952	25,575	26,354	25,267	21,726
1,511	1,452	1,599	1,925	1,936	2,016	1,937
2,166	1,807	2,517	2,331	2,470	2,076	3,750
4,120,000	4,600,000	4,550,000	5,730,000	6,510,000	5,130,000	5,726,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,800,209	3,439,943	3,636,258	3,379,708	3,660,000	4,110,000	4,135,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	22,813,000
3,155	3,299	3,344	3,382	3,529	3,735	4,047
5,679	5,903	5,997	6,169	6,273	6,337	6,490
1,093	1,284	1,464	1,652	1,760	1,876	1,998
4,499	4,924	5,280	5,575	5,769	5,999	6,281

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

	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Public safety</b>					
Police					
Stations	1	1	1	1	1
Patrol Units	9	12	12	12	12
Fire					
Stations	2	2	2	2	2
Fire apparatus <sup>1</sup>	--	8	8	8	8
<b>Public works</b>					
Streets					
Miles	200	200	200	200	203
Street lights	2,588	2,609	2,642	2,670	2,695
<b>Health and social services</b>					
Hospital					
Number of patient beds	101	101	101	101	101
<b>Cultural and Recreation</b>					
Hearst Center for the Arts	1	1	1	1	1
Library	1	1	1	1	1
Cemeteries					
Acreage	56.9	56.9	56.9	56.9	56.9
Golf					
Miniature golf course	1	1	1	1	1
Parks					
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	8	8	8	8
Baseball fields	3	2	2	2	2
Tennis courts	6	6	6	6	6
<b>Sewer</b>					
Sewage System					
Miles of sanitary sewer	150	150	160	160	162
Miles of storm sewers	160	160	160	160	161
Number of treatment plants	1	1	1	1	1
Number of service connectors	12,762	10,790	11,039	11,039	11,039
Water Systems					
Miles of water mains	164.02	167.00	169.00	169.00	175.30
Number of service connectors	10,444	10,643	10,967	10,967	11,407
Number of city owned fire hydrants	1,427	1,468	1,503	1,503	1,593

**Sources:** Various city departments

<sup>1</sup> Number of fire trucks statistic was not kept in prior years

Fiscal Year				
2006	2007	2008	2009	2010
1	1	1	1	1
10	10	10	10	10
1	2	2	2	2
8	8	8	8	8
205	210	215	217	217
2,705	2,856	2,998	3,025	3,048
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	2	2
1	--	--	--	--
34	34	34	34	34
1,116	1,116	1,136	1,136	1,136
1	1	1	1	1
3	3	3	3	3
8	8	8	8	9
2	2	2	2	2
6	6	6	6	6
163	169	177	178.62	178.99
162	167	168	171.2	171.4
1	1	1	1	1
11,649	11,966	11,975	12,145	12,187
184.70	181.80	192.90	195.70	198.24
11,682	12,041	12,212	12,169	12,328
1,717	1,771	1,951	1,892	1,923



Information to Comply with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*  
June 30, 2010

## City of Cedar Falls

**CITY OF CEDAR FALLS, IOWA**

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**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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 8, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, 2010, 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, and 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  
November 8, 2010



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Cedar Falls, Iowa, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are 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 grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, 2010, and have issued our report thereon dated November 8, 2010. 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, and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa  
November 8, 2010

CITY OF CEDAR FALLS, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Department of Commerce:			
Direct Program:			
Economic Adjustment Assistance	11.307		\$ <u>705,530</u>
Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grants/ Entitlement Grants	14.218		197,763
Pass-through program from:			
Iowa Department of Economic Development			
Community Development Block Grants/ State's Program	14.228	08-DRHB-227	14,038
Community Development Block Grants/ State's Program	14.228	08-DRH-007	839,026
Community Development Block Grants/ State's Program	14.228	08-DRHB-086	59,776
Community Development Block Grants/ State's Program	14.228	08-DRI-240	4,226
Community Development Block Grants/ State's Program	14.228	08-DRHM-014	1,180,671
Community Development Block Grants/ State's Program	14.228	08-DRB-202	154,444
Pass-through program from:			
City of Waterloo, Iowa			
HOME Investment Partnerships Program	14.239	M01DC190206	17,930
Direct Program:			
ARRA - Community Development Block Grants ARRA Entitlement Grants (CDBG-R)	14.253		69,204
Direct Program:			
Section 8 Housing Choice Vouchers	14.871		<u>928,219</u>
Total Department of Housing and Urban Development			<u>3,465,297</u>
Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		3,750
ARRA - Public Safety Partnership and Community Policing Grants	16.710		<u>28,177</u>
Total Department of Justice			<u>31,927</u>

(continued)

**CITY OF CEDAR FALLS, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2010**

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	ESL-1185(641)--7S-07	\$ 83,872
Highway Planning and Construction	20.205	STP-U-1185(631)--70-07	27,599
Highway Planning and Construction	20.205	EDP-1185(637)--7Y-07	32,568
Highway Planning and Construction	20.205	STP-E-1185(638)--8V-07	19,452
Highway Planning and Construction	20.205	STP-U-1185(625)--70-07	5,194
Highway Planning and Construction	20.205	STP-U-1185(635)--70-07	19,759
Pass-through program from:			
Iowa Department of Public Safety			
State and Community Highway Safety	20.600	10-04	4,775
State and Community Highway Safety	20.600	09-04	<u>1,028</u>
Total Department of Transportation			<u>194,247</u>
Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		<u>29,245</u>
Department of Education:			
Pass-through program from:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund - Government Services	84.397	S397A090016A	<u>43,162</u>
Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security			
Disaster Grants - Public Assistance	97.036	FEMA-IA DR-1688	5,460
Disaster Grants - Public Assistance	97.036	FEMA-IA DR-1763	149,796
Disaster Grants - Public Assistance	97.036	DR-01763-07-01	179,328
Disaster Grants - Public Assistance	97.036	HMGP-DR-1763-001401	3,542,014
Disaster Grants - Public Assistance	97.036	FEMA-IA DR-1854	380,283
Disaster Grants - Public Assistance	97.036	DR-1763-IA-013-11755-00	83,222
Disaster Grants - Public Assistance	97.036	DR-1763-IA;01RJD03	152,305
Direct Program:			
Assistance to Firefighters Grant	97.044		<u>20,340</u>
Total Department of Homeland Security			<u>4,512,748</u>
Total			<u>\$ 8,982,156</u>

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF CEDAR FALLS, IOWA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

**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:

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Amount Provided to Subrecipients</b>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 39,870
Public Safety Partnership and Community Policing Grants (Recovery Act Funded)	16.710	\$ 28,177

CITY OF CEDAR FALLS, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance
Cluster	
14.218	Community Development Block Grants/ Entitlement Grants
14.253	Community Development Block Grants ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)
14.228	Community Development Block Grants/ State's Program
20.205	Highway Planning and Construction
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-10 Certified Budget - Disbursements during the year ended June 30, 2010, did not exceed the amount budgeted.

(continued)

CITY OF CEDAR FALLS, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

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

II-B-10 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.

II-C-10 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dave deBuhr, owner of Dave's Custom Fabricating, spouse of Susan deBuhr, council member	Services	\$ 285

In accordance with Chapter 362.5(10) of the Code of Iowa, the above transaction does not appear to represent a conflict of interest since total transaction was less than \$1,500 during the fiscal year.

II-E-10 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-10 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-10 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-10 Revenue Bonds - No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

