

CITY OF CEDAR FALLS, IOWA

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2012**

Prepared by:

Finance/Public Records Division
Of
Department of Administrative Services

Jennifer Rodenbeck, CPA, CPFO
Finance Manager/City Clerk

**City of Cedar Falls, Iowa
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

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October 25, 2012

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, 2012. This is the tenth 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 39,260. 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 FY13 by \$160 million, and taxable values increased by almost \$139 million (See Attachment B) due to the increase in assessed valuations and the residential rollback.

The City of Cedar Falls maintains 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 FY11. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 2001, the average sales price reported was \$138,226. In 2011, the average sales price was \$197,576, which is a forty-three (43) percent increase in the past ten years (See Attachment E). In FY12, there were 159 new construction, single

family units built. These statistics indicate that Cedar Falls' local economy is sound and there is a strong market for Cedar Falls homes.

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 INITIATIVE

Comprehensive Plan: During FY12, the City's Planning Division coordinated the development of a new City Comprehensive Plan. Prior to that, a complete comprehensive plan had not been developed since the late 1970's. A comprehensive plan serves two fundamental purposes. First, the plan provides a legal basis for land use regulations by analyzing existing conditions and developing growth goals. Secondly, the plan presents a unified and compelling vision for the community and establishes the specific actions necessary to fulfill that vision.

The Plan outlines growth trend needs based on several factors. These include population trends, income levels, diversity, land use inventory, housing trends, environmental preservation principles, street systems, and existing infrastructure systems.

The Plan estimates that Cedar Falls' population will grow to 48,762 over the next twenty years, which is a 1.25% growth rate each year. Current housing statistics show that nearly half of the housing in Cedar Falls was constructed between 1950 and 1979. However, almost one quarter of the houses have been built since 1990 which again shows the steady housing growth we have had in the community. Based on the population growth projection, the Plan estimates that there will need to be approximately 189 homes built each year for the next 20 years. With this projection comes the estimate of residential land use needs. The Plan illustrates where the residential growth centers will most likely be in the City. This is based on developing areas that allow for efficient extension of public services, avoid the floodplains of the Cedar River, and have the ability to connect well to adjoining residential developments. This may create the need for annexation to the northwest portion of Cedar Falls.

In addition to residential development, the Plan looked at future commercial and industrial growth (See Attachment F). The Plan estimates that the City should plan that commercial and industrial uses in the future may need about 500 additional acres. This would maintain the balance of residential land use to commercial and industrial land use.

The Comprehensive Plan provides a thorough analysis that will help Cedar Falls plan for the future. This will help the City as it plans for future financial needs through the capital improvements and budget process in the upcoming year and future years.

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, 2012, 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, 2011. 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.

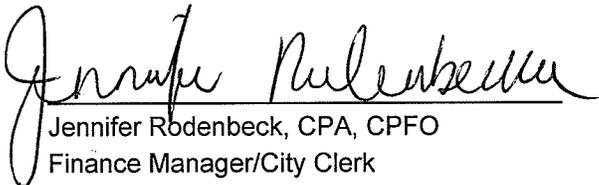
A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last twenty-two consecutive years (fiscal years ended 1990-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the City has received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget beginning July 1, 2011. 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 eighteen years.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance/Public Records Division, particularly Lisa Roeding, Deputy Finance Manager 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.

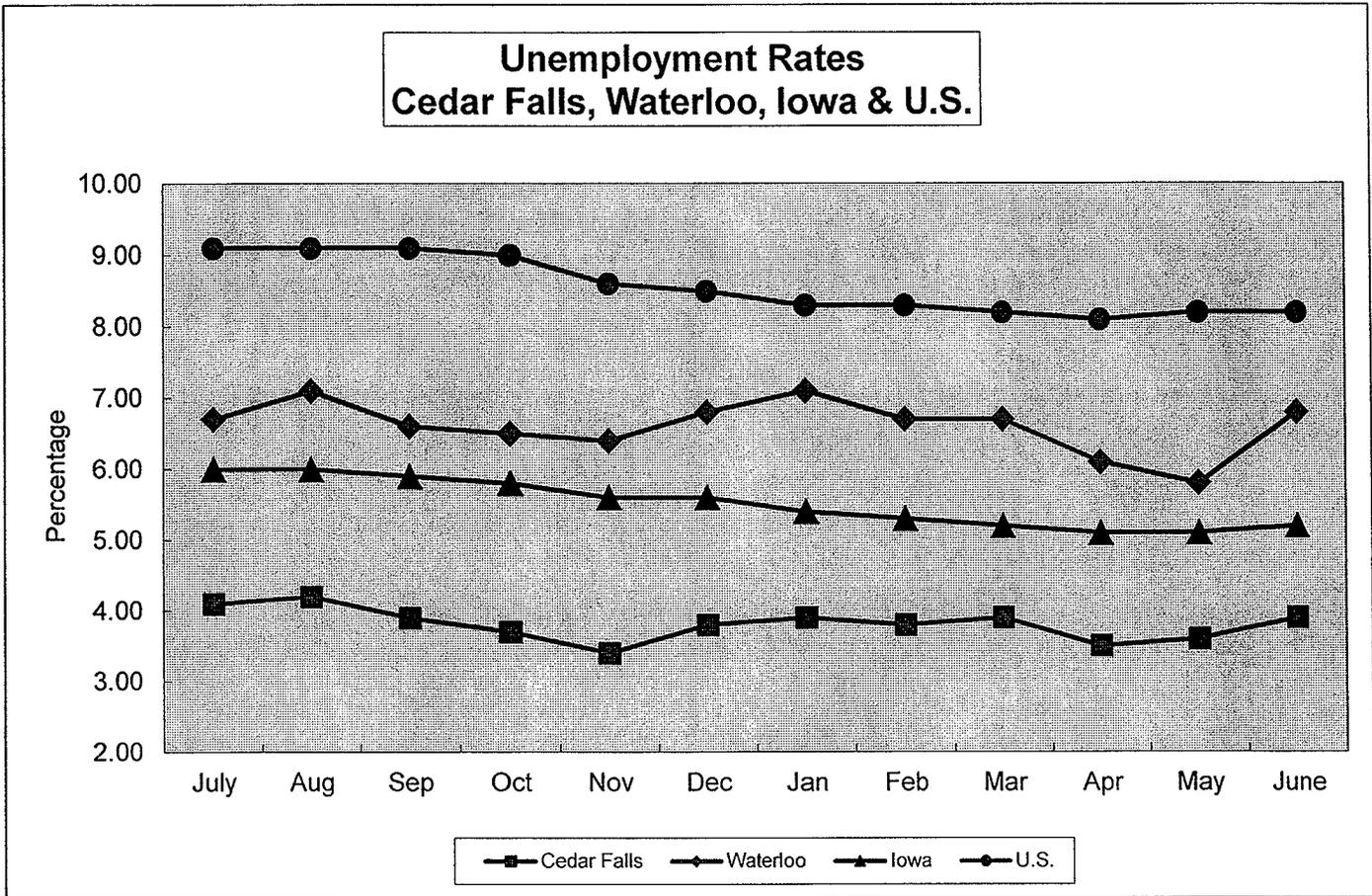
Sincerely,



Jennifer Rodenbeck, CPA, CPFO
Finance Manager/City Clerk

ATTACHMENT A

Unempl



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

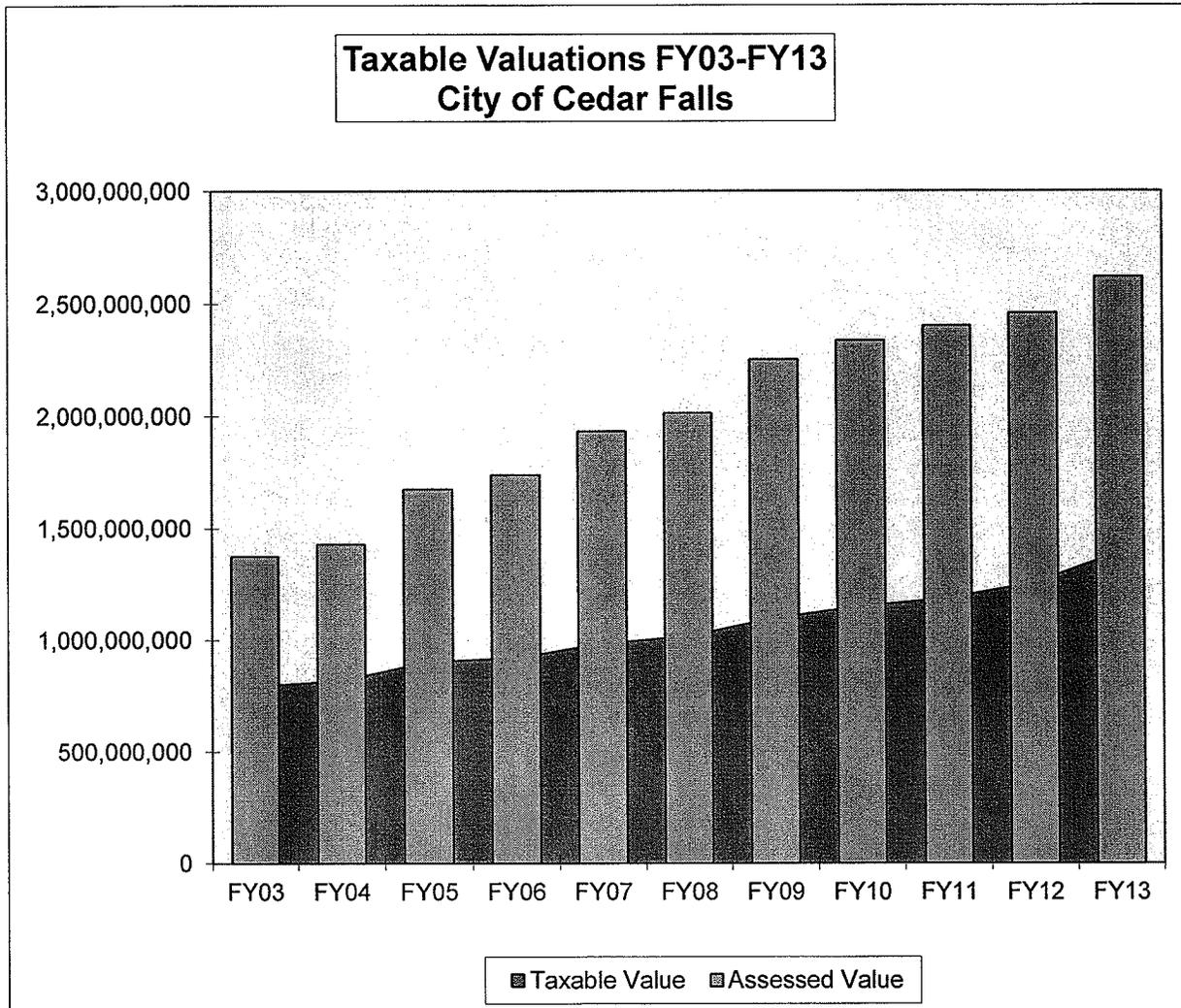
Month 11-12	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	4.1	6.7	6.0	9.1
Aug	4.2	7.1	6.0	9.1
Sep	3.9	6.6	5.9	9.1
Oct	3.7	6.5	5.8	9.0
Nov	3.4	6.4	5.6	8.6
Dec	3.8	6.8	5.6	8.5
Jan	3.9	7.1	5.4	8.3
Feb	3.8	6.7	5.3	8.3
Mar	3.9	6.7	5.2	8.2
Apr	3.5	6.1	5.1	8.1
May	3.6	5.8	5.1	8.2
June	3.9	6.8	5.2	8.2
Average	3.8	6.6	5.5	8.6

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

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

ATTACHMENT B

taxvalue13



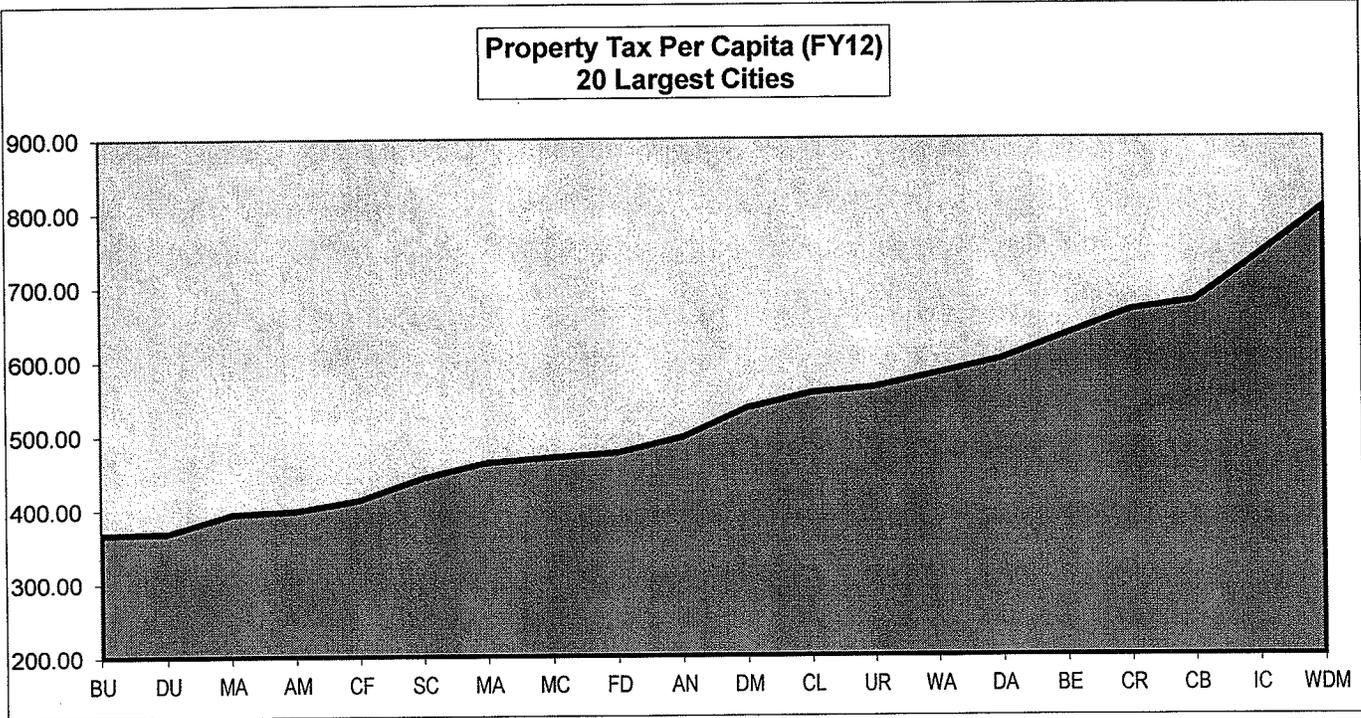
Year	Taxable Value	Assessed Value
FY03	794,505,253	1,374,429,803
FY04	817,896,980	1,427,127,146
FY05	903,439,479	1,673,902,007
FY06	920,739,030	1,737,456,552
FY07	985,250,869	1,931,758,484
FY08	1,018,530,684	2,013,812,356
FY09	1,098,295,277	2,252,421,925
FY10	1,150,078,051	2,336,646,915
FY11	1,185,969,161	2,402,107,961
FY12	1,254,821,347	2,458,320,459
FY13	1,393,511,204	2,618,319,843

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

For FY13, assessed values increased by \$159,999,384. However, taxable values increased by \$138,689,857 due mostly to the change in the residential rollback factor to 50.75% for FY13.

ATTACHMENT C

Citytaxr



Property Tax Per Capita (FY12)
20 Largest Iowa Cities

City	FY12 Tax Per Person	2010 Population	Abbreviation
Burlington	367.55	25,663	BU
Dubuque	368.90	57,637	DU
Marshalltown	394.38	27,552	MA
Ames	398.74	58,965	AM
Cedar Falls	413.73	39,260	CF
Sioux City	443.77	82,684	SC
Marion	463.84	34,768	MA
Mason City	470.76	28,079	MC
Fort Dodge	476.80	25,206	FD
Ankeny	497.31	45,582	AN
Des Moines	536.59	203,433	DM
Clinton	557.05	26,885	CL
Urbandale	564.49	39,463	UR
Waterloo	583.14	68,406	WA
Davenport	602.40	99,685	DA
Bettendorf	635.61	33,217	BE
Cedar Rapids	667.78	126,326	CR
Council Bluffs	679.50	62,230	CB
Iowa City	741.72	67,862	IC
West Des Moines	806.29	56,609	WDM
Average	533.52		

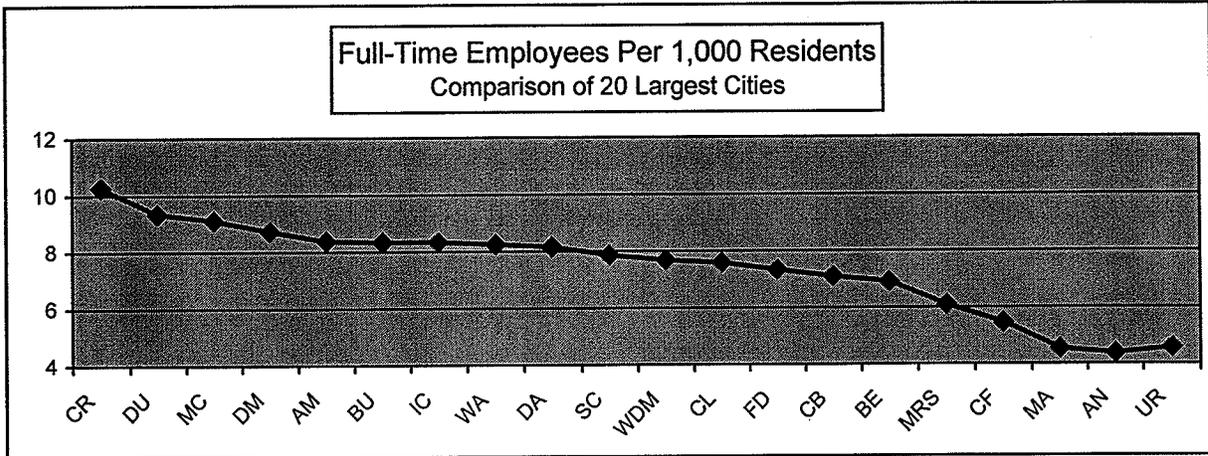
For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

At a cost of \$413.73 per person, the City is substantially below the average rate of \$533.52. 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 4.7 million dollars would be devoted to operations. This would be an increase of 29% of taxes levied in FY12.

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	FY11 Employees	2010 Population	Employees Per 1,000
Cedar Rapids	1293.0	126,326	10.24
Dubuque	547.0	57,637	9.49
Mason City	251.0	28,079	8.94
Des Moines	1750.0	203,433	8.60
Ames	494.0	58,965	8.38
Burlington	214.0	25,663	8.34
Iowa City	566.0	67,862	8.34
Waterloo	565.0	68,406	8.26
Davenport	813.0	99,685	8.16
Sioux City	650.0	82,684	7.86
W. Des Moines	435.0	56,609	7.68
Clinton	204.0	26,885	7.59
Fort Dodge	185.0	25,206	7.34
Council Bluffs	442.0	62,230	7.10
Bettendorf	230.0	33,217	6.92
Marshalltown	168.0	27,552	6.10
Cedar Falls	215.0	39,260	5.48
Marion	158.0	34,768	4.54
Ankeny	199.0	45,582	4.37
Urbandale	166.0	39,463	4.21
Average:			7.40

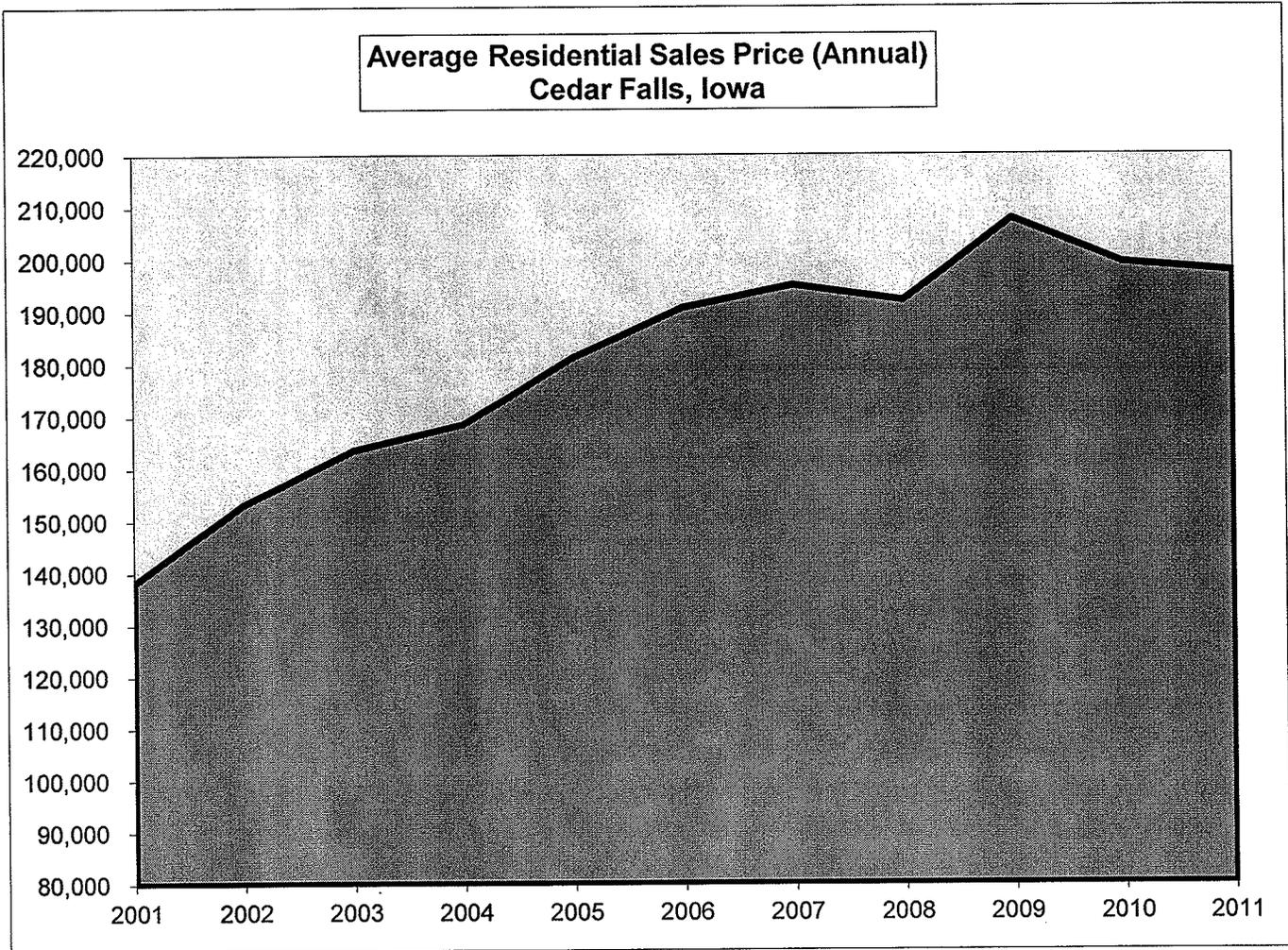
Cedar Falls city government continued to have one of the lowest number of employees per 1,000 capita comparing the top 20 largest cities.

Cedar Falls has 1.92 employees per 1,000 capita less than the state average, which is equivalent to 75 fewer full-time employees.

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

ATTACHMENT E

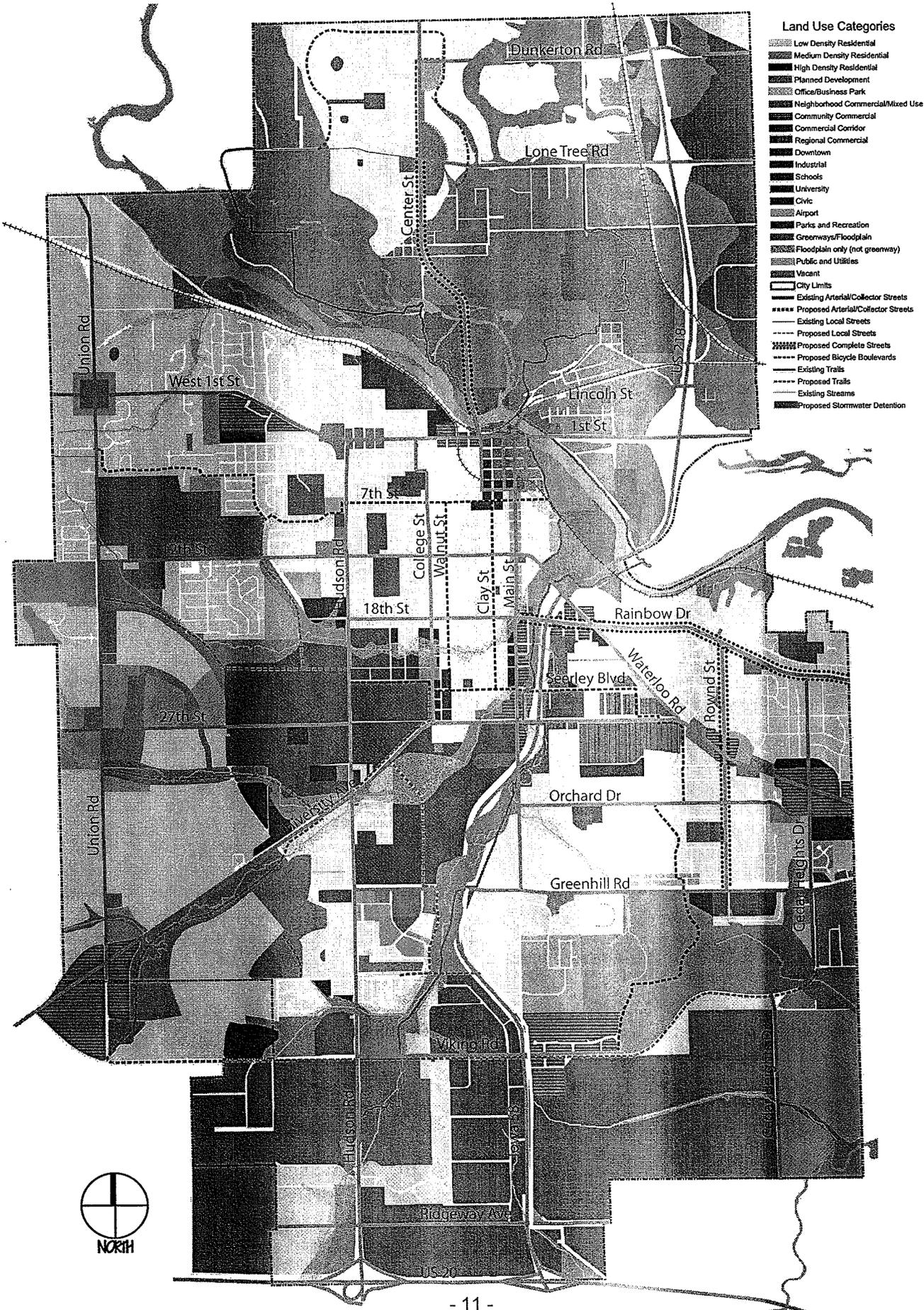
Resale12



Year	Average Sales Price
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
2010	199,318
2011	197,576
Average	180,708

The average sale price of residential properties in Cedar Falls has grown by 43% between 2001- 2011 from \$138,226 to \$197,576.

ATTACHMENT F
Cedar Falls Future Land Use Map
 (Adopted by the City Council on May 9, 2012)



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, 2011

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.



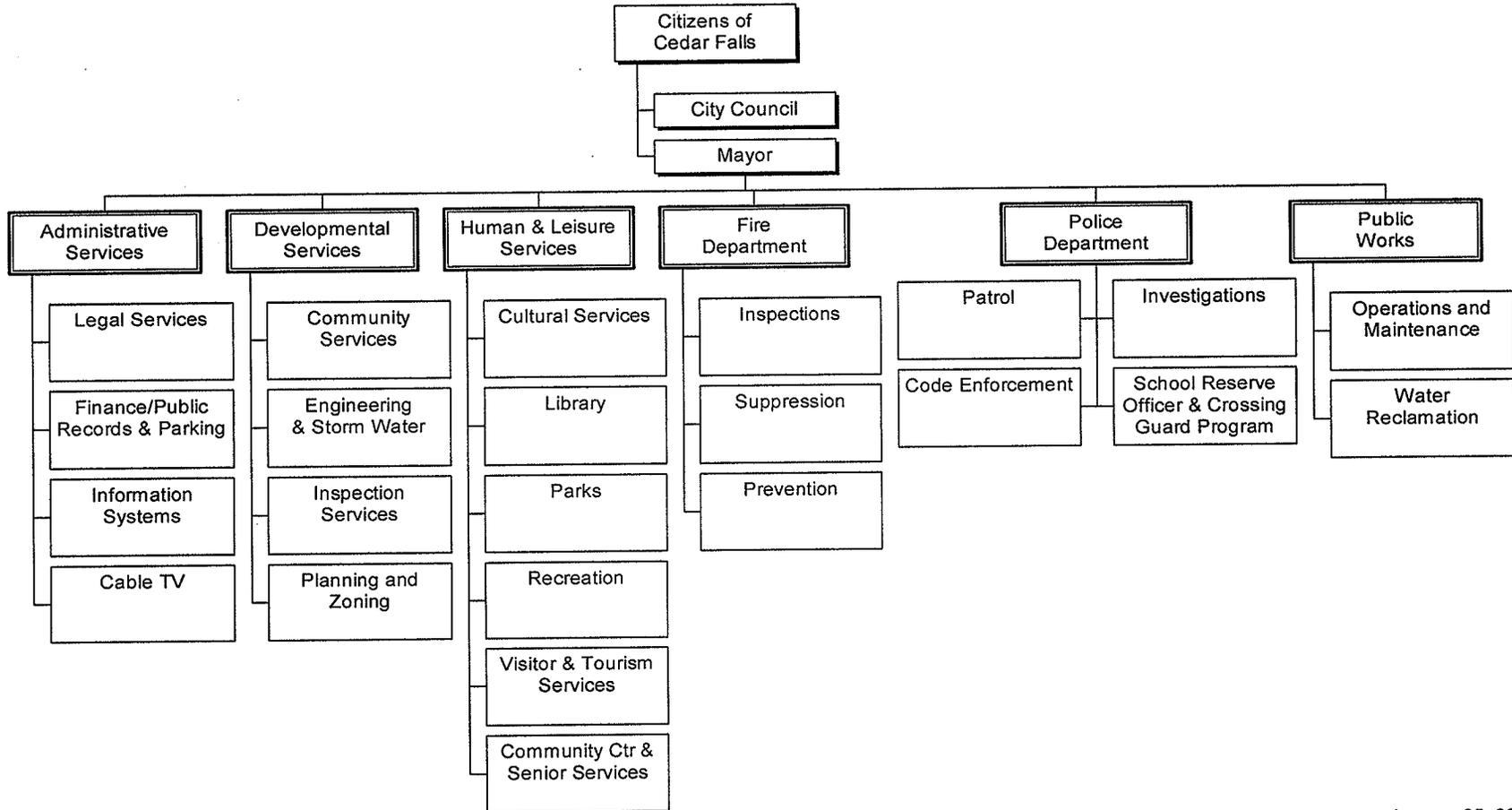
Linda C. Sandison

President

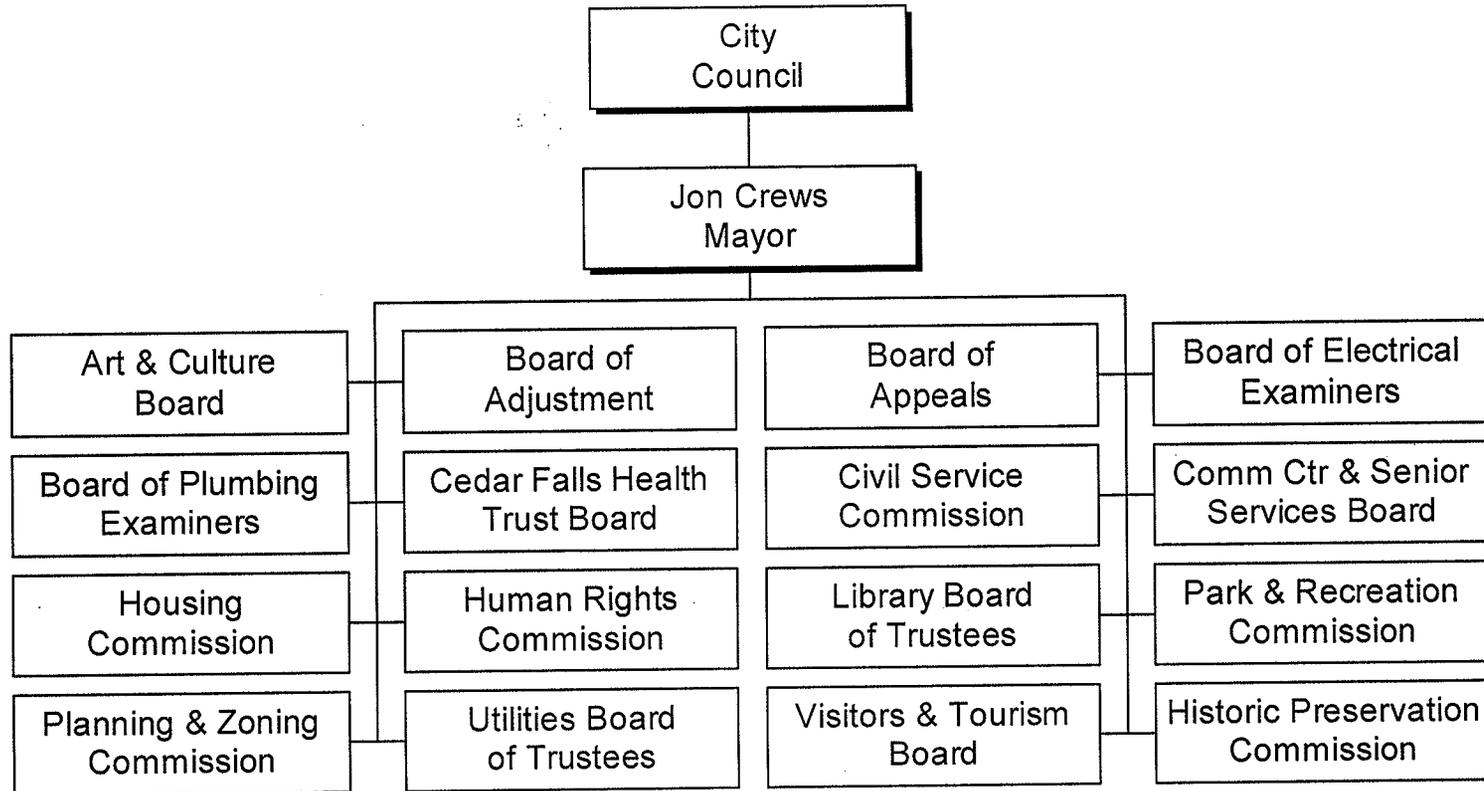
Jeffrey R. Egan

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, 2012

Title	Name
Mayor	Jon Crews
Council Member – 1 st Ward	Tom Hagarty
Council Member – 2 nd Ward	Susan deBuhr
Council Member – 3 rd Ward	John Runchey
Council Member – 4 th Ward	Mare Madsen Schmidt
Council Member – 5 th 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	Mark Ripplinger
Fire Chief	John Schilling
Police Chief	Jeff Olson
Public Works Director	Bruce Sorensen
City Attorney	Steve Moore
City Attorney	Tomas Meyer
Finance Manager/City Clerk	Jennifer Rodenbeck
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
Recreation Division Manager	Bruce Verink
Visitors & Tourism Manager	Kimberly Manning
Cedar Falls Public Library Director	Sheryl McGovern
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, 2012, 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 did not audit the financial statements of the Cedar Falls Utilities, which represent the entire assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cedar Falls Utilities, is based on the report of the other auditors.

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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated October 25, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements of the City of Cedar Falls, Iowa, as a whole. 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 financial statements. The combining nonmajor fund financial statements and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 do not express an opinion or provide any assurance on them.

Eide Bailly LLP

Dubuque, Iowa
October 25, 2012

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, 2012. Please read it in conjunction with the transmittal letter found on pages 1 – 11 of this report.

2012 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities decreased 5.39%, or \$3,198,477, from fiscal year 2011 to fiscal year 2012. Property taxes increased \$423,448 for all activities.
- Program expenses of the City's Governmental activities increased 5.36%, or \$2,107,722 in fiscal year 2012 from fiscal year 2011. Public Safety expenses decreased by \$163,377 and Public Works expenses increased by \$2,022,078.
- The City's net assets increased 5.98%, or \$16,742,798, from June 30, 2011 to June 30, 2012. Of this amount, the net assets of the governmental activities increased by \$5,730,128 and the net assets of the business-type activities increased by \$11,012,670.

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 31 - 34 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 21 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 thirteen 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 35 - 39 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 40 - 45 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	
	2012	2011	2012	2011	2012	2011
Current and						
other assets	\$ 106,608,386	\$ 107,889,204	\$ 1,255,950	\$ 8,500,022	\$ 107,864,336	\$ 116,389,226
Capital assets	162,574,422	159,248,839	74,092,070	55,715,654	236,666,492	214,964,493
Total assets	269,182,808	267,138,043	75,348,020	64,215,676	344,530,828	331,353,719
Long-term debt	\$ 11,345,500	\$ 14,767,474	\$ 3,763,871	\$ 4,136,629	\$ 15,109,371	\$ 18,904,103
Other liabilities	31,597,327	31,860,716	1,322,776	830,344	32,920,103	32,691,060
Total liabilities	\$ 42,942,827	\$ 46,628,190	\$ 5,086,647	\$ 4,966,973	\$ 48,029,474	\$ 51,595,163
Net assets:						
Invested in capital						
assets, net of						
related debt	\$ 151,130,097	\$ 145,480,365	\$ 70,328,202	\$ 52,510,319	\$ 221,458,299	\$ 197,990,684
Restricted	24,405,828	24,090,200	9,500	9,500	24,415,328	24,099,700
Unrestricted	50,704,056	50,939,288	(76,329)	6,728,884	50,627,727	57,668,172
Total net assets	\$ 226,239,981	\$ 220,509,853	\$ 70,261,373	\$ 59,248,703	\$ 296,501,354	\$ 279,758,556

Net assets of governmental activities increased from FY11 by approximately \$5.7 million, or 2.60%. This increase was due primarily to the continued strength of the property tax base and the building permit fees received by the City. Net assets of business-type activities increased from FY11 by approximately \$11 million, or 18.59%. This increase was due to new assets constructed or being constructed. These assets include the new Public Works complex, the disinfection project and the Bluff Street liftstation. In addition, this was the sixth 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 \$50 million at the end of the year.

For the year ended June 30, 2012, net assets changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for						
services	\$ 5,099,756	\$ 4,673,744	\$ 8,469,215	\$ 8,262,718	\$ 13,568,971	\$ 12,936,462
Operating grants and contributions	1,695,117	2,360,697	-	-	1,695,117	2,360,697
Capital grants and contributions	11,529,905	15,073,637	140,450	460,559	11,670,355	15,534,196
General Revenues						
Property taxes	23,802,124	23,378,676	-	-	23,802,124	23,378,676
Local Option Sales Tax	5,062,220	4,600,570	-	-	5,062,220	4,600,570
Hotel/Motel Tax & Other	692,486	690,976	-	-	692,486	690,976
Use of money and property	1,275,402	1,344,936	36,137	37,934	1,311,539	1,382,870
Intergovernmental	4,296,073	4,269,954	-	-	4,296,073	4,269,954
Miscellaneous	1,014,890	1,324,189	-	-	1,014,890	1,324,189
Gain on Sale of assets	6,606	5,667	-	-	6,606	5,667
Utility contribution	1,625,000	1,575,010	-	-	1,625,000	1,575,010
Total revenues	\$ 56,099,579	\$ 59,298,056	\$ 8,645,802	\$ 8,761,211	\$ 64,745,381	\$ 68,059,267
Expenses						
Public safety	\$ 8,462,143	\$ 8,625,520	\$ -	\$ -	\$ 8,462,143	\$ 8,625,520
Public works	12,971,278	10,949,200	-	-	12,971,278	10,949,200
Health and social services	316,339	326,666	-	-	316,339	326,666
Culture and recreation	7,098,908	7,104,212	-	-	7,098,908	7,104,212
Community and economic development	7,815,848	7,291,549	-	-	7,815,848	7,291,549
General government	4,333,403	4,493,885	-	-	4,333,403	4,493,885
Debt service	452,378	551,543	-	-	452,378	551,543
Sewer	-	-	3,336,990	3,223,475	3,336,990	3,223,475
Refuse	-	-	2,492,305	2,537,735	2,492,305	2,537,735
Storm Water	-	-	722,991	693,075	722,991	693,075
Total expenses	\$ 41,450,297	\$ 39,342,575	\$ 6,552,286	\$ 6,454,285	\$ 48,002,583	\$ 45,796,860
Increase in net assets before transfers	\$ 14,649,282	\$ 19,955,481	\$ 2,093,516	\$ 2,306,926	\$ 16,742,798	\$ 22,262,407
Transfers	(8,919,154)	(5,771,626)	8,919,154	5,771,626	-	-
Increase in net assets	\$ 5,730,128	\$ 14,183,855	\$ 11,012,670	\$ 8,078,552	\$ 16,742,798	\$ 22,262,407
Net assets, beginning	220,509,853	206,325,998	59,248,703	51,170,151	279,758,556	257,496,149
Net assets, ending	\$ 226,239,981	\$ 220,509,853	\$ 70,261,373	\$ 59,248,703	\$ 296,501,354	\$ 279,758,556

Charges for service increased by approximately \$600,000 from FY11 due to increased sewer rates and building permit fees. FEMA grants for property buyouts related to the 2008 Flood received in FY11, caused capital grants and contributions to decrease for FY12.

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 \$59,816,779. \$437,601 is nonspendable for inventory. \$25,892,197 is restricted for TIF, debt service, road use tax funds, local option sales tax, employee retirement systems, bond proceeds and various grants. \$16,145,534 is committed for the City’s health trust fund and parking fund. \$14,639,519 is assigned for recreational capital funds, police forfeiture funds, economic development and capital improvements. This leaves \$2,701,928 for unassigned fund balances in the governmental funds.

The Governmental fund balances increased by \$836,991, or 1.42%. This increase was due in part to the increase in the General Fund from property tax revenues.

The General Fund is the chief operating fund of the City of Cedar Falls. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,045,817, while the total fund balance totaled \$8,949,454. 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. Unassigned fund balance represents 34.68% of the total General Fund expenditures, while the total fund balance represents 44.05% of that same amount.

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

	FY12 Amount	FY11 Amount	Increase (Decrease)
Hospital Fund	\$ 15,274,921	\$ 14,830,134	\$ 444,787
TIF Fund	19,202	36,400	(17,198)
Street Repair Fund	13,671,249	13,913,184	(241,935)
Street Construction Fund	5,121,413	4,542,130	579,283
Debt Service Fund	261,876	253,903	7,973
FEMA Fund	(4,278,871)	(2,840,288)	(1,438,583)
Bond Fund	(48,808)	1,393,720	(1,442,528)
Other Governmental Funds	20,846,343	18,725,325	2,121,018

The Other Governmental Funds had the largest increase in fund balance due to the increase in transfers to the Capital Improvements Fund. These increases were the result of the Fund being paid back for cashflowing various capital projects.

The Street Repair Fund had a decrease in fund balance due to many projects being able to be completed during FY12 due to the dry weather.

The Hospital Fund had an increase in fund balance due to the fewer projects being funded by the Health Trust Board.

The Street Construction Fund had an increase in fund balance due to the increase in road use taxes received. Road use tax funds have increased due to the population increase in Cedar Falls which causes the formula to be revised.

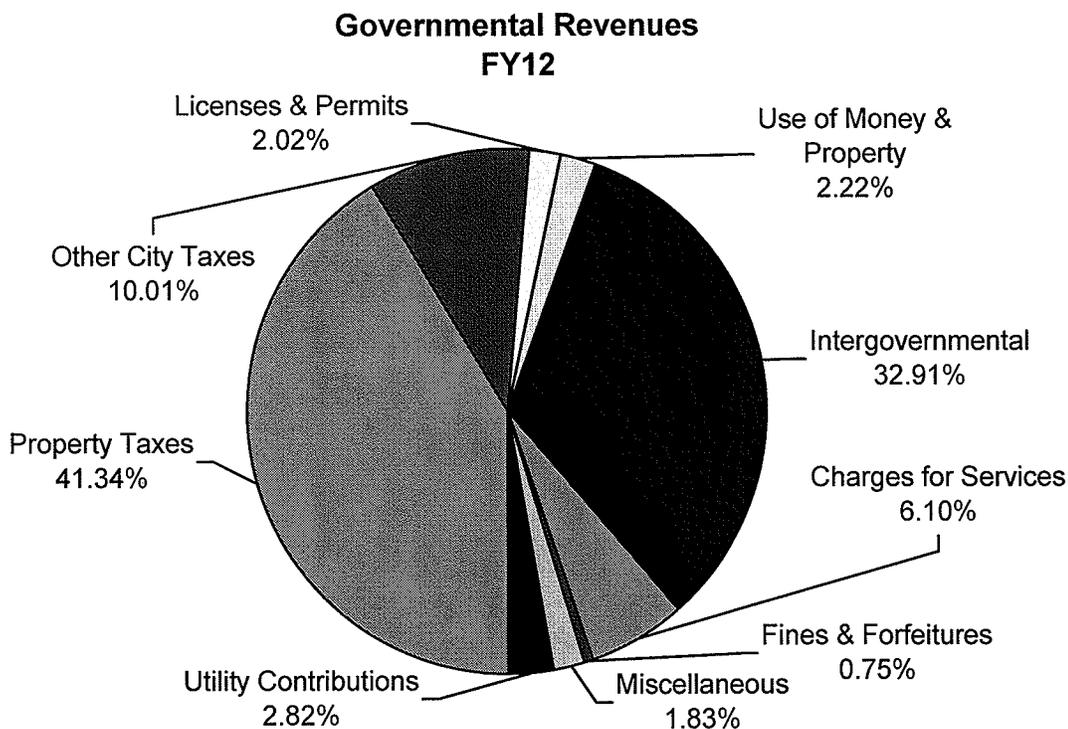
The FEMA Fund had a decrease in fund balance due to expenditures for the flood buyout program and the timing of reimbursements received.

The Bond Fund had a decrease in fund balance due to bond proceeds received in prior years being spent out on various projects.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2012 and June 30, 2011.

Revenues	FY12 Amount	Percent of Total	FY11 Amount	Increase (Decrease) from FY11	Percent of Increase (Decrease)
Property taxes and assessments	\$ 23,766,846	41.34 %	\$ 23,378,676	\$ 388,170	(20.50) %
Other city taxes	5,755,920	10.01	5,282,406	473,514	(25.01)
Licenses and permits	1,162,401	2.02	1,093,024	69,377	(3.66)
Use of money and property	1,275,402	2.22	1,344,936	(69,534)	3.67
Intergovernmental	18,920,930	32.91	21,764,416	(2,843,486)	150.17
Charges for services	3,507,339	6.10	3,179,755	327,584	(17.30)
Fines and forfeitures	430,016	0.75	400,965	29,051	(1.53)
Miscellaneous	1,052,265	1.83	1,370,497	(318,232)	16.81
Utility contribution in lieu of taxes	1,625,000	2.82	1,575,010	49,990	(2.65)
	<u>\$ 57,496,119</u>	<u>100.00 %</u>	<u>\$ 59,389,685</u>	<u>\$ (1,893,566)</u>	<u>100.00 %</u>

The most significant decrease in revenues was in intergovernmental. The decrease was due to the receipt of FEMA disaster assistance payments and IJOBS grant revenues for the new Public Works Complex in FY11. The most significant increase was in other city taxes. The increase was due to increased local option sales taxes which reflects a strong economy in the Cedar Falls metro area.



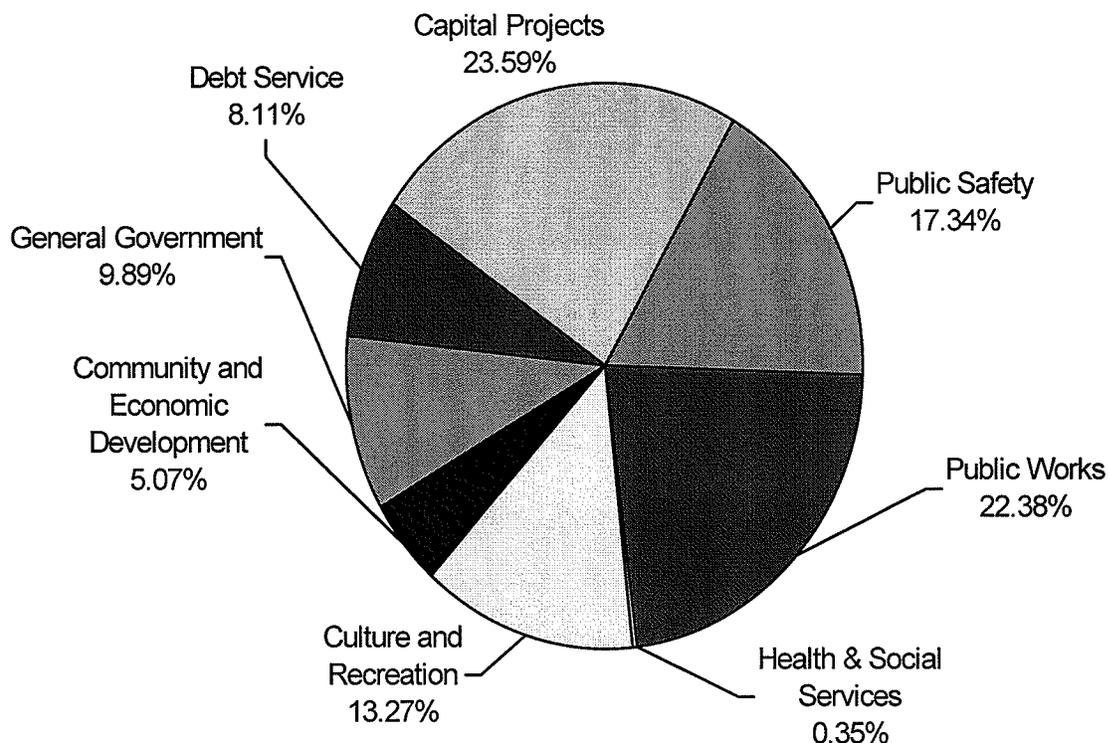
The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2012 and June 30, 2011.

Expenditures	FY12 Amount	Percent of Total	FY11 Amount	Increase (Decrease) from FY11	Percent of Increase (Decrease)
Public Safety	\$ 8,375,158	17.34 %	\$ 8,155,206	\$ 219,952	(3.45) %
Public Works	10,810,336	22.38	9,027,992	1,782,344	(27.96)
Health & Social Services	167,759	0.35	178,084	(10,325)	0.16
Culture & Recreation	6,410,049	13.27	6,557,554	(147,505)	2.31
Community and Economic Development	2,447,212	5.07	2,602,604	(155,392)	2.44
General Government	4,775,981	9.89	4,316,949	459,032	(7.20)
Debt Service	3,918,383	8.11	3,831,048	87,335	(1.37)
Capital Projects	11,390,660	23.59	20,000,053	(8,609,393)	135.07
	<u>\$ 48,295,538</u>	<u>100.00 %</u>	<u>\$ 54,669,490</u>	<u>\$ (6,373,952)</u>	<u>100.00 %</u>

The most significant decrease in expenditures occurred in the capital projects function. This was due to several projects occurring during FY11, including disaster recovery expenditures.

The most significant increase in expenditures occurred in Public Works. This was due to several street projects that were completed in FY12.

Governmental Expenditures FY12



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.

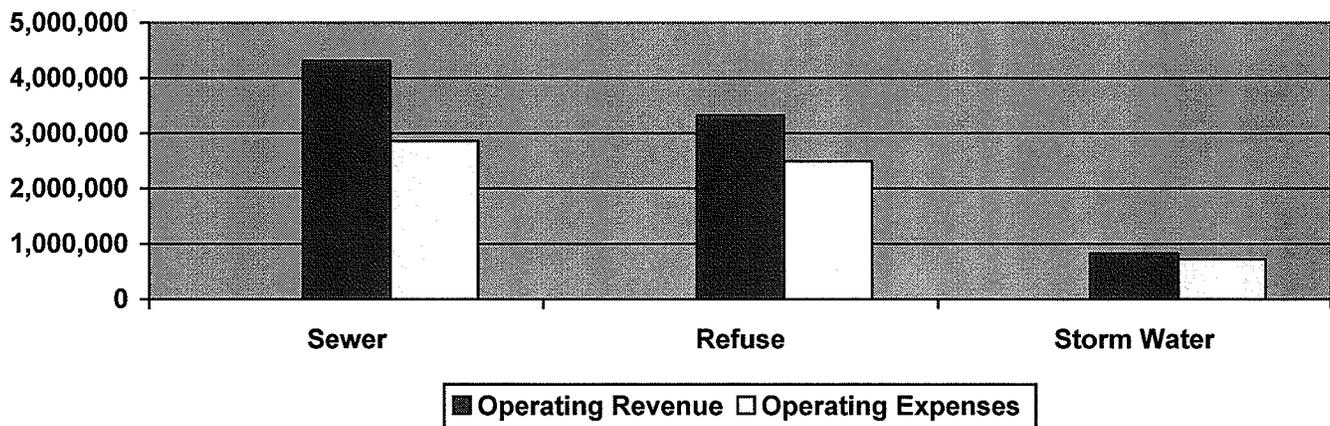
Net assets of the Sewer, Refuse and Storm Water funds at the end of the year amounted to \$70,261,373. There are net assets in the Governmental Activities Internal Service fund of \$15,967,381.

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, 2012 and June 30, 2011 are as follows:

	Sewer		Refuse		Storm Water	
	2012	2011	2012	2011	2012	2011
Operating Revenues	\$ 4,313,923	\$ 4,138,346	\$ 3,328,306	\$ 3,318,008	\$ 826,986	\$ 806,364
Operating Expenses	2,856,740	3,060,099	2,488,868	2,537,735	722,991	693,075
Non-Operating Rev (Exp)	(460,314)	(139,573)	6,079	8,070	6,685	6,060
Capital Contributions	77,480	237,000	-	-	62,970	223,559
Operating Transfers, net	5,028,445	96,690	4,143,060	5,762,475	(252,351)	(87,538)
Change in net assets	6,102,794	1,272,364	4,988,577	6,550,818	(78,701)	255,370

**Proprietary Fund Operating Revenues & Expenses
FY12**



BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget two times. These amendments were done in January and April 2012. The amendments were 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, 2012, the City had approximately \$237 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 \$21.7 million or 10.10% over last year.

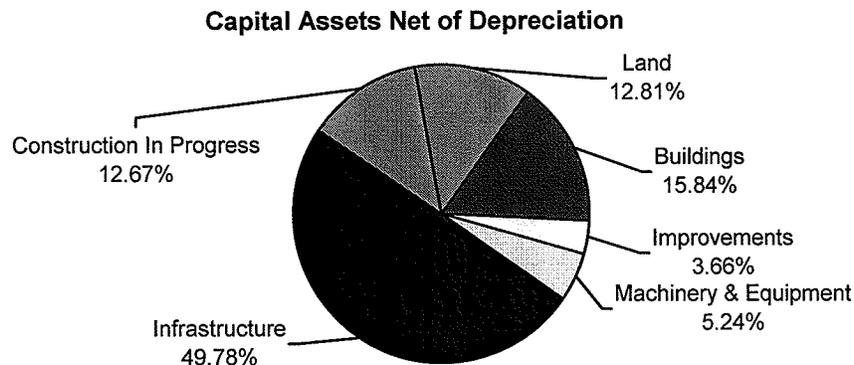
City of Cedar Falls Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 28,703,869	\$ 25,085,997	\$ 1,612,581	\$ 1,612,581	\$ 30,316,450	\$ 26,698,578
Buildings	19,077,238	19,367,172	18,421,670	7,554,947	37,498,908	26,922,119
Improvements other than buildings	8,666,142	8,919,734	-	-	8,666,142	8,919,734
Machinery and equipment	6,954,815	6,804,241	5,457,929	5,463,688	12,412,744	12,267,929
Infrastructure	86,908,330	88,501,528	30,874,644	31,427,080	117,782,974	119,928,608
Construction in progress	12,264,028	10,570,167	17,725,246	9,657,358	29,989,274	20,227,525
Total	\$ 162,574,422	\$ 159,248,839	\$ 74,092,070	\$ 55,715,654	\$ 236,666,492	\$ 214,964,493

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

- New Public Works Complex.
- Bluff Street Liftstation.
- Purchase of land related to Flood Buyout Program.
- Northern Industrial Park.
- Ridgeway Avenue.
- Treatment Facility Disinfection.

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 \$14,910,000 in outstanding bonds compared to \$18,875,000 last year. That is a decrease of \$3,965,000 or 21.01%.

**City of Cedar Falls Outstanding Debt
General Obligation Debt**

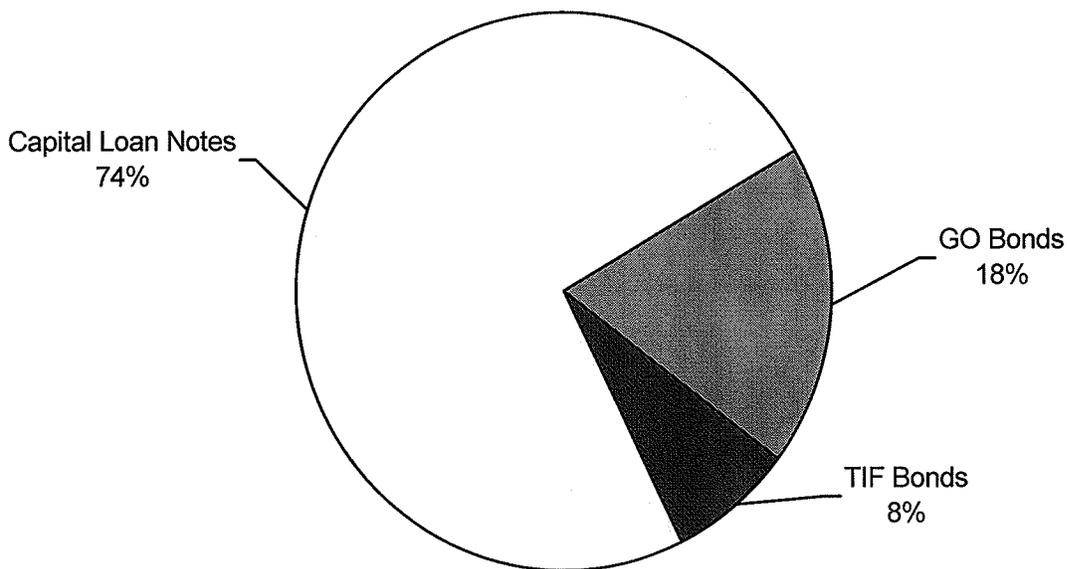
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ -	\$ 4,340,000	\$ 2,755,000	\$ 4,160,000	\$ 2,755,000	\$ 8,500,000
Tax increment financing	1,125,000	2,015,000	-	-	1,125,000	2,015,000
Capital loan notes	10,210,000	8,360,000	820,000	-	11,030,000	8,360,000
Total	\$ 11,335,000	\$ 14,715,000	\$ 3,575,000	\$ 4,160,000	\$ 14,910,000	\$ 18,875,000

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, 2012, the City's legal debt margin was \$108,356,901.

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
FY12**



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 FY13. The tax levy rate per \$1,000 of taxable valuation for FY13 is provided below:

General levy	\$ 8.10
Trust and Agency levy	2.90
Debt Service levy	.52
Transit levy	.25
Library levy	.27
Liability Insurance levy	.11
Emergency Management levy	.03
Municipal Band levy	<u>.02</u>
Total levy	\$ 12.20

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, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 64,064,423	\$ 8,372,736	\$ 72,437,159
Certificates of Deposit	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	24,876,546	--	24,876,546
Other city taxes	972,237	--	972,237
Accrued interest	87,332	10,430	97,762
Special assessments	44,136	--	44,136
Notes from associated company	--	--	--
Customers	--	--	--
Human & Leisure services contributions	3,638,018	--	3,638,018
Other	1,079,716	1,004,384	2,084,100
Due from component unit	825,000	--	825,000
Internal balances	8,200,000	(8,200,000)	--
Due from other governments	2,146,605	--	2,146,605
Inventories	674,373	68,400	742,773
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	--	--
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Capital assets:			
Land	28,703,869	1,612,581	30,316,450
Land improvements	13,116,321	--	13,116,321
Buildings	27,802,237	23,873,450	51,675,687
Machinery and equipment	16,799,232	7,784,472	24,583,704
Infrastructure	154,932,742	44,949,632	199,882,374
Construction in progress	12,264,028	17,725,246	29,989,274
Accumulated depreciation	(91,044,007)	(21,853,311)	(112,897,318)
Total assets	<u>\$ 269,182,808</u>	<u>\$ 75,348,020</u>	<u>\$ 344,530,828</u>
LIABILITIES			
Accounts payable	\$ 2,901,570	\$ 819,909	\$ 3,721,479
Accrued liabilities	949,667	48,655	998,322
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Unearned revenue	24,785,209	--	24,785,209
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	2,685,000	615,000	3,300,000
Compensated absences	801,370	129,196	930,566
Portion due or payable after one year:			
Bonds payable	8,660,500	3,148,871	11,809,371
Compensated absences	1,884,182	325,016	2,209,198
Net OPEB liability	275,329	--	275,329
Total liabilities	<u>\$ 42,942,827</u>	<u>\$ 5,086,647</u>	<u>\$ 48,029,474</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 151,130,097	\$ 70,328,202	\$ 221,458,299
Restricted:			
Streets	18,667,178	--	18,667,178
Debt service	261,876	--	261,876
Employee retirement system	5,457,572	--	5,457,572
TIF	19,202	--	19,202
Post closure costs	--	9,500	9,500
Unrestricted	50,704,056	(76,329)	50,627,727
Total net assets	<u>\$ 226,239,981</u>	<u>\$ 70,261,373</u>	<u>\$ 296,501,354</u>

See notes to financial statements

Component Units

Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ 23,633,410	\$ 9,431,313	\$ 2,931,894	\$ 3,755,435
5,258,680	--	--	--
--	--	--	--
--	--	--	--
82,167	33	21	1,534
--	--	--	--
923,090	--	--	--
3,797,049	1,687,017	405,305	1,422,775
--	--	--	--
1,081,958	38,582	57,747	132,821
--	--	--	--
--	--	--	--
7,197,202	486,727	206,232	98,486
8,209,822	155,100	106,120	1,764,293
1,024,438	38,530	23,478	223,778
3,435,120	149,458	61,546	993,083
6,811,750	--	--	1,314,000
5,958,990	--	--	360,000
1,326,855	39,835	63,466	--
4,683	--	--	--
24,821,423	1,968,345	807,702	--
21,031,550	733,725	430,338	385,777
141,291,960	18,034,690	27,042,778	32,084,505
9,787,180	397,197	193,142	1,273,710
(76,417,771)	(9,300,117)	(8,544,408)	(9,654,655)
<u>\$ 189,259,556</u>	<u>\$ 23,860,435</u>	<u>\$ 23,785,361</u>	<u>\$ 34,155,542</u>
\$ 5,376,488	\$ 1,161,666	\$ 172,880	\$ 1,806,842
2,632,370	595,568	138,333	545,279
1,410,000	--	--	--
--	--	--	923,090
--	--	--	--
2,165,000	--	--	1,555,000
--	--	--	--
52,052,835	--	--	15,744,372
887,713	150,708	80,377	150,707
681,194	169,070	117,705	100,712
<u>\$ 65,205,600</u>	<u>\$ 2,077,012</u>	<u>\$ 509,295</u>	<u>\$ 20,826,002</u>
\$ 76,146,098	\$ 11,873,675	\$ 19,993,018	\$ 6,626,929
--	--	--	--
6,690,882	--	--	1,810,529
--	--	--	--
--	--	--	--
41,216,976	9,909,748	3,283,048	4,892,082
<u>\$ 124,053,956</u>	<u>\$ 21,783,423</u>	<u>\$ 23,276,066</u>	<u>\$ 13,329,540</u>

City of Cedar Falls, Iowa
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 8,462,143	\$ 748,246	\$ 88,895	\$ --
Public works	12,971,278	199,648	--	11,529,905
Health and social services	316,339	--	--	--
Culture and recreation	7,098,908	2,469,465	14,538	--
Community and economic development	7,815,848	--	1,591,684	--
General government	4,333,403	1,682,397	--	--
Interest on long-term debt and related fees	452,378	--	--	--
Total governmental activities	<u>\$ 41,450,297</u>	<u>\$ 5,099,756</u>	<u>\$ 1,695,117</u>	<u>\$ 11,529,905</u>
Business-type activities:				
Sewer	\$ 3,336,990	\$ 4,313,923	\$ --	\$ 77,480
Refuse	2,492,305	3,328,306	--	--
Storm Water	722,991	826,986	--	62,970
Total business-type activities	<u>\$ 6,552,286</u>	<u>\$ 8,469,215</u>	<u>\$ --</u>	<u>\$ 140,450</u>
Total primary government	<u>\$ 48,002,583</u>	<u>\$ 13,568,971</u>	<u>\$ 1,695,117</u>	<u>\$ 11,670,355</u>
Component units				
Electric Utility	\$ 46,254,929	\$ 55,514,302	\$ --	\$ 4,411,548
Gas Utility	13,422,754	14,406,520	--	270,362
Water Utility	2,916,636	3,463,708	--	593,350
Communications Utility	12,288,939	12,668,179	--	67,526
Total component units	<u>\$ 74,883,258</u>	<u>\$ 86,052,709</u>	<u>\$ --</u>	<u>\$ 5,342,786</u>

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
- Gain on sale of assets - governmental activities
- 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
\$ (7,625,002)	\$ --	\$ (7,625,002)	\$ --	\$ --	\$ --	\$ --
(1,241,725)	--	(1,241,725)	--	--	--	--
(316,339)	--	(316,339)	--	--	--	--
(4,614,905)	--	(4,614,905)	--	--	--	--
(6,224,164)	--	(6,224,164)	--	--	--	--
(2,651,006)	--	(2,651,006)	--	--	--	--
(452,378)	--	(452,378)	--	--	--	--
<u>\$ (23,125,519)</u>	<u>\$ --</u>	<u>\$ (23,125,519)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,054,413	\$ 1,054,413	\$ --	\$ --	\$ --	\$ --
--	836,001	836,001	--	--	--	--
--	166,965	166,965	--	--	--	--
<u>\$ --</u>	<u>\$ 2,057,379</u>	<u>\$ 2,057,379</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (23,125,519)</u>	<u>\$ 2,057,379</u>	<u>\$ (21,068,140)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 13,670,921	\$ --	\$ --	\$ --
--	--	--	--	1,254,128	--	--
--	--	--	--	--	1,140,422	--
--	--	--	--	--	--	446,766
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13,670,921</u>	<u>\$ 1,254,128</u>	<u>\$ 1,140,422</u>	<u>\$ 446,766</u>
\$ 23,802,124	\$ --	\$ 23,802,124	\$ --	\$ --	\$ --	\$ --
5,062,220	--	5,062,220	--	--	--	--
572,876	--	572,876	--	--	--	--
119,610	--	119,610	--	--	--	--
1,275,402	36,137	1,311,539	193,246	1,318	582	12,768
4,296,073	--	4,296,073	--	--	--	--
1,014,890	--	1,014,890	--	--	--	--
6,606	--	6,606	--	--	--	--
1,625,000	--	1,625,000	--	--	--	--
(8,919,154)	8,919,154	--	--	--	--	--
<u>\$ 28,855,647</u>	<u>\$ 8,955,291</u>	<u>\$ 37,810,938</u>	<u>\$ 193,246</u>	<u>\$ 1,318</u>	<u>\$ 582</u>	<u>\$ 12,768</u>
\$ 5,730,128	\$ 11,012,670	\$ 16,742,798	\$ 13,864,167	\$ 1,255,446	\$ 1,141,004	\$ 459,534
220,509,853	59,248,703	279,758,556	110,189,789	20,527,977	22,135,062	12,870,006
<u>\$ 226,239,981</u>	<u>\$ 70,261,373</u>	<u>\$ 296,501,354</u>	<u>\$ 124,053,956</u>	<u>\$ 21,783,423</u>	<u>\$ 23,276,066</u>	<u>\$ 13,329,540</u>

City of Cedar Falls, Iowa

Balance Sheet
Governmental Funds
June 30, 2012

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
ASSETS				
Cash	\$ 8,377,699	\$ 11,367,634	\$ --	\$ 13,157,536
Receivables, net of allowance for uncollectible amounts:				
Property taxes	15,268,713	--	7,703,576	--
Other city taxes	76,703	--	--	818,831
Accrued interest	18,710	8,950	--	16,188
Special assessments	--	--	--	--
Human & Leisure services contributions	3,638,018	--	--	--
Other	180,728	509,954	--	79,514
Due from component unit	825,000	--	--	--
Due from other funds	--	--	--	--
Advance to other funds	--	3,900,000	--	--
Due from other governments	11,325	--	--	--
Inventories	180,689	--	--	--
Total assets	<u>\$ 28,577,585</u>	<u>\$ 15,786,538</u>	<u>\$ 7,703,576</u>	<u>\$ 14,072,069</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 388,052	\$ 1,663	\$ --	\$ 400,820
Accrued liabilities	317,725	--	--	--
Deferred revenue	18,922,354	509,954	7,684,374	--
Due to other funds	--	--	--	--
Total liabilities	<u>\$ 19,628,131</u>	<u>\$ 511,617</u>	<u>\$ 7,684,374</u>	<u>\$ 400,820</u>
FUND BALANCES				
Nonspendable	180,689	--	--	--
Restricted	--	--	19,202	13,671,249
Committed	--	15,274,921	--	--
Assigned	1,722,948	--	--	--
Unassigned	7,045,817	--	--	--
Total fund balances	<u>\$ 8,949,454</u>	<u>\$ 15,274,921</u>	<u>\$ 19,202</u>	<u>\$ 13,671,249</u>
Total liabilities and fund balances	<u>\$ 28,577,585</u>	<u>\$ 15,786,538</u>	<u>\$ 7,703,576</u>	<u>\$ 14,072,069</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		
\$ 4,669,495	\$ 264,223	\$ --	\$ 547,973	\$ 12,343,421	\$ 50,727,981
--	855,291	--	--	1,048,966	24,876,546
--	--	--	--	76,703	972,237
--	--	--	18	27,460	71,326
--	--	--	--	44,136	44,136
--	--	--	--	--	3,638,018
15,670	--	--	--	50,000	835,866
--	--	--	--	--	825,000
--	--	--	--	4,237,329	4,237,329
--	--	--	--	4,300,000	8,200,000
274,659	--	1,581,797	217,963	60,861	2,146,605
236,157	--	--	--	20,755	437,601
<u>\$ 5,195,981</u>	<u>\$ 1,119,514</u>	<u>\$ 1,581,797</u>	<u>\$ 765,954</u>	<u>\$ 22,209,631</u>	<u>\$ 97,012,645</u>
\$ 45,563	\$ 8,894	\$ 1,156,409	\$ 646,798	\$ 115,058	\$ 2,763,257
29,005	--	--	--	9,033	355,763
--	848,744	483,140	167,964	1,222,987	29,839,517
--	--	4,221,119	--	16,210	4,237,329
<u>\$ 74,568</u>	<u>\$ 857,638</u>	<u>\$ 5,860,668</u>	<u>\$ 814,762</u>	<u>\$ 1,363,288</u>	<u>\$ 37,195,866</u>
236,157	--	--	--	20,755	437,601
4,885,256	261,876	--	--	7,054,614	25,892,197
--	--	--	--	870,613	16,145,534
--	--	--	--	12,916,571	14,639,519
--	--	(4,278,871)	(48,808)	(16,210)	2,701,928
<u>\$ 5,121,413</u>	<u>\$ 261,876</u>	<u>\$ (4,278,871)</u>	<u>\$ (48,808)</u>	<u>\$ 20,846,343</u>	<u>\$ 59,816,779</u>
<u>\$ 5,195,981</u>	<u>\$ 1,119,514</u>	<u>\$ 1,581,797</u>	<u>\$ 765,954</u>	<u>\$ 22,209,631</u>	
					159,650,353
					5,054,308
					15,967,381
					(22,589)
					(2,880,751)
					(11,345,500)
					<u>\$ 226,239,981</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
Revenues:				
Property taxes and assessments	\$ 13,951,625	\$ --	\$ 7,294,946	\$ --
Other city taxes	398,481	--	--	5,062,220
Licenses and permits	1,162,401	--	--	--
Use of money and property	75,775	596,596	--	61,726
Intergovernmental	758,465	--	--	--
Charges for services	3,457,347	--	--	--
Fines and forfeitures	266,322	--	--	--
Miscellaneous	118,327	1,200	--	465,739
Utility contribution in lieu of taxes	1,625,000	--	--	--
Total revenues	\$ 21,813,743	\$ 597,796	\$ 7,294,946	\$ 5,589,685
Expenditures:				
Current:				
Public safety	\$ 7,244,676	\$ --	\$ --	\$ --
Public works	1,392,460	--	--	6,319,005
Health and social services	14,750	153,009	--	--
Culture and recreation	6,050,329	--	--	--
Community and economic development	837,282	--	--	--
General government	4,775,981	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	\$ 20,315,478	\$ 153,009	\$ --	\$ 6,319,005
Excess (deficiency) of revenues over (under) expenditures	\$ 1,498,265	\$ 444,787	\$ 7,294,946	\$ (729,320)
Other financing sources (uses):				
Payments on refunding bonds	--	--	--	--
Issuance of debt from refunding bonds	--	--	--	--
Discount on long-term debt	--	--	--	--
Transfers:				
Transfers in	\$ 861,380	\$ --	\$ --	\$ 591,093
Transfers out	(1,534,818)	--	(7,312,144)	(103,708)
Total other financing sources (uses)	\$ (673,438)	\$ --	\$ (7,312,144)	\$ 487,385
Net change in fund balances	\$ 824,827	\$ 444,787	\$ (17,198)	\$ (241,935)
Fund balances, beginning	8,125,280	14,830,134	36,400	13,913,184
Increase (decrease) in reserve for inventories	(653)	--	--	--
Fund balances, ending	\$ 8,949,454	\$ 15,274,921	\$ 19,202	\$ 13,671,249

See notes to financial statements

Special Revenue		Capital Projects			Other Governmental Funds	Total Governmental Funds
Street Construction Fund	Debt Service Fund	FEMA Fund	Bond Fund			
\$ --	\$ 1,588,082	\$ --	\$ --	\$ 932,193	\$ 23,766,846	
--	8,174	--	--	287,045	5,755,920	
--	--	--	--	--	1,162,401	
--	--	274	7,613	533,418	1,275,402	
3,693,426	--	12,246,350	613,994	1,608,695	18,920,930	
--	--	--	--	49,992	3,507,339	
--	--	--	--	163,694	430,016	
27,600	--	2,300	65,024	372,075	1,052,265	
--	--	--	--	--	1,625,000	
<u>\$ 3,721,026</u>	<u>\$ 1,596,256</u>	<u>\$ 12,248,924</u>	<u>\$ 686,631</u>	<u>\$ 3,947,112</u>	<u>\$ 57,496,119</u>	
\$ --	\$ --	\$ --	\$ --	\$ 1,130,482	\$ 8,375,158	
2,911,112	--	--	--	187,759	10,810,336	
--	--	--	--	--	167,759	
--	--	--	--	359,720	6,410,049	
--	--	--	--	1,609,930	2,447,212	
--	--	--	--	--	4,775,981	
--	3,918,383	--	--	--	3,918,383	
--	--	4,335,209	4,071,672	2,983,779	11,390,660	
<u>\$ 2,911,112</u>	<u>\$ 3,918,383</u>	<u>\$ 4,335,209</u>	<u>\$ 4,071,672</u>	<u>\$ 6,271,670</u>	<u>\$ 48,295,538</u>	
\$ 809,914	\$ (2,322,127)	\$ 7,913,715	\$ (3,385,041)	\$ (2,324,558)	\$ 9,200,581	
--	(3,285,000)	--	--	--	(3,285,000)	
--	3,320,000	--	--	--	3,320,000	
--	(8,300)	--	--	--	(8,300)	
\$ 277,828	\$ 2,303,400	\$ --	\$ 2,703,904	\$ 4,537,614	\$ 11,275,219	
(564,000)	--	(9,352,298)	(761,391)	(92,204)	(19,720,563)	
<u>\$ (286,172)</u>	<u>\$ 2,330,100</u>	<u>\$ (9,352,298)</u>	<u>\$ 1,942,513</u>	<u>\$ 4,445,410</u>	<u>\$ (8,418,644)</u>	
\$ 523,742	\$ 7,973	\$ (1,438,583)	\$ (1,442,528)	\$ 2,120,852	\$ 781,937	
4,542,130	253,903	(2,840,288)	1,393,720	18,725,325	58,979,788	
55,541	--	--	--	166	55,054	
<u>\$ 5,121,413</u>	<u>\$ 261,876</u>	<u>\$ (4,278,871)</u>	<u>\$ (48,808)</u>	<u>\$ 20,846,343</u>	<u>\$ 59,816,779</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, 2012

Net change in fund balances - total governmental funds \$ 781,937

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

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

Net acquisition of capital assets	9,955,084	
Depreciation expense	<u>(6,502,393)</u>	
		3,452,691

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>(1,641,323)</u>	
		(1,641,323)

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	(3,320,000)	
Discount on general obligation bonds	33,674	
Premium on general obligation bonds	8,300	
Repaid	6,700,000	
Accrued interest	<u>17,331</u>	
		3,439,305

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	(65,178)	
Other postemployment benefits	23,574	
Change in inventory	<u>55,054</u>	
		13,450

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.

(315,932)

Change in net assets of governmental activities

\$ 5,730,128

See notes to financial statements

City of Cedar Falls, Iowa
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities - Enterprise Fund	
	Sewer Fund	Refuse Fund
ASSETS		
Current assets:		
Cash	\$ 4,596,287	\$ 2,170,345
Receivables, net of allowance for uncollectible amounts:		
Accrued interest	6,210	2,360
Other	658,520	314,408
Inventories	44,343	24,057
Total current assets	\$ 5,305,360	\$ 2,511,170
Noncurrent assets:		
Capital assets:		
Land	\$ 779,878	\$ 204,845
Buildings	11,595,276	12,278,174
Machinery and equipment	5,509,708	2,274,764
Infrastructure	29,218,264	--
Construction in progress	17,710,580	14,666
Accumulated depreciation	(15,765,800)	(1,551,819)
Total noncurrent assets	\$ 49,047,906	\$ 13,220,630
Total assets	\$ 54,353,266	\$ 15,731,800
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 753,290	\$ 60,853
Accrued liabilities	26,870	17,989
Bonds payable - due within one year	615,000	--
Compensated absences - due within one year	68,312	55,351
Total current liabilities	\$ 1,463,472	\$ 134,193
Noncurrent liabilities:		
Bonds payable- after one year	\$ 3,148,871	\$ --
Advance from other funds	8,200,000	--
Compensated absences - after one year	112,763	197,887
Total noncurrent liabilities	\$ 11,461,634	\$ 197,887
Total liabilities	\$ 12,925,106	\$ 332,080
NET ASSETS		
Invested in capital assets, net of related debt	\$ 45,284,038	\$ 13,220,630
Restricted for post closure costs	--	9,500
Unrestricted	(3,855,878)	2,169,590
Total net assets	\$ 41,428,160	\$ 15,399,720

See notes to financial statements

Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 1,606,104	\$ 8,372,736	\$ 13,336,442
1,860	10,430	16,006
31,456	1,004,384	243,850
--	68,400	236,772
<u>\$ 1,639,420</u>	<u>\$ 9,455,950</u>	<u>\$ 13,833,070</u>
\$ 627,858	\$ 1,612,581	\$ --
--	23,873,450	90,302
--	7,784,472	7,678,940
15,731,368	44,949,632	--
--	17,725,246	--
<u>(4,535,692)</u>	<u>(21,853,311)</u>	<u>(4,845,173)</u>
<u>\$ 11,823,534</u>	<u>\$ 74,092,070</u>	<u>\$ 2,924,069</u>
<u>\$ 13,462,954</u>	<u>\$ 83,548,020</u>	<u>\$ 16,757,139</u>
\$ 5,766	\$ 819,909	\$ 138,313
3,796	48,655	571,315
--	615,000	--
5,533	129,196	31,594
<u>\$ 15,095</u>	<u>\$ 1,612,760</u>	<u>\$ 741,222</u>
\$ --	\$ 3,148,871	\$ --
--	8,200,000	--
14,366	325,016	48,536
<u>\$ 14,366</u>	<u>\$ 11,673,887</u>	<u>\$ 48,536</u>
<u>\$ 29,461</u>	<u>\$ 13,286,647</u>	<u>\$ 789,758</u>
\$ 11,823,534	\$ 70,328,202	\$ 2,924,067
--	9,500	--
1,609,959	(76,329)	13,043,314
<u>\$ 13,433,493</u>	<u>\$ 70,261,373</u>	<u>\$ 15,967,381</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds	
	Sewer Fund	Refuse Fund
Operating revenues:		
Charges for services	\$ 4,297,563	\$ 2,413,388
Other	16,360	914,918
Total operating revenues	\$ 4,313,923	\$ 3,328,306
Operating expenses:		
Personal services	\$ 1,065,930	\$ 1,123,624
Contractual services	699,738	1,077,082
Supplies and equipment	137,131	85,929
Depreciation	953,941	202,233
Total operating expenses	\$ 2,856,740	\$ 2,488,868
Operating income	\$ 1,457,183	\$ 839,438
Nonoperating revenues (expenses):		
Interest revenue	\$ 19,936	\$ 9,516
Interest expense	(480,250)	--
Gain (loss) on disposal of equipment	--	(3,437)
Nonoperating revenues (expenses),net	\$ (460,314)	\$ 6,079
Income before contributions and transfers	\$ 996,869	\$ 845,517
Capital contributions	\$ 77,480	\$ --
Transfers in	5,346,138	5,086,583
Transfers out	(317,693)	(943,523)
Contributions and transfers, net	\$ 5,105,925	\$ 4,143,060
Change in net assets	\$ 6,102,794	\$ 4,988,577
Net assets, beginning	35,325,366	10,411,143
Net assets, ending	\$ 41,428,160	\$ 15,399,720

See notes to financial statements

Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
Storm Water Fund	Total	
\$ 815,613	\$ 7,526,564	\$ 6,036,101
11,373	942,651	621,581
<u>\$ 826,986</u>	<u>\$ 8,469,215</u>	<u>\$ 6,657,682</u>
\$ 214,533	\$ 2,404,087	\$ 1,084,285
91,873	1,868,693	3,981,264
28,787	251,847	1,075,700
387,798	1,543,972	433,547
<u>\$ 722,991</u>	<u>\$ 6,068,599</u>	<u>\$ 6,574,796</u>
<u>\$ 103,995</u>	<u>\$ 2,400,616</u>	<u>\$ 82,886</u>
\$ 6,685	\$ 36,137	\$ 65,914
--	(480,250)	--
--	(3,437)	9,078
<u>\$ 6,685</u>	<u>\$ (447,550)</u>	<u>\$ 74,992</u>
<u>\$ 110,680</u>	<u>\$ 1,953,066</u>	<u>\$ 157,878</u>
\$ 62,970	\$ 140,450	\$ --
--	10,432,721	--
(252,351)	(1,513,567)	(473,810)
<u>\$ (189,381)</u>	<u>\$ 9,059,604</u>	<u>\$ (473,810)</u>
\$ (78,701)	\$ 11,012,670	\$ (315,932)
13,512,194	59,248,703	16,283,313
<u><u>\$ 13,433,493</u></u>	<u><u>\$ 70,261,373</u></u>	<u><u>\$ 15,967,381</u></u>

City of Cedar Falls, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,336,384
Receipts from interfund services	--
Payments to suppliers	(266,198)
Payments to employees	(1,086,044)
Net cash provided by operating activities	<u>\$ 2,984,142</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 5,346,138
Transfers to other funds	(317,693)
Net cash provided by (used for) noncapital financing activities	<u>\$ 5,028,445</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net acquisition of property and equipment	\$ (14,740,645)
Capital contributions	77,480
Issuance of refunding debt	1,030,640
Advance from other funds	8,200,000
Discount on issuance of refunding debt	(2,050)
Principal paid on debt maturities	(1,405,000)
Payments on advance from other funds	(89,559)
Interest paid	(390,721)
Net cash (used for) capital and related financing activities	<u>\$ (7,319,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	\$ 23,199
Net increase (decrease) in cash	<u>\$ 715,931</u>
CASH BALANCES, Beginning	<u>3,880,356</u>
CASH BALANCES, Ending	<u><u>\$ 4,596,287</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,457,183
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	953,941
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	22,197
Inventories	(10,231)
Increase (decrease) in accounts payable, accrued and other liabilities	561,052
Net cash provided by operating activities	<u>\$ 2,984,142</u>

See notes to financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Refuse Fund	Storm Water Fund	Total	
\$ 3,354,537	\$ 829,917	\$ 8,520,838	\$ --
--	--	--	6,008,351
(1,223,375)	(120,897)	(1,610,470)	(4,872,611)
(1,131,325)	(220,541)	(2,437,910)	(1,096,485)
<u>\$ 999,837</u>	<u>\$ 488,479</u>	<u>\$ 4,472,458</u>	<u>\$ 39,255</u>
\$ 5,086,583	\$ --	\$ 10,432,721	\$ --
(943,523)	(252,351)	(1,513,567)	(473,810)
<u>\$ 4,143,060</u>	<u>\$ (252,351)</u>	<u>\$ 8,919,154</u>	<u>\$ (473,810)</u>
\$ (5,120,211)	\$ (62,970)	\$ (19,923,826)	\$ (297,356)
--	62,970	140,450	--
--	--	1,030,640	--
--	--	8,200,000	--
--	--	(2,050)	--
--	--	(1,405,000)	--
--	--	(89,559)	--
--	--	(390,721)	--
<u>\$ (5,120,211)</u>	<u>\$ --</u>	<u>\$ (12,440,066)</u>	<u>\$ (297,356)</u>
\$ 9,909	\$ 6,768	\$ 39,876	\$ 70,201
\$ 32,595	\$ 242,896	\$ 991,422	\$ (661,710)
2,137,750	1,363,208	7,381,314	13,998,152
<u>\$ 2,170,345</u>	<u>\$ 1,606,104</u>	<u>\$ 8,372,736</u>	<u>\$ 13,336,442</u>
\$ 839,438	\$ 103,995	\$ 2,400,616	\$ 82,886
202,233	387,798	1,543,972	433,547
30,344	2,930	55,471	(173,115)
(13,489)	--	(23,720)	(84,146)
(58,689)	(6,244)	496,119	(219,917)
<u>\$ 999,837</u>	<u>\$ 488,479</u>	<u>\$ 4,472,458</u>	<u>\$ 39,255</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, storm water 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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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, 2012, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2011 and March 31, 2012. 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 2011-2012 tax levy remitted to the City within sixty days subsequent to June 30, 2012, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2012, 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	5 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, 2012.

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*

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts not included in other spendable classifications reported.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

As of June 30, 2012, fund balances are composed of the following:

<u>Fund Balance Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Nonspendable	Inventory	General	\$ 180,689
		Street Construction	236,157
		Nonmajor Governmental Funds	20,755
			<u>\$ 437,601</u>
Restricted	TIF Debt	TIF	\$ 19,202
	Street Repair	Street Repair	13,671,249
	Road Use Tax	Street Construction	4,885,256
	Debt Service	Debt Service	261,876
	Community Block Grant	Nonmajor Governmental Funds	96,193
	Housing Assistance	Nonmajor Governmental Funds	718,823
	Employee Retirement Systems	Nonmajor Governmental Funds	5,457,572
	Visitors & Tourism	Nonmajor Governmental Funds	436,292
	Cemetery Perpetual Care	Nonmajor Governmental Funds	345,734
		<u>\$ 25,892,197</u>	
Committed	Health Services	Hospital	\$ 15,274,921
	Parking	Nonmajor Governmental Funds	870,613
			<u>\$ 16,145,534</u>
Assigned	Cultural Services	General	\$ 140,904
	Recreational Services	General	1,582,044
	Capital Projects	Nonmajor Governmental Funds	12,916,571
		<u>\$ 14,639,519</u>	

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

the County Auditor by the 15th of March preceding the beginning of the fiscal year. This budget becomes the appropriation for operations of the City.

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

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

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

The Council adopts the amended budget by resolution and certifies it to the County Auditor by May 31 of the budget year. The amended budget becomes the appropriation for operations of the City. The City Council adopted two budget amendment resolutions during the year ended June 30, 2012.

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 \$4,278,871. The deficit fund balance is expected to be recovered through future federal and state reimbursements. The bond fund, a major capital projects fund, has a deficit fund balance of \$48,808. The deficit fund balance is expected to be recovered through future bond sales. The Sidewalk Assessment fund, a non major capital projects fund, has a deficit fund balance of \$16,210. The deficit fund balance is expected to be recovered through future property tax special assessments.

Note 3. Detailed Notes On All Funds

A. Deposits and Investments

The City's deposits in banks and credit unions at June 30, 2012 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, 2012, consist of the following:

Cash – unrestricted	\$ <u>72,437,159</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	\$ 72,437,159
Cash – Governmental Activities	\$ 64,064,423
Cash – Business-type Activities	8,372,736
Total	\$ <u>72,437,159</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, 2011, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 23,633,410	\$ 9,431,313	\$ 2,931,894	\$ 3,755,435
Cash – restricted	<u>3,435,120</u>	<u>149,458</u>	<u>61,546</u>	<u>993,083</u>
	<u>\$ 27,068,530</u>	<u>\$ 9,580,771</u>	<u>\$ 2,993,440</u>	<u>\$ 4,748,518</u>

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	\$ 27,068,530	\$ 9,580,771	\$ 2,993,440	\$ 4,748,518
Carrying amount of certificates	12,070,430	--	--	1,314,000
Carrying amount of investments	5,958,990	--	--	360,000
Total	<u>\$ 45,097,950</u>	<u>\$ 9,580,771</u>	<u>\$ 2,993,440</u>	<u>\$ 6,422,518</u>
Cash	\$ 23,633,410	\$ 9,431,313	\$ 2,931,894	\$ 3,755,435
Cash - Restricted	3,435,120	149,458	61,546	993,083
Investments:				
Certificates of deposit	5,258,680	--	--	-
Certificates of deposit - restricted	6,811,750	--	--	1,314,000
U.S. government and agency securities - restricted	5,958,990	--	--	360,000
Total	<u>\$ 45,097,950</u>	<u>\$ 9,580,771</u>	<u>\$ 2,993,440</u>	<u>\$ 6,422,518</u>

B. Receivable

On June 30, 2012, the City has recorded a \$3,638,018 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, 2012 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,085,997	\$ 3,617,872	\$ --	\$ 28,703,869
Construction in progress	10,570,167	4,193,680	2,499,819	12,264,028
Total capital assets, not being depreciated	<u>\$ 35,656,164</u>	<u>\$ 7,811,552</u>	<u>\$ 2,499,819</u>	<u>\$ 40,967,897</u>
Capital assets, being depreciated:				
Buildings	\$ 27,419,613	\$ 382,624	\$ --	\$ 27,802,237
Land improvements	12,874,263	242,058	--	13,116,321
Machinery and equipment	15,896,880	1,069,671	167,319	16,799,232
Infrastructure	151,662,716	3,270,026	--	154,932,742
Total capital assets, being depreciated	<u>\$ 207,853,472</u>	<u>\$ 4,964,379</u>	<u>\$ 167,319</u>	<u>\$ 212,650,532</u>
Less accumulated depreciation for:				
Buildings	\$ 8,052,441	\$ 672,558	\$ --	\$ 8,724,999
Land improvements	3,954,529	495,650	--	4,450,179
Machinery and equipment	9,092,639	904,508	152,730	9,844,417
Infrastructure	63,161,188	4,863,224	--	68,024,412
Total accumulated depreciation	<u>\$ 84,260,797</u>	<u>\$ 6,935,940</u>	<u>\$ 152,730</u>	<u>\$ 91,044,007</u>
Total capital assets, being depreciated, net	<u>\$ 123,592,675</u>	<u>\$ (1,971,561)</u>	<u>\$ 14,589</u>	<u>\$ 121,606,525</u>
Governmental activities capital asset, net	<u>\$ 159,248,839</u>	<u>\$ 5,839,991</u>	<u>\$ 2,514,408</u>	<u>\$ 162,574,422</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,612,581	\$ --	\$ --	\$ 1,612,581
Construction in progress	9,657,358	19,226,544	11,158,656	17,725,246
Total capital assets, not being depreciated	<u>\$ 11,269,939</u>	<u>\$ 19,226,544</u>	<u>\$ 11,158,656</u>	<u>\$ 19,337,827</u>
Capital assets, being depreciated:				
Buildings	\$ 12,714,794	\$ 11,158,656	\$ --	\$ 23,873,450
Machinery and equipment	7,488,086	306,025	9,639	7,784,472
Infrastructure	44,558,376	391,256	--	44,949,632
Total capital assets, being depreciated	<u>\$ 64,761,256</u>	<u>\$ 11,855,937</u>	<u>\$ 9,639</u>	<u>\$ 76,607,554</u>
Less accumulated depreciation for:				
Buildings	\$ 5,159,847	\$ 291,933	\$ --	\$ 5,451,780
Machinery and equipment	2,024,398	308,347	6,202	2,326,543
Infrastructure	13,131,296	943,692	--	14,074,988
Total accumulated depreciation	<u>\$ 20,315,541</u>	<u>\$ 1,543,972</u>	<u>\$ 6,202</u>	<u>\$ 21,853,311</u>
Total capital assets, being depreciated, net	<u>\$ 44,445,715</u>	<u>\$ 10,311,965</u>	<u>\$ 3,437</u>	<u>\$ 54,754,243</u>
Business-type activities capital assets, net	<u>\$ 55,715,654</u>	<u>\$ 29,538,509</u>	<u>\$ 11,162,093</u>	<u>\$ 74,092,070</u>

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

Governmental activities:

Public safety	\$ 107,194
Public works	4,934,536
Health and social services	148,578
Culture and recreation	1,076,449
Community and economic development	77,357
General government	158,279
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	433,547
Total depreciation expense - governmental activities	<u>\$ 6,935,940</u>

Business-type activities

Sewer	\$ 953,941
Refuse	202,233
Storm Water	387,798
Total depreciation expense - business-type activities	<u>\$ 1,543,972</u>

Construction Commitments

The City has active construction projects as of June 30, 2012. 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>
Asphalt Crushing	\$ 50,220	\$ 38,227	\$ 11,993
Bluff St. Liftstation	7,229,500	4,631,111	2,598,389
Bridge Inspections	51,352	47,261	4,091
Disinfection	21,188,172	12,213,249	8,974,923
Downtown Levee Improvements	256,000	108,493	147,507
Dry Run Creek Watershed	84,089	--	84,089
E. Seerly Bridge	103,959	58,363	45,596
Floodplain Mapping	32,500	31,412	1,088
Greenhill Road Extension	388,800	364,655	24,145
Ice House Museum Roof	60,398	43,590	16,808
Northern Industrial Park	6,438,558	6,163,135	275,423
Park Dr. Lift Station	18,500	15,446	3,054
Public Works Complex	10,109,969	10,069,087	40,882
Ridgeway Ave. Reconstruction	3,268,793	3,211,126	57,667
Safe Routes to School	56,433	--	56,433
Sewer Rehab	311,973	220,395	91,578
Street Reconstruction	2,836,744	877,900	1,958,844
Street Restoration	2,854,911	1,387,072	1,467,839
Traffic Study	27,500	18,526	8,974
West Viking Road	3,953,190	3,943,432	9,758
	<u>\$ 59,321,561</u>	<u>\$ 43,442,480</u>	<u>\$ 15,879,081</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,071,983	\$ 254,872	--	\$ 1,326,855
Construction in progress	2,144,187	14,638,387	6,995,394	9,787,180
Total capital assets, not being depreciated	<u>\$ 3,216,170</u>	<u>\$ 14,893,259</u>	<u>\$ 6,995,394</u>	<u>\$ 11,114,035</u>
Capital assets, being depreciated:				
Buildings	\$ 22,868,106	\$ 1,961,526	\$ 8,209	\$ 24,821,423
Land improvements	4,683	--	--	4,683
Machinery and equipment	20,129,767	1,291,457	389,674	21,031,550
Infrastructure	137,741,044	4,354,272	803,356	141,291,960
Total capital assets, being depreciated	<u>\$ 180,743,600</u>	<u>\$ 7,607,255</u>	<u>\$ 1,201,239</u>	<u>\$ 187,149,616</u>
Less accumulated depreciation for:				
Buildings	\$ 9,232,131	\$ 620,508	\$ 8,209	\$ 9,844,430
Land improvements	4,529	21	--	4,550
Machinery and equipment	9,891,581	1,840,398	389,559	11,342,420
Infrastructure	53,845,574	2,251,222	870,425	55,226,371
	<u>\$ 72,973,815</u>	<u>\$ 4,712,149</u>	<u>\$ 1,268,193</u>	<u>\$ 76,417,771</u>
Total capital assets, being depreciated, net	<u>\$ 107,769,785</u>	<u>\$ 2,895,106</u>	<u>\$ (66,954) *</u>	<u>\$ 110,731,845</u>
Electric Utility capital assets, net	<u>\$ 110,985,955</u>	<u>\$ 17,788,365</u>	<u>\$ 6,928,440</u>	<u>\$ 121,845,880</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Gas Utility for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 41,350	\$ --	\$ 1,515	\$ 39,835
Construction in progress	162,863	964,192	729,858	397,197
Total capital assets, not being depreciated	<u>\$ 204,213</u>	<u>\$ 964,192</u>	<u>\$ 731,373</u>	<u>\$ 437,032</u>
Capital assets, being depreciated:				
Buildings	\$ 1,968,345	\$ --	\$ --	\$ 1,968,345
Machinery and equipment	692,226	41,499	--	733,725
Infrastructure	17,483,213	688,358	136,881	18,034,690
Total capital assets, being depreciated	<u>\$ 20,143,784</u>	<u>\$ 729,857</u>	<u>\$ 136,881</u>	<u>\$ 20,736,760</u>
Less accumulated depreciation				
Buildings	\$ 269,924	\$ 47,683	\$ --	\$ 317,608
Machinery and equipment	288,407	38,573	--	326,980
Infrastructure	8,162,652	652,696	159,819	8,655,529
	<u>\$ 8,720,983</u>	<u>\$ 738,952</u>	<u>\$ 159,819</u>	<u>\$ 9,300,117</u>
Total capital assets, being depreciated, net	<u>\$ 11,422,801</u>	<u>\$ (9,095)</u>	<u>\$ (22,938) *</u>	<u>\$ 11,436,643</u>
Gas Utility capital assets, net	<u>\$ 11,627,014</u>	<u>\$ 955,097</u>	<u>\$ 708,435</u>	<u>\$ 11,873,675</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Water Utility for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,466	\$ --	\$ --	\$ 63,466
Construction in progress	887,821	1,405,609	2,100,288	193,142
Total capital assets, not being depreciated	<u>\$ 951,287</u>	<u>\$ 1,405,609</u>	<u>\$ 2,100,288</u>	<u>\$ 256,608</u>
Capital assets, being depreciated:				
Buildings	\$ 807,702	\$ --	\$ --	\$ 807,702
Machinery and equipment	430,338	--	--	430,338
Infrastructure	25,008,824	2,100,288	66,334	27,042,778
Total capital assets, being depreciated	<u>\$ 26,246,864</u>	<u>\$ 2,100,288</u>	<u>\$ 66,334</u>	<u>\$ 28,280,818</u>
Less accumulated depreciation				
Buildings	\$ 110,183	\$ 18,501	\$ --	\$ 128,684
Machinery and equipment	215,154	21,342	--	236,496
Infrastructure	7,728,103	533,199	82,074	8,179,228
Total accumulated depreciation	<u>\$ 8,053,440</u>	<u>\$ 573,042</u>	<u>\$ 82,074</u>	<u>\$ 8,544,408</u>
Total capital assets, being depreciated, net	<u>\$ 18,193,424</u>	<u>\$ 1,527,246</u>	<u>\$ (15,740) *</u>	<u>\$ 19,736,410</u>
Water Utility capital assets, net	<u>\$ 19,144,711</u>	<u>\$ 2,932,855</u>	<u>\$ 2,084,548</u>	<u>\$ 19,993,018</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Communications Utility for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 3,178,607	\$ 10,533,863	\$ 12,438,760	\$ 1,273,710
Total capital assets, not being depreciated	<u>\$ 3,178,607</u>	<u>\$ 10,533,863</u>	<u>\$ 12,438,760</u>	<u>\$ 1,273,710</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 385,777	\$ --	\$ --	\$ 385,777
Infrastructure	21,891,049	12,337,641	2,144,185	32,084,505
Total capital assets, being depreciated	<u>\$ 22,276,826</u>	<u>\$ 12,337,641</u>	<u>\$ 2,144,185</u>	<u>\$ 32,470,282</u>
Less accumulated depreciation				
Machinery and equipment	\$ 238,590	\$ 21,333	\$ --	\$ 259,923
Infrastructure	9,988,033	1,606,163	2,199,464	9,394,732
Total accumulated depreciation	<u>\$ 10,226,623</u>	<u>\$ 1,627,496</u>	<u>\$ 2,199,464</u>	<u>\$ 9,654,655</u>
Total capital assets, being depreciated, net	<u>\$ 12,050,203</u>	<u>\$ 10,710,145</u>	<u>\$ (55,279) *</u>	<u>\$ 22,815,627</u>
Communications Utility capital assets, net	<u>\$ 15,228,810</u>	<u>\$ 21,244,008</u>	<u>\$ 12,383,481</u>	<u>\$ 24,089,337</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

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, 2012, is recorded as a receivable and deferred revenue in the Hospital Fund in the amount of \$509,954.

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
2013	\$ 31,796	\$ 143,100
2014	31,796	131,175
2015	31,796	--
2016	31,796	--
2017	31,796	--
2018-2021	127,181	--
Total	<u>\$ 286,161</u>	<u>\$ 274,275</u>

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

	<u>Governmental Activities</u>	
	<u>Hospital</u>	<u>Building</u>
Land	\$ 151,494	\$ --
Building	5,873,537	2,153,925
Less:		
Accumulated depreciation	<u>(2,063,927)</u>	<u>(839,133)</u>
Total	<u>\$ 3,961,104</u>	<u>\$ 1,314,792</u>

E. Long-term Debt

General Obligation Bonds

Unmatured general obligation bonds totaling \$2,737,652, net of unamortized discount of \$17,348, are outstanding as of June 30, 2012. These bonds bear interest with rates ranging from 2.30% to 3.70%; mature in varying annual amounts through June 30, 2018; and were originally issued for \$4,310,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2013	\$ 420,000	\$ 93,993
2014	435,000	80,972
2015	450,000	66,835
2016	465,000	51,760
2017	485,000	35,718
2018	500,000	18,500
Total	<u>\$ 2,755,000</u>	<u>\$ 347,778</u>

Tax Increment Financing Bonds

Unmatured tax increment financing bonds totaling \$1,176,781 net of unamortized deferred amount on refunding of \$51,781, are outstanding as of June 30, 2012. 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
2013	\$ 550,000	\$ 33,750
2014	575,000	17,250
Total	<u>\$ 1,125,000</u>	<u>\$ 51,000</u>

State Revolving Loan

In July 2011, the City entered into a loan and disbursement agreement with the Iowa Finance Authority for the issuance of \$21 million in sewer revenue capital loan notes under the State Revolving Fund Program. These notes will finance the major renovation project at the City's water treatment facility related to disinfection compliance. As of June 30, 2012, only \$210,640 has been issued relating to the loan's administrative fees.

Capital Loan Notes

Unmatured capital loan notes totaling \$10,984,298, net of unamortized discount and unamortized deferred amount on refunding of \$45,702 are outstanding as of June 30, 2012. These notes bear interest at rates of .40% to 3.80%; mature in varying annual amounts through June 30, 2024; and were originally issued for \$14,670,000. Annual debt service requirements to maturing for capital loan notes are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 2,135,000	\$ 237,259	\$ 195,000	\$ 5,084
2014	2,200,000	198,958	200,000	4,290
2015	1,040,000	156,875	215,000	3,290
2016	1,070,000	134,515	210,000	1,785
2017	1,145,000	109,555	--	--
2018-2022	2,255,000	214,905	--	--
2023-2024	365,000	20,810	--	--
Total	<u>\$ 10,210,000</u>	<u>\$ 1,072,877</u>	<u>\$ 820,000</u>	<u>\$ 14,449</u>

Current Refunding

The government issued \$4,140,000 of capital loan notes for a current refunding of \$4,100,000 of general obligation bonds. The refunding was undertaken to reduce total future debt service payments. The transaction also resulted in an economic gain of \$304,562 and a reduction of \$309,147 in future debt service payments.

Legal Debt Margin

As of June 30, 2012, 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>\$ 2,500,338,021</u>
Debt limit - 5% of total actual valuation	\$ 125,016,901
Debt applicable to debt limit:	
General obligation bonds, tax increment financing bonds, and capital loan notes	14,910,000
General obligation bonds - component unit	<u>1,750,000</u>
Legal debt margin	<u>\$ 108,356,901</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, 2012, the City had no arbitrage liability.

Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2012, 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>
Governmental Activities:						
General obligation bonds:						
Corporate purpose	2006	\$ 4,340,000	\$ --	\$ 4,340,000	\$ --	\$ --
Less unamortized discount		8,164	--	8,164	--	--
Less unamortized deferred amount on refunding		29,253	--	29,253	--	--
		<u>\$ 4,302,583</u>	<u>\$ --</u>	<u>\$ 4,302,583</u>	<u>\$ --</u>	<u>\$ --</u>
Tax increment financing bonds:						
Tax increment financing	2010	\$ 2,015,000	\$ --	\$ 890,000	\$ 1,125,000	\$ 550,000
Less unamortized deferred amount on refunding		(80,682)	--	(28,901)	(51,781)	--
		<u>\$ 2,095,682</u>	<u>\$ --</u>	<u>\$ 918,901</u>	<u>\$ 1,176,781</u>	<u>\$ 550,000</u>
Capital Loan Notes:						
Corporate Purpose	2008	\$ 3,565,000	\$ --	\$ 520,000	\$ 3,045,000	\$ 665,000
Corporate Purpose	2009	3,275,000	--	170,000	3,105,000	205,000
Refunding	2010	1,520,000	--	780,000	740,000	365,000
Refunding	2012	--	3,320,000	--	3,320,000	900,000
		<u>\$ 8,360,000</u>	<u>\$ 3,320,000</u>	<u>\$ 1,470,000</u>	<u>\$ 10,210,000</u>	<u>\$ 2,135,000</u>
Less unamortized discount		39,252	--	4,043	35,209	--
Less unamortized deferred amount on refunding		(48,461)	35,677	(18,856)	6,072	--
		<u>\$ 8,369,209</u>	<u>\$ 3,284,323</u>	<u>\$ 1,484,813</u>	<u>\$ 10,168,719</u>	<u>\$ 2,135,000</u>
Governmental activity total long-term debt		<u>\$ 14,767,474</u>	<u>\$ 3,284,323</u>	<u>\$ 6,706,297</u>	<u>\$ 11,345,500</u>	<u>\$ 2,685,000</u>

	Date of Issue	Balance Beginning of Year	Issued/ Incurred During Year	Redeemed/ Paid During Year	Balance End of Year	Amount Due Within One Year
Business-type activities						
General obligation bonds:						
Sewer	2006	\$ 1,000,000	\$ --	\$ 1,000,000	\$ --	\$ --
Sewer	2008	3,160,000	--	405,000	2,755,000	420,000
		\$ 4,160,000	\$ --	\$ 1,405,000	\$ 2,755,000	\$ 420,000
Less unamortized discount		23,371	--	6,023	17,348	--
		\$ 4,136,629	\$ --	\$ 1,398,977	\$ 2,737,652	\$ 420,000
Capital Loan Notes:						
Sewer Refunding	2012	\$ --	\$ 820,000	\$ --	\$ 820,000	\$ 195,000
Less unamortized deferred amount on refunding		--	4,515	94	4,421	--
		\$ --	\$ 815,485	\$ (94)	\$ 815,579	\$ 195,000
State Revolving Loan		\$ --	\$ 210,640	\$ --	\$ 210,640	\$ --
Business-type activity total long-term debt		\$ 4,136,629	\$ 1,026,125	\$ 1,398,883	\$ 3,763,871	\$ 615,000

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 3.50% and 4.375%. 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
2012	\$ 1,720,000	\$ 1,569,544
2013	2,690,000	1,503,943
2014	2,805,000	1,402,544
2015	2,320,000	1,290,343
2016	2,420,000	1,197,544
2017-2021	13,760,000	4,439,563
2022-2026	12,565,000	1,400,276
	\$ 38,280,000	\$ 12,803,757

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.

Capital Loan Notes – Electric Utility

The 2010A and 2010B revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates are in a range between 2.50% and 3.80%. The capital loan notes are secured by the future net revenues of the Utility.

Year Ending	Component Unit - Capital Loan Notes	
	Principal	Interest
2012	\$ 445,000	\$ 576,168
2013	455,000	563,068
2014	460,000	549,668
2015	1,070,000	536,118
2016	1,100,000	507,267
2017-2021	5,965,000	2,054,477
2022-2026	4,350,000	1,038,612
2027-2030	2,565,000	306,012
	<u>\$ 16,410,000</u>	<u>\$ 6,131,390</u>

Debt Summary – Electric Utility

Long-term debt activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2003	\$ 1,710,000	\$ --	\$ 280,000	\$ 1,430,000	\$ 295,000
Series 2005	21,910,000	--	670,000	21,240,000	690,000
Series 2007	16,310,000	--	700,000	15,610,000	735,000
Capital Loan Notes:					
Series 2010A	10,000,000	--	410,000	9,590,000	395,000
Series 2010B	6,870,000	--	50,000	6,820,000	50,000
Total bonds	<u>56,800,000</u>	<u>--</u>	<u>2,110,000</u>	<u>54,690,000</u>	<u>2,165,000</u>
Less: Unamortized					
discount	877,992	--	31,241	846,751	--
Add: Unamortized					
premium	388,217	--	13,631	374,586	--
Total long-term debt	<u>\$ 56,310,225</u>	<u>\$ --</u>	<u>\$ 2,092,390</u>	<u>\$ 54,217,835</u>	<u>\$ 2,165,000</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 1.30% and 3.80%. The total debt service obligations over the remaining term of the notes are as follows:

Year Ending	Component Unit - G.O. Capital Loan Notes	
	Principal	Interest
2012	\$ 155,000	\$ 49,893
2013	155,000	47,878
2014	165,000	45,242
2015	105,000	41,860
2016	110,000	39,340
2017-2021	625,000	144,865
2022-2024	435,000	32,870
	<u>\$ 1,750,000</u>	<u>\$ 401,948</u>

Revenue Capital Loan Notes – Communications Utility

The Series 2009 and 2010 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:

Year Ending	Component Unit - Revenue Capital Loan Notes	
	Principal	Interest
2012	\$ 1,400,000	\$ 476,310
2013	1,440,000	434,310
2014	1,475,000	391,110
2015	1,525,000	346,860
2016	1,570,000	301,110
2017-2021	7,115,000	735,005
2022-2024	675,000	58,578
	<u>\$ 15,200,000</u>	<u>\$ 2,743,283</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, 2011 outstanding balance on this loan was \$923,090, 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, 2011 outstanding balance on this loan was \$0, bearing interest at 2.0%.

Debt Summary – Communications Utility

Long-term debt activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capital loan notes					
Series 2009	\$ 1,895,000	\$ --	\$ 145,000	\$ 1,750,000	\$ 155,000
Revenue capital loan notes					
Series 2009	3,315,000	--	325,000	2,990,000	335,000
Revenue capital loan notes					
Series 2010	13,130,000	--	920,000	12,210,000	1,065,000
	<u>\$ 18,340,000</u>	<u>\$ --</u>	<u>\$ 1,390,000</u>	<u>\$ 16,950,000</u>	<u>\$ 1,555,000</u>
Less: unamortized discount on debt	157,451	--	12,442	145,009	--
Add: unamortized premium on debt	532,899	--	38,518	494,381	--
	<u>\$ 18,715,448</u>	<u>\$ --</u>	<u>\$ 1,416,076</u>	<u>\$ 17,299,372</u>	<u>\$ 1,555,000</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, 2012, 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>\$ 2,614,438</u>	<u>\$ 405,099</u>	<u>\$ 333,985</u>	<u>\$ 2,685,552</u>	<u>\$ 801,370</u>
Business-type activities	<u>\$ 426,932</u>	<u>\$ 33,766</u>	<u>\$ 6,486</u>	<u>\$ 454,212</u>	<u>\$ 129,196</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 twenty retirees participating in the plan as of June 30th. Retirees pay the same premium for the health benefit plan as active employees, which results in an implicit subsidy and an OPEB liability. The Plan does not issue a stand-alone financial report.

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, 2012, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 47,124
Interest on net OPEB obligation	14,945
Adjustment to annual required contribution	<u>(13,239)</u>
Annual OPEB Cost	48,830
Net contributions - retirees	<u>(72,404)</u>
Decrease in net OPEB obligation	(23,574)
Net OPEB obligation beginning of year	<u>298,903</u>
Net OPEB obligation end of year	\$275,329

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. 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, 2012.

For the year ended June 30, 2012, the City paid \$200,420 for retiree health claims. Plan members eligible for benefits contributed \$128,016 or 100% of the premium costs. The net resulted in a \$72,404 contribution for 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, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2012	\$ 48,830	148.3%	\$275,329
June 30, 2011	\$ 52,149	4.6%	\$298,903
June 30, 2010	\$ 52,149	(77.9%)	\$249,169

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$525,162, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$525,162. The covered payroll (annual payroll of active employees covered by the plan) was \$11,164,227 and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2012, 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 Financial 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, 2011 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 9%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for purposes of this computation.

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 \$675.42 per month for retirees less than age 65 and \$443.17 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3% 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, 2012, were stated in the fund financial statements as follows:

Fund	Total	
	Interfund Receivables	Interfund Payables
FEMA Fund	\$ --	\$ 4,221,119
Nonmajor Governmental Funds	4,237,329	16,210
Total	<u>\$ 4,237,329</u>	<u>\$ 4,237,329</u>

The balances are due to the elimination of reporting negative cash.

Fund	Total	
	Advance to Other Funds	Advance from Other Funds
Hospital Fund	\$ 3,900,000	\$ --
Nonmajor Governmental Funds	4,300,000	--
Sewer Fund	--	8,200,000
Total	<u>\$ 8,200,000</u>	<u>\$ 8,200,000</u>

The amount payable from the Sewer Fund to the Hospital Fund and the Capital Improvements Fund relates to internal financing for the large disinfection project at the City's water treatment facility.

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	TIF Fund	\$ 17,093
	Street Construction Fund	136,980
	Nonmajor Governmental Funds	82,204
	Sewer Fund	101,650
	Refuse Fund	134,410
	Internal Service Funds	389,043
		<u>\$ 861,380</u>
Street Repair Fund	TIF Fund	\$ 141,010
	Street Construction Fund	293,120
	Bond Fund	116,457
	Sewer Fund	40,506
		<u>\$ 591,093</u>
Street Construction Fund	Storm Water Fund	\$ 205,684
	Internal Service Funds	72,144
		<u>\$ 277,828</u>
Debt Service Fund	General Fund	\$ 1,350,000
	TIF Fund	950,450
	Sewer Fund	2,950
		<u>\$ 2,303,400</u>
Bond Fund	TIF Fund	\$ 2,514,842
	Street Repair Fund	103,708
	Sewer Fund	38,687
	Storm Water Fund	46,667
		<u>\$ 2,703,904</u>
Non-major Governmental Funds	General Fund	\$ 184,818
	TIF Fund	2,888,749
	Bond Fund	644,934
	Nonmajor Governmental Funds	10,000
	Refuse Fund	809,113
		<u>\$ 4,537,614</u>
Sewer Fund	TIF Fund	\$ 800,000
	FEMA Fund	4,546,138
		<u>\$ 5,346,138</u>
Refuse Fund	Street Construction Fund	\$ 133,900
	FEMA Fund	4,806,160
	Sewer Fund	133,900
	Internal Service Funds	12,623
		<u>\$ 5,086,583</u>
	Total	<u>\$ 21,707,940</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.

Further, during the year ended June 30, 2012, the City made the following one-time transfers:

- 1) A transfer of \$4,806,160 from the FEMA fund to the Refuse fund for the new Public Works Complex capital asset.
- 2) A transfer of \$4,546,138 from the FEMA fund to the Sewer fund for the Bluff St. lift station capital asset.

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 5.38% of their annual covered salary and the City is required to contribute 8.07% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$771,437, \$619,003 and \$581,707 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 24.76% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2012, 2011, and 2010 were \$1,080,516, \$798,970 and \$666,649 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, 2012, were as follows:

	Due from
Component Unit:	<u> </u>
Electric utility	\$ 825,000
	<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, 2011.

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, 2010, 2011 and 2012 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 \$3,149,211 for 2012. 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, 2012, 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, 2010	\$ 336,186	\$ 183,482	\$ --	\$ --	\$ 519,668
Claims and changes in estimates during fiscal year 2011	2,767,321	323,132	--	--	3,090,453
Claim payments	(2,698,509)	(204,733)	--	--	(2,903,242)
Claim liabilities					
June 30, 2011	\$ 404,998	\$ 301,881	\$ --	\$ --	\$ 706,879
Claims and changes in estimates during fiscal year 2012	2,596,371	84,775	--	--	2,681,146
Claim payments	(2,609,886)	(220,871)	--	--	(2,830,757)
Claim liabilities					
June 30, 2012	\$ 391,483	\$ 165,785	\$ --	\$ --	\$ 557,268

E. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2012, 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 eight statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; issued December 2010, will be effective for

the fiscal year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the fiscal year ending June 30, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections – 2012*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. This statement is an amendment of GASB Statement No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity.

Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

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

City of Cedar Falls, Iowa
Budgetary Comparison Schedule - Function Budget
For the Year Ended June 30, 2012

	Budgeted Amounts	
	Original	Final
Revenues:		
Property taxes and assessments	\$ 23,931,937	\$ 23,931,937
Other City taxes	4,982,508	4,982,508
Licenses and permits	951,200	985,800
Use of money and property	1,358,800	1,358,800
Intergovernmental	20,565,605	39,331,599
Charges for services	10,514,600	10,766,561
Miscellaneous	8,268,870	12,296,780
	<u>\$ 70,573,520</u>	<u>\$ 93,653,985</u>
Expenditures:		
Current:		
Public safety	\$ 8,770,700	\$ 9,054,224
Public works	13,329,940	13,404,725
Health and social services	560,520	4,560,520
Culture and recreation	6,716,210	7,063,001
Community and economic development	2,820,830	2,916,565
General government	4,804,220	4,864,220
Debt service	4,089,710	8,089,710
Capital projects	13,593,250	35,561,250
Business-type	22,882,820	23,208,370
	<u>\$ 77,568,200</u>	<u>\$ 108,722,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,994,680)</u>	<u>\$ (15,068,600)</u>
Other financing sources (uses):		
Proceeds from long-term debt	\$ 12,336,700	\$ 14,336,700
Transfers in	13,576,790	13,576,790
Transfers out	(13,576,790)	(13,576,790)
	<u>\$ 12,336,700</u>	<u>\$ 14,336,700</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ 5,342,020</u>	<u>\$ (731,900)</u>
Fund balances, beginning	61,800,153	61,800,153
Fund balances, ending	<u>\$ 67,142,173</u>	<u>\$ 61,068,253</u>

See notes to the required supplementary information.

<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ 23,812,059	\$ (119,878)
5,710,503	727,995
1,163,248	177,448
1,351,304	(7,496)
21,042,904	(18,288,695)
11,105,192	338,631
2,346,165	(9,950,615)
<u>\$ 66,531,375</u>	<u>\$ (27,122,610)</u>
\$ 8,608,366	\$ 445,858
10,807,791	2,596,934
167,759	4,392,761
6,536,557	526,444
2,474,007	442,558
4,501,496	362,724
8,018,382	71,328
20,248,466	15,312,784
15,648,042	7,560,328
<u>\$ 77,010,866</u>	<u>\$ 31,711,719</u>
<u>\$ (10,479,491)</u>	<u>\$ 4,589,109</u>
\$ 4,129,650	\$ (10,207,050)
21,962,911	8,386,121
(21,962,911)	(8,386,121)
<u>\$ 4,129,650</u>	<u>\$ (10,207,050)</u>
\$ (6,349,841)	\$ (5,617,941)
63,902,788	2,102,635
<u>\$ 57,552,947</u>	<u>\$ (3,515,306)</u>

City of Cedar Falls, Iowa

**Notes to Required Supplementary Information – Budgetary Reporting
For the Year ended June 30, 2012**

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, two budget amendments increased budgeted disbursements by \$31,154,385. 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>Function Budget</u>
Sources	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 66,531,375
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	(566,041)
Total revenues for the function budget on a GAAP basis of accounting	<u>\$ 65,965,334</u>
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	(1,596,256)
FEMA Fund	(12,248,924)
Bond capital projects Fund	(686,631)
Nonmajor governmental GAAP funds	(3,947,112)
Business-type enterprise funds	(8,469,215)
Total revenues for general fund and major special revenue funds	<u>\$ 39,017,196</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 21,813,743
Hospital Fund	597,796
TIF Fund	7,294,946
Street Repair Fund	5,589,685
Street Construction Fund	3,721,026
Total revenues for general fund and major special revenue funds	<u>\$ 39,017,196</u>

	<u>Function Budget</u>
Uses	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 77,010,866
Adjustments	
The City budgets for expenditures on the cash basis, rather than on the modified accrual or accrual basis on all items except payments to suppliers	
The city does not budget for depreciation	(22,646,729)
Total uses for the function budget on a GAAP basis of accounting	<u>\$ 54,364,137</u>
Reclassifications:	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(3,918,383)
FEMA Fund	(4,335,209)
Bond capital projects Fund	(4,071,672)
Nonmajor governmental GAAP funds	(6,271,670)
Business-type enterprise funds	(6,068,599)
Total expenditures for general fund and major special revenue funds	<u><u>\$ 29,698,604</u></u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 20,315,478
Hospital Fund	153,009
TIF Fund	--
Street Repair Fund	6,319,005
Street Construction Fund	2,911,112
Total expenditures for general fund and major special revenue funds	<u><u>\$ 29,698,604</u></u>

City of Cedar Falls, Iowa
Schedule of Funding Progress for the
Cedar Falls Health Plan
June 30, 2012

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
2010	July 1, 2009	-	671,926	671,926	0.0%	10,707,080	6.3%
2011	July 1, 2009	-	671,926	671,926	0.0%	10,976,785	6.1%
2012	July 1, 2011	-	525,162	525,162	0.0%	11,164,227	4.7%

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund
ASSETS		
Cash	\$ 50,903	\$ 721,161
Receivables, net of allowance for uncollectible amounts:		
Property taxes	--	--
Other city taxes	--	--
Accrued interest	--	--
Special assessment	--	--
Other	--	--
Due from other funds	--	--
Advance to other funds	--	--
Due from other governments	60,861	--
Inventories	--	--
Total assets	\$ 111,764	\$ 721,161
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 6,172	\$ 562
Accrued liabilities	2,249	1,776
Deferred revenue	7,150	--
Due to other funds	--	--
Total liabilities	\$ 15,571	\$ 2,338
FUND BALANCES		
Nonspendable	\$ --	\$ --
Restricted	96,193	718,823
Committed	--	--
Assigned	--	--
Unassigned	--	--
Total fund balances	\$ 96,193	\$ 718,823
Total liabilities and fund balances	\$ 111,764	\$ 721,161

Special Revenue

Parking Fund	Police Retirement	Fire Retirement	Visitor & Tourism
\$ 877,158	\$ 2,958,166	\$ 2,494,122	\$ 465,893
--	564,845	484,121	--
--	--	--	76,703
1,101	9,465	6,066	517
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
2,499	--	--	18,256
<u>\$ 880,758</u>	<u>\$ 3,532,476</u>	<u>\$ 2,984,309</u>	<u>\$ 561,369</u>
\$ 5,818	\$ 1,132	\$ 13,082	\$ 26,938
1,828	--	--	3,180
--	562,696	482,303	76,703
--	--	--	--
<u>\$ 7,646</u>	<u>\$ 563,828</u>	<u>\$ 495,385</u>	<u>\$ 106,821</u>
\$ 2,499	\$ --	\$ --	\$ 18,256
--	2,968,648	2,488,924	436,292
870,613	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 873,112</u>	<u>\$ 2,968,648</u>	<u>\$ 2,488,924</u>	<u>\$ 454,548</u>
<u>\$ 880,758</u>	<u>\$ 3,532,476</u>	<u>\$ 2,984,309</u>	<u>\$ 561,369</u>

(continued)

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(Page 2 of 2)

	Special Revenue		
	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
ASSETS			
Cash	\$ 196,798	\$ 112,698	\$ 36,238
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	--
Special assessment	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Advance to other funds	--	--	--
Due from other governments	--	--	--
Inventories	--	--	--
Total assets	\$ 196,798	\$ 112,698	\$ 36,238
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ --	\$ --	\$ --
Accrued liabilities	--	--	--
Deferred revenue	--	--	--
Due to other funds	--	--	--
Total liabilities	\$ --	\$ --	\$ --
FUND BALANCES			
Nonspendable	\$ --	\$ --	\$ --
Restricted	196,798	112,698	36,238
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	--	--
Total fund balances	\$ 196,798	\$ 112,698	\$ 36,238
Total liabilities and fund balances	\$ 196,798	\$ 112,698	\$ 36,238

(continued)

Capital Projects				
<u>Washington Park Renovation</u>	<u>Capital Improvements</u>	<u>Sidewalk Assessment</u>	<u>Economic Development Capital</u>	<u>Total</u>
\$ 30,504	\$ 2,514,068	\$ --	\$ 1,885,712	\$ 12,343,421
--	--	--	--	1,048,966
--	--	--	--	76,703
36	3,720	--	6,555	27,460
--	24,868	19,268	--	44,136
--	50,000	--	--	50,000
--	--	--	4,237,329	4,237,329
--	4,300,000	--	--	4,300,000
--	--	--	--	60,861
--	--	--	--	20,755
<u>\$ 30,540</u>	<u>\$ 6,892,656</u>	<u>\$ 19,268</u>	<u>\$ 6,129,596</u>	<u>\$ 22,209,631</u>
\$ --	\$ 61,354	\$ --	\$ --	\$ 115,058
--	--	--	--	9,033
--	74,867	19,268	--	1,222,987
--	--	16,210	--	16,210
<u>\$ --</u>	<u>\$ 136,221</u>	<u>\$ 35,478</u>	<u>\$ --</u>	<u>\$ 1,363,288</u>
\$ --	\$ --	\$ --	\$ --	\$ 20,755
--	--	--	--	7,054,614
--	--	--	--	870,613
30,540	6,756,435	--	6,129,596	12,916,571
--	--	(16,210)	--	(16,210)
<u>\$ 30,540</u>	<u>\$ 6,756,435</u>	<u>\$ (16,210)</u>	<u>\$ 6,129,596</u>	<u>\$ 20,846,343</u>
<u>\$ 30,540</u>	<u>\$ 6,892,656</u>	<u>\$ 19,268</u>	<u>\$ 6,129,596</u>	<u>\$ 22,209,631</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, 2012
 (Page 1 of 2)

	Community Development Fund	Housing Assistance Fund
Revenues:		
Property taxes and assessments	\$ --	\$ --
Other city taxes	--	--
Use of money and property	--	5,072
Intergovernmental	432,782	1,156,727
Charges for services	--	--
Fines and forfeitures	--	--
Miscellaneous	--	9,114
Total revenues	\$ 432,782	\$ 1,170,913
Expenditures:		
Current:		
Public safety	\$ --	\$ --
Public works	--	--
Culture and recreation	--	--
Community and economic development	380,600	1,229,330
General government	--	--
Capital projects	--	--
Total expenditures	\$ 380,600	\$ 1,229,330
Excess (deficiency) of revenues over (under) expenditures	\$ 52,182	\$ (58,417)
Other financing sources (uses):		
Transfers in	\$ --	\$ --
Transfers out	--	--
Total other financing sources (uses)	\$ --	\$ --
Net change in fund balances	\$ 52,182	\$ (58,417)
Fund balances, beginning	44,011	777,240
Increase (decrease) in reserve for inventories	--	--
Fund balances, ending	\$ 96,193	\$ 718,823

Special Revenue

Parking Fund	Police Retirement	Fire Retirement	Visitor & Tourism
\$ --	\$ 489,775	\$ 440,955	\$ --
--	--	--	287,045
4,150	96,396	81,905	5,437
--	--	--	--
35,954	--	--	--
163,694	--	--	--
--	481	--	19,308
<u>\$ 203,798</u>	<u>\$ 586,652</u>	<u>\$ 522,860</u>	<u>\$ 311,790</u>
\$ --	\$ 614,096	\$ 516,386	\$ --
187,759	--	--	--
--	--	--	359,720
--	--	--	--
--	--	--	--
<u>\$ 187,759</u>	<u>\$ 614,096</u>	<u>\$ 516,386</u>	<u>\$ 359,720</u>
<u>\$ 16,039</u>	<u>\$ (27,444)</u>	<u>\$ 6,474</u>	<u>\$ (47,930)</u>
\$ --	\$ --	\$ --	\$ 51,667
(13,010)	--	--	(14,444)
<u>\$ (13,010)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 37,223</u>
\$ 3,029	\$ (27,444)	\$ 6,474	\$ (10,707)
870,236	2,996,092	2,482,450	464,936
(153)	--	--	319
<u>\$ 873,112</u>	<u>\$ 2,968,648</u>	<u>\$ 2,488,924</u>	<u>\$ 454,548</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, 2012
 (Page 2 of 2)

	Special Revenue		
	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
Revenues:			
Property taxes and assessments	\$ --	\$ --	\$ --
Other city taxes	--	--	--
Use of money and property	--	--	--
Intergovernmental	--	--	--
Charges for services	6,534	5,264	2,240
Fines and forfeitures	--	--	--
Miscellaneous	--	--	--
Total revenues	\$ 6,534	\$ 5,264	\$ 2,240
Expenditures:			
Current:			
Public safety	\$ --	\$ --	\$ --
Public works	--	--	--
Culture and recreation	--	--	--
Community and economic development	--	--	--
General government	--	--	--
Capital projects	--	--	--
Total expenditures	\$ --	\$ --	\$ --
Excess (deficiency) of revenues over (under) expenditures	\$ 6,534	\$ 5,264	\$ 2,240
Other financing sources (uses):			
Transfers in	\$ --	\$ --	\$ --
Transfers out	--	--	--
Total other financing sources (uses)	\$ --	\$ --	\$ --
Net change in fund balances	\$ 6,534	\$ 5,264	\$ 2,240
Fund balances, beginning	190,264	107,434	33,998
Increase (decrease) in reserve for inventories	--	--	--
Fund balances, ending	\$ 196,798	\$ 112,698	\$ 36,238

(continued)

Capital Projects				
Washington Park Renovation	Capital Improvements	Sidewalk Assessment	Economic Development Capital	Total
\$ --	\$ 1,076	\$ 387	\$ --	\$ 932,193
--	--	--	--	287,045
142	151,597	--	188,719	533,418
--	19,186	--	--	1,608,695
--	--	--	--	49,992
--	--	--	--	163,694
--	80,905	23,548	238,719	372,075
<u>\$ 142</u>	<u>\$ 252,764</u>	<u>\$ 23,935</u>	<u>\$ 427,438</u>	<u>\$ 3,947,112</u>
\$ --	\$ --	\$ --	\$ --	\$ 1,130,482
--	--	--	--	187,759
--	--	--	--	359,720
--	--	--	--	1,609,930
--	--	--	--	--
--	190,572	40,145	2,753,062	2,983,779
<u>\$ --</u>	<u>\$ 190,572</u>	<u>\$ 40,145</u>	<u>\$ 2,753,062</u>	<u>\$ 6,271,670</u>
\$ 142	\$ 62,192	\$ (16,210)	\$ (2,325,624)	\$ (2,324,558)
\$ --	\$ 1,527,198	\$ --	\$ 2,958,749	\$ 4,537,614
--	(64,750)	--	--	(92,204)
<u>\$ --</u>	<u>\$ 1,462,448</u>	<u>\$ --</u>	<u>\$ 2,958,749</u>	<u>\$ 4,445,410</u>
\$ 142	\$ 1,524,640	\$ (16,210)	\$ 633,125	\$ 2,120,852
30,398	5,231,795	--	5,496,471	18,725,325
--	--	--	--	166
<u>\$ 30,540</u>	<u>\$ 6,756,435</u>	<u>\$ (16,210)</u>	<u>\$ 6,129,596</u>	<u>\$ 20,846,343</u>

City of Cedar Falls, Iowa
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Health Insurance	Health Insurance Severance	Payroll
ASSETS			
Current assets:			
Cash	\$ 6,068,856	\$ 20,389	\$ 2,216,252
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	7,395	--	2,645
Other	3,774	--	--
Inventories	--	--	--
Total current assets	\$ 6,080,025	\$ 20,389	\$ 2,218,897
Noncurrent assets:			
Capital assets:			
Buildings	\$ --	\$ --	\$ --
Machinery and equipment	--	--	--
Accumulated depreciation	--	--	--
Total noncurrent assets	\$ --	\$ --	\$ --
Total assets	\$ 6,080,025	\$ 20,389	\$ 2,218,897
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,162	\$ 20,389	\$ 1,879
Accrued liabilities	391,483	--	--
Compensated absences due within one year	--	--	--
Noncurrent liabilities:			
Compensated absences after one year	--	--	--
Total liabilities	\$ 396,645	\$ 20,389	\$ 1,879
NET ASSETS			
Invested in capital assets	\$ --	\$ --	\$ --
Unrestricted	5,683,380	--	2,217,018
Total net assets	\$ 5,683,380	\$ --	\$ 2,217,018

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 3,196,380	\$ 756,141	\$ 1,078,424	\$ 13,336,442
3,722	860	1,384	16,006
240,028	--	48	243,850
--	2,750	234,022	236,772
<u>\$ 3,440,130</u>	<u>\$ 759,751</u>	<u>\$ 1,313,878</u>	<u>\$ 13,833,070</u>
\$ --	\$ --	\$ 90,302	\$ 90,302
--	1,299,734	6,379,206	7,678,940
--	(992,601)	(3,852,572)	(4,845,173)
<u>\$ --</u>	<u>\$ 307,133</u>	<u>\$ 2,616,936</u>	<u>\$ 2,924,069</u>
<u>\$ 3,440,130</u>	<u>\$ 1,066,884</u>	<u>\$ 3,930,814</u>	<u>\$ 16,757,139</u>
\$ 44,219	\$ 5,543	\$ 61,121	\$ 138,313
165,785	6,580	7,467	571,315
--	21,138	10,456	31,594
--	20,697	27,839	48,536
<u>\$ 210,004</u>	<u>\$ 53,958</u>	<u>\$ 106,883</u>	<u>\$ 789,758</u>
\$ --	\$ 307,132	\$ 2,616,935	\$ 2,924,067
3,230,126	705,794	1,206,996	13,043,314
<u>\$ 3,230,126</u>	<u>\$ 1,012,926</u>	<u>\$ 3,823,931</u>	<u>\$ 15,967,381</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, 2012

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
Operating revenues:			
Charges for services	\$ 2,712,826	\$ 27,750	\$ 270,290
Other	50,740	--	5,683
Total operating revenues	<u>\$ 2,763,566</u>	<u>\$ 27,750</u>	<u>\$ 275,973</u>
Operating expenses:			
Personal services	\$ --	\$ --	\$ 425,943
Contractual services	2,849,119	27,750	--
Supplies and equipment	--	--	--
Depreciation	--	--	--
Total operating expenses	<u>\$ 2,849,119</u>	<u>\$ 27,750</u>	<u>\$ 425,943</u>
Operating income (loss)	<u>\$ (85,553)</u>	<u>\$ --</u>	<u>\$ (149,970)</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 29,336	\$ --	\$ 12,515
Loss on disposal of equipment	--	--	--
Nonoperating revenues (expenses)	<u>\$ 29,336</u>	<u>\$ --</u>	<u>\$ 12,515</u>
Income (loss) before transfers	\$ (56,217)	\$ --	\$ (137,455)
Transfers out	--	--	--
Change in net assets	<u>\$ (56,217)</u>	<u>\$ --</u>	<u>\$ (137,455)</u>
Net assets, beginning	<u>5,739,597</u>	<u>--</u>	<u>2,354,473</u>
Net assets, ending	<u><u>\$ 5,683,380</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 2,217,018</u></u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 558,024	\$ 677,521	\$ 1,789,690	\$ 6,036,101
490,730	31,295	43,133	621,581
<u>\$ 1,048,754</u>	<u>\$ 708,816</u>	<u>\$ 1,832,823</u>	<u>\$ 6,657,682</u>
\$ --	\$ 323,173	\$ 335,169	\$ 1,084,285
700,727	230,122	173,546	3,981,264
--	52,877	1,022,823	1,075,700
--	115,538	318,009	433,547
<u>\$ 700,727</u>	<u>\$ 721,710</u>	<u>\$ 1,849,547</u>	<u>\$ 6,574,796</u>
<u>\$ 348,027</u>	<u>\$ (12,894)</u>	<u>\$ (16,724)</u>	<u>\$ 82,886</u>
\$ 14,624	\$ 3,744	\$ 5,695	\$ 65,914
--	(708)	9,786	9,078
<u>\$ 14,624</u>	<u>\$ 3,036</u>	<u>\$ 15,481</u>	<u>\$ 74,992</u>
\$ 362,651	\$ (9,858)	\$ (1,243)	\$ 157,878
(348,846)	(17,172)	(107,792)	(473,810)
\$ 13,805	\$ (27,030)	\$ (109,035)	\$ (315,932)
3,216,321	1,039,956	3,932,966	16,283,313
<u>\$ 3,230,126</u>	<u>\$ 1,012,926</u>	<u>\$ 3,823,931</u>	<u>\$ 15,967,381</u>

City of Cedar Falls, Iowa
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interfund services	\$ 2,712,826	\$ --
Payments to suppliers	(2,760,879)	--
Payments to employees	--	(10,558)
Net cash provided by (used for) operating activities	<u>\$ (48,053)</u>	<u>\$ (10,558)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	<u>\$ --</u>	<u>\$ --</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net acquisition of property and equipment	<u>\$ --</u>	<u>\$ --</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>\$ 30,627</u>	<u>\$ --</u>
Net increase (decrease) in cash	\$ (17,426)	\$ (10,558)
CASH BALANCES, Beginning	6,086,282	30,947
CASH BALANCES, Ending	<u>\$ 6,068,856</u>	<u>\$ 20,389</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (85,553)	\$ --
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	--	--
Change in assets and liabilities:		
(Increase) decrease in:		
Other receivables	51,014	--
Inventories	--	--
Increase (decrease) in accounts payable, accrued and other liabilities	<u>(13,514)</u>	<u>(10,558)</u>
Net cash provided by (used for) operating activities	<u>\$ (48,053)</u>	<u>\$ (10,558)</u>

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 270,290	\$ 558,024	\$ 677,521	\$ 1,789,690	\$ 6,008,351
--	(554,435)	(253,698)	(1,303,599)	(4,872,611)
(415,379)	--	(327,371)	(343,177)	(1,096,485)
<u>\$ (145,089)</u>	<u>\$ 3,589</u>	<u>\$ 96,452</u>	<u>\$ 142,914</u>	<u>\$ 39,255</u>
<u>\$ --</u>	<u>\$ (348,846)</u>	<u>\$ (17,172)</u>	<u>\$ (107,792)</u>	<u>\$ (473,810)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ (156,111)</u>	<u>\$ (141,245)</u>	<u>\$ (297,356)</u>
<u>\$ 13,708</u>	<u>\$ 15,760</u>	<u>\$ 3,967</u>	<u>\$ 6,139</u>	<u>\$ 70,201</u>
<u>\$ (131,381)</u>	<u>\$ (329,497)</u>	<u>\$ (72,864)</u>	<u>\$ (99,984)</u>	<u>\$ (661,710)</u>
<u>2,347,633</u>	<u>3,525,877</u>	<u>829,005</u>	<u>1,178,408</u>	<u>13,998,152</u>
<u><u>\$ 2,216,252</u></u>	<u><u>\$ 3,196,380</u></u>	<u><u>\$ 756,141</u></u>	<u><u>\$ 1,078,424</u></u>	<u><u>\$ 13,336,442</u></u>
\$ (149,970)	\$ 348,027	\$ (12,894)	\$ (16,724)	\$ 82,886
--	--	115,538	318,009	433,547
3,002	(227,352)	--	221	(173,115)
--	--	248	(84,394)	(84,146)
<u>1,879</u>	<u>(117,086)</u>	<u>(6,440)</u>	<u>(74,198)</u>	<u>(219,917)</u>
<u><u>\$ (145,089)</u></u>	<u><u>\$ 3,589</u></u>	<u><u>\$ 96,452</u></u>	<u><u>\$ 142,914</u></u>	<u><u>\$ 39,255</u></u>

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source*
June 30, 2012 and 2011

	2012	2011
Governmental fund capital assets:		
Land	\$ 28,703,869	\$ 25,085,997
Land improvements	13,116,321	12,874,263
Buildings	27,711,935	27,329,311
Machinery and equipment	9,120,292	8,483,524
Infrastructure	154,932,742	151,662,716
Construction in progress	12,264,028	10,570,167
Total governmental funds capital assets	\$ 245,849,187	\$ 236,005,978
 Investments in governmental funds capital assets by source:		
General fund	\$ 23,515,754	\$ 22,920,324
Special revenue funds	45,781,071	42,808,094
Capital projects funds	145,667,441	139,643,626
Internal service	225,195	225,195
Donations	30,659,726	30,408,739
Total governmental funds capital assets	\$ 245,849,187	\$ 236,005,978

* 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, 2012

Function and Activity	Land	Land Improvements	Buildings
Public Safety	\$ 12,500	\$ --	\$ 1,024,831
Public Works	290,326	1,842,041	1,513,123
Health & Social Services	151,494	69,599	5,873,537
Culture and Recreation	2,806,048	10,877,135	12,965,712
Community and Economic Development	25,389,600	327,546	2,165,425
General Government	53,901	--	4,169,307
	<u>\$ 28,703,869</u>	<u>\$ 13,116,321</u>	<u>\$ 27,711,935</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>
\$ 1,099,983	\$ --	\$ 47,330	\$ 2,184,644
3,653,573	148,945,932	5,238,414	161,483,409
--	--	--	6,094,630
3,080,003	5,986,810	449,924	36,165,632
130,906	--	6,528,360	34,541,837
1,155,827	--	--	5,379,035
<u>\$ 9,120,292</u>	<u>\$ 154,932,742</u>	<u>\$ 12,264,028</u>	<u>\$ 245,849,187</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, 2012

	Governmental Funds Capital Assets July 1, 2011	Additions	Deletions	Governmental Funds Capital Assets June 30, 2012
Public Safety	\$ 2,002,097	\$ 207,797	\$ 25,250	\$ 2,184,644
Public Works	155,304,300	6,570,531	391,422	161,483,409
Health & Social Services	6,094,630	--	--	6,094,630
Culture and Recreation	35,223,366	1,484,527	542,261	36,165,632
Community and Economic Development	32,151,676	4,036,574	1,646,413	34,541,837
General Government	5,229,909	166,286	17,160	5,379,035
	<u>\$ 236,005,978</u>	<u>\$ 12,465,715</u>	<u>\$ 2,622,506</u>	<u>\$ 245,849,187</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's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	106
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	116
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future	124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	136
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 82,419,682	\$ 94,618,419	\$ 100,850,333	\$ 108,359,511
Restricted	14,924,796	15,944,416	16,688,108	17,167,913
Unrestricted	37,157,458	34,315,853	36,568,953	37,686,372
Total governmental activities net assets	\$ 134,501,936	\$ 144,878,688	\$ 154,107,394	\$ 163,213,796
Business-type activities				
Invested in capital assets, net of related debt	\$ 24,686,106	\$ 26,644,501	\$ 28,566,202	\$ 30,991,450
Restricted	609,000	808,500	808,500	808,500
Unrestricted	6,566,425	6,340,472	6,179,451	6,285,467
Total business-type activities net assets	\$ 31,861,531	\$ 33,793,473	\$ 35,554,153	\$ 38,085,417
Primary government				
Invested in capital assets, net of related debt	\$ 107,105,788	\$ 121,262,920	\$ 129,416,535	\$ 139,350,961
Restricted	15,533,796	16,752,916	17,496,608	17,976,413
Unrestricted	43,723,883	40,656,325	42,748,404	43,971,839
Total primary government net assets	\$ 166,363,467	\$ 178,672,161	\$ 189,661,547	\$ 201,299,213

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 113,859,357	\$ 118,688,310	\$ 123,367,386	\$ 131,237,132	\$ 145,480,365	\$ 151,130,097
18,571,430	20,491,013	21,421,340	22,341,338	24,090,200	24,405,828
42,994,411	45,657,412	48,697,813	52,747,528	50,939,288	50,704,056
<u>\$ 175,425,198</u>	<u>\$ 184,836,735</u>	<u>\$ 193,486,539</u>	<u>\$ 206,325,998</u>	<u>\$ 220,509,853</u>	<u>\$ 226,239,981</u>
\$ 36,487,852	\$ 41,521,531	\$ 44,414,522	\$ 46,273,076	\$ 52,510,319	\$ 70,328,202
808,500	449,500	449,500	9,500	9,500	9,500
5,569,366	4,018,315	4,522,038	4,887,575	6,728,884	(76,329)
<u>\$ 42,865,718</u>	<u>\$ 45,989,346</u>	<u>\$ 49,386,060</u>	<u>\$ 51,170,151</u>	<u>\$ 59,248,703</u>	<u>\$ 70,261,373</u>
\$ 150,347,209	\$ 160,209,841	\$ 167,781,908	\$ 177,510,208	\$ 197,990,684	\$ 221,458,299
19,379,930	20,940,513	21,870,840	22,350,838	24,099,700	24,415,328
48,563,777	49,675,727	53,219,851	57,635,103	57,668,172	50,627,727
<u>\$ 218,290,916</u>	<u>\$ 230,826,081</u>	<u>\$ 242,872,599</u>	<u>\$ 257,496,149</u>	<u>\$ 279,758,556</u>	<u>\$ 296,501,354</u>

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

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

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012
\$	6,920,986	\$ 6,602,108	\$ 8,065,013	\$ 7,192,846	\$ 7,725,740	\$ 8,625,520	\$ 8,462,143
	9,291,307	9,390,405	9,696,327	13,938,703	10,699,831	10,949,200	12,971,278
	325,479	147,007	234,124	310,365	164,836	326,666	316,339
	5,911,073	5,894,494	6,736,108	6,836,437	6,864,804	7,104,212	7,098,908
	4,353,658	4,341,611	4,346,385	5,677,705	7,019,195	7,291,549	7,815,848
	3,972,891	3,918,550	4,244,545	4,619,221	4,797,762	4,493,885	4,333,403
	968,298	930,278	831,315	754,989	741,933	551,543	452,378
	--	--	--	--	--	--	--
	<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>	<u>39,342,575</u>	<u>41,450,297</u>
	3,212,254	3,359,111	3,009,639	3,178,354	3,187,378	3,223,476	3,336,990
	1,797,655	2,011,573	2,142,679	2,355,999	2,410,813	2,537,735	2,492,305
	--	619,192	652,999	620,460	732,218	693,075	722,991
	<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>6,454,286</u>	<u>6,552,286</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>	<u>45,796,861</u>	<u>48,002,583</u>
\$	715,066	\$ 567,948	\$ 534,722	\$ 538,398	\$ 597,348	\$ 661,784	\$ 748,246
	344,199	282,146	249,903	259,569	240,997	217,172	199,648
	1,841,570	2,024,082	2,028,869	2,184,620	2,170,036	2,206,722	2,469,465
	1,323,816	1,165,048	1,466,523	1,191,151	1,587,244	1,588,066	1,682,397
	2,533,024	2,461,032	2,365,608	2,153,921	1,606,798	2,360,697	1,695,117
	3,622,803	4,922,588	4,395,714	7,183,972	8,928,178	15,073,637	11,529,905
	<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>	<u>22,108,078</u>	<u>18,324,778</u>
	3,862,562	3,794,631	3,775,728	3,999,239	4,015,527	4,138,346	4,313,923
	2,576,395	2,746,393	2,833,449	3,148,295	3,186,384	3,318,008	3,328,306
	--	731,844	780,666	780,837	787,942	806,364	826,986
	1,553,151	3,221,140	333,950	983,243	128,795	460,559	140,450
	<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>8,723,277</u>	<u>8,609,665</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>	<u>30,831,355</u>	<u>26,934,443</u>
\$	(21,363,214)	\$ (19,801,609)	\$ (23,112,478)	\$ (25,818,635)	\$ (22,883,500)	\$ (17,234,497)	\$ (23,125,519)
	2,982,199	4,504,132	1,918,476	2,756,801	1,788,239	2,268,991	2,057,379
\$	<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>	<u>(14,965,506)</u>	<u>(21,068,140)</u>

(continued)

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

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

(continued)

							Fiscal Year						
							2006	2007	2008	2009	2010	2011	2012
\$	17,163,242	\$	18,931,378	\$	19,468,413	\$	20,994,332	\$	22,066,237	\$	23,378,676	\$	23,802,124
	4,709,758		4,582,479		5,060,324		5,308,296		5,022,500		5,291,546		5,754,706
	2,425,140		2,924,080		2,868,337		2,421,181		1,640,456		1,344,936		1,275,402
	3,527,541		3,551,695		3,728,669		3,693,255		4,258,253		4,269,954		4,296,073
	--		--		--		--		--		--		--
	491,847		474,249		850,716		965,194		1,127,964		1,324,189		1,014,890
	--		--		--		--		--		5,668		6,606
	1,400,000		1,400,000		1,400,000		1,500,000		1,524,990		1,575,010		1,625,000
	752,088		149,130		(852,444)		(413,819)		82,559		(5,771,627)		(8,919,154)
	<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>		<u>31,418,352</u>		<u>28,855,647</u>
	--		1,287		1,609		1,961		1,748		--		--
	301,153		424,012		351,099		224,133		76,663		37,934		36,137
	(752,088)		(149,130)		852,444		413,819		(82,559)		5,771,627		8,919,154
	(450,935)		276,169		1,205,152		639,913		(4,148)		5,809,561		8,955,291
\$	<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>	\$	<u>37,227,913</u>	\$	<u>37,810,938</u>
\$	9,106,402	\$	12,211,402	\$	9,411,537	\$	8,649,804	\$	12,839,459	\$	14,183,855	\$	5,730,128
	2,531,264		4,780,301		3,123,628		3,396,714		1,784,091		8,078,552		11,012,670
\$	<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>	\$	<u>22,262,407</u>	\$	<u>16,742,798</u>

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

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Nonspendable	\$ 95,374	\$ 78,299	\$ 86,234	\$ 119,589
Assigned	822,999	896,147	841,776	695,321
Unassigned	4,443,954	4,833,976	5,447,124	6,251,432
Total general fund	<u>\$ 5,362,327</u>	<u>\$ 5,808,422</u>	<u>\$ 6,375,134</u>	<u>\$ 7,066,342</u>
All Other Governmental Funds				
Nonspendable	\$ 119,201	\$ 143,013	\$ 140,490	\$ 138,443
Restricted	19,521,889	21,379,781	22,712,063	24,404,192
Committed	11,492,113	12,179,838	12,689,217	13,199,514
Assigned	8,062,665	7,984,681	8,982,080	7,020,781
Unassigned	(2,913)	(2,458)	(509,690)	(598,988)
Total all other governmental funds	<u>\$ 39,192,955</u>	<u>\$ 41,684,855</u>	<u>\$ 44,014,160</u>	<u>\$ 44,163,942</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 147,220	\$ 131,466	\$ 132,803	\$ 178,147	\$ 181,341	\$ 180,689
1,196,550	1,122,010	1,246,712	1,620,436	1,445,007	1,722,948
6,221,822	6,291,771	6,473,074	6,489,104	6,498,932	7,045,817
<u>\$ 7,565,592</u>	<u>\$ 7,545,247</u>	<u>\$ 7,852,589</u>	<u>\$ 8,287,687</u>	<u>\$ 8,125,280</u>	<u>\$ 8,949,454</u>
\$ 151,510	\$ 83,341	\$ 84,791	\$ 126,255	\$ 201,205	\$ 256,912
24,333,854	27,182,248	25,967,407	26,841,011	27,037,209	25,892,197
13,069,761	13,723,684	14,395,783	15,163,647	15,697,718	16,145,534
9,382,350	9,700,146	9,526,406	11,201,701	10,758,664	12,916,571
(701,932)	(358,297)	(186,530)	(1,740,555)	(2,840,288)	(4,343,889)
<u>\$ 46,235,543</u>	<u>\$ 50,331,122</u>	<u>\$ 49,787,857</u>	<u>\$ 51,592,059</u>	<u>\$ 50,854,508</u>	<u>\$ 50,867,325</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Property taxes and assessments	\$ 12,807,404	\$ 14,085,403	\$ 16,033,558	\$ 17,186,164
Other city taxes	3,893,996	4,169,362	4,210,658	4,712,426
Licenses and permits	724,041	847,158	923,727	982,954
Use of money and property	3,031,124	2,618,556	1,874,497	2,425,140
Intergovernmental	7,125,038	6,324,283	6,457,295	6,834,840
Charges for services	1,929,559	1,984,119	2,244,467	2,589,376
Fines and forfeitures	527,965	547,257	436,741	652,321
Miscellaneous	473,127	2,460,384	975,478	437,966
Utility contribution in lieu of taxes	1,500,000	1,400,000	1,400,000	1,400,000
Total revenues	\$ 32,012,254	\$ 34,436,522	\$ 34,556,421	\$ 37,221,187
Expenditures:				
Current:				
Public safety	\$ 6,057,219	\$ 6,288,812	\$ 6,692,528	\$ 7,173,967
Public works	6,683,343	6,987,749	7,364,214	7,595,353
Health and social services	252,322	50,921	135,160	199,164
Culture and recreation	4,336,496	4,246,829	4,756,551	5,277,687
Community and economic development	2,469,573	2,600,174	2,523,565	2,384,359
General government	3,151,579	3,075,636	3,455,372	3,814,373
Debt service				
Principal	3,605,000	4,025,954	3,408,713	2,920,000
Interest	1,239,970	1,067,520	1,029,414	937,274
Capital projects	4,355,970	6,656,971	8,257,673	9,612,287
Total expenditures	\$ 32,151,472	\$ 35,000,566	\$ 37,623,190	\$ 39,914,464
Excess (deficiency) of revenues over (under) expenditures	\$ (139,218)	\$ (564,044)	\$ (3,066,769)	\$ (2,693,277)
Other financing sources (uses):				
Issuance of long-term debt	\$ 3,554,596	\$ 2,355,000	\$ 5,450,000	\$ 2,835,000
Premium on long-term debt	--	--	--	--
Issuance of refunding debt	--	--	--	5,650,000
Discount on long-term debt	(13,450)	(14,130)	(17,594)	(43,274)
Land contract	--	1,200,000	--	--
Payments on refunding bonds	(3,485,000)	--	--	(5,650,000)
Transfers in	4,438,310	3,777,372	7,349,861	5,999,757
Transfers out	(4,754,718)	(3,822,938)	(6,824,892)	(5,288,524)
Total other financing sources (uses)	\$ (260,262)	\$ 3,495,304	\$ 5,957,375	\$ 3,502,959
Net change in fund balances	\$ (399,480)	\$ 2,931,260	\$ 2,890,606	\$ 809,682
Debt service as a percentage of noncapital expenditures	17.4%	18.0%	16.9%	13.8%

Fiscal Year

2007	2008	2009	2010	2011	2012
\$ 18,931,049	\$ 19,459,594	\$ 20,994,332	\$ 22,066,237	\$ 23,378,676	\$ 23,766,846
4,564,009	5,032,798	5,338,098	5,029,677	5,282,406	5,755,920
785,116	1,031,667	767,938	1,106,716	1,093,024	1,162,401
2,924,080	2,868,337	2,421,181	1,640,456	1,344,936	1,275,402
7,047,600	9,153,104	10,189,992	12,351,723	21,764,416	18,920,930
2,787,909	2,827,076	2,969,223	3,115,157	3,179,755	3,507,339
466,199	421,274	436,578	373,752	400,965	430,016
648,118	803,161	994,537	1,057,446	1,370,497	1,052,265
1,400,000	1,400,000	1,500,000	1,524,990	1,575,010	1,625,000
<u>\$ 39,554,080</u>	<u>\$ 42,997,011</u>	<u>\$ 45,611,879</u>	<u>\$ 48,266,154</u>	<u>\$ 59,389,685</u>	<u>\$ 57,496,119</u>
\$ 7,373,826	\$ 7,996,188	\$ 7,551,507	\$ 7,922,903	\$ 8,155,206	\$ 8,375,158
7,928,949	7,282,523	7,783,897	8,816,278	9,027,992	10,810,336
838,185	87,286	163,528	87,304	178,084	167,759
5,330,482	5,536,483	6,065,698	6,076,258	6,557,554	6,410,049
2,345,866	2,529,313	2,253,049	2,291,861	2,602,604	2,447,212
3,929,548	4,168,161	4,381,790	4,613,684	4,316,949	4,775,981
3,040,000	2,850,000	2,910,000	2,930,000	3,235,000	3,415,000
916,414	806,181	739,841	728,057	596,048	503,383
5,392,998	9,857,325	13,486,565	16,357,586	20,000,053	11,390,660
<u>\$ 37,096,268</u>	<u>\$ 41,113,460</u>	<u>\$ 45,335,875</u>	<u>\$ 49,823,931</u>	<u>\$ 54,669,490</u>	<u>\$ 48,295,538</u>
<u>\$ 2,457,812</u>	<u>\$ 1,883,551</u>	<u>\$ 276,004</u>	<u>\$ (1,557,777)</u>	<u>\$ 4,720,195</u>	<u>\$ 9,200,581</u>
\$ --	\$ 4,820,000	\$ --	\$ 3,440,000	\$ --	\$ --
--	--	--	227,162	--	--
--	(1,645,000)	--	5,135,000	--	3,320,000
--	(30,125)	--	(28,724)	--	(8,300)
--	--	--	--	--	--
--	--	--	(5,325,000)	--	(3,285,000)
5,914,848	8,358,264	10,291,922	11,017,106	9,806,376	11,275,219
(5,842,507)	(9,227,533)	(10,806,635)	(10,755,275)	(15,504,674)	(19,720,563)
<u>\$ 72,341</u>	<u>\$ 2,275,606</u>	<u>\$ (514,713)</u>	<u>\$ 3,710,269</u>	<u>\$ (5,698,298)</u>	<u>\$ (8,418,644)</u>
<u>\$ 2,530,153</u>	<u>\$ 4,159,157</u>	<u>\$ (238,709)</u>	<u>\$ 2,152,492</u>	<u>\$ (978,103)</u>	<u>\$ 781,937</u>
14.6%	11.4%	10.1%	10.3%	10.7%	10.2%

**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
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
2010	2011	1,185,969,161	2,393,911,221	5,381,329	8,196,740
2011	2012	1,254,821,347	2,450,027,899	5,572,605	8,292,560

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 Taxable Value	Assessed Value	Total Taxable Value as a Percentage of Assessed Value	Total Direct Tax Rate
\$	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
	1,191,350,490	2,402,107,961	49.60	12.99252
	1,260,393,952	2,458,320,459	51.27	12.86369

**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
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
2011	11.81700	1.17552	12.99252	6.22972	0.44212	6.67184
2012	11.79924	1.06445	12.86369	5.92415	0.67322	6.59737

Source: Department of Management website

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

Overlapping Rates

<u>Schools</u>				
<u>Operating Millage</u>	<u>Debt Service</u>	<u>Total School Millage</u>	<u>Other</u>	<u>Total</u>
\$13.95173	--	\$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
14.15215	--	14.15215	1.38794	35.20445
13.78651	--	13.78651	1.28109	34.52866

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

Taxpayer	2003		
	Assessed Valuation for Levy Year 2002 - 2003	Rank	Percentage of Total Assessed Valuation
Target Corporation			
College Square Mall Assoc. LLC	\$ 29,994,080	1	2.18 %
R and N Investments	5,140,960	9	0.37
Twenty Seventh Street Assoc, LLC	--	--	--
WB CF Assoc LTD Partners	6,987,210	2	0.51
Standard Distribution Co.	--	--	--
Cedar Falls Investments, LLC	--	--	--
Walmart Re Business Trust	--	--	--
Cedar Properties	--	--	--
Gold Falls Villa Apart LLC	--	--	--
Quest Corporation (US West, Inc)	6,818,405	4	0.50
Davenport Farm & Fleet, Inc.	5,833,160	6	0.42
Cedar Falls Retirement Residence	6,855,470	3	0.50
Christopherson, Jerry	5,322,420	7	0.39
Lockard Blackhawk LC	6,134,500	5	0.45
SUH Northern Iowa, LLC	5,268,390	8	0.38
	<u>\$ 78,354,595</u>		<u>5.70 %</u>

Source: Black Hawk County Auditor's Office

Note: There was only data available for the top nine taxpayers for 2003.

**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
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	13,396,021	100.97	1,479
2006	2007	13,963,307	14,007,852	100.32	108
2007	2008	14,161,581	14,114,301	99.67	6,972
2008	2009	14,989,920	14,915,373	99.50	1,464
2009	2010	15,398,267	15,370,354	99.82	2,009
2010	2011	15,871,931	15,850,623	99.87	7,350
2011	2012	16,552,835	16,576,996	100.15	15,223

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
\$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
15,857,973	99.91	38,380	0.24
16,592,219	100.24	22,693	0.14

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		General Obligation Bonds	Revenue Debt
		Financing Bonds	General Obligation Capital Loan Note		
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	--
2011	4,340,000	2,015,000	8,360,000	4,160,000	--
2012	--	1,125,000	10,210,000	2,755,000	210,640

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

¹ Population and personal income data can be found on page 136.

Business-type Activities

<u>Capital Loans</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
--	\$ 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
--	18,875,000	1.32	481
820,000	15,120,640	1.04	385

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

Fiscal Year	General Obligation Debt	Taxable Value of Property	Percentage Taxable Value of Property	Assessed Value of Property
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
2011	18,875,000	1,191,350,490	1.58	2,402,107,961
2012	14,090,000	1,260,393,952	1.12	2,458,320,459

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

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

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
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
0.79	480.77
0.57	358.89

**City of Cedar Falls, Iowa
Direct and Overlapping Debt
As of June 30, 2012**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City ¹</u>	<u>Amount Applicable to Government</u>
Direct, City of Cedar Falls, Iowa	\$ <u>11,335,000</u>	100.00 %	\$ <u>11,335,000</u>
Overlapping:			
Black Hawk County	\$ 41,790,000	31.56	\$ 13,188,924
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Community College	<u>7,450,000</u>	18.52	<u>1,379,740</u>
Total Overlapping	\$ <u>49,240,000</u>		\$ <u>14,568,664</u>
Total	\$ <u>60,575,000</u>		\$ <u>25,903,664</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.

¹ The percentage of overlapping debt applicable is estimated using net taxable property values. Applicable percentages were estimated by determining the portion of the County's net value that is within the government's boundaries and dividing it by the county's total value.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 68,721,490	\$ 71,356,357	\$ 83,695,100	\$ 86,872,828	\$ 96,587,924
Total net debt applicable to limit	29,920,000	27,265,000	28,260,000	28,660,000	24,555,000
Legal debt margin	<u>\$ 38,801,490</u>	<u>\$ 44,091,357</u>	<u>\$ 55,435,100</u>	<u>\$ 58,212,828</u>	<u>\$ 72,032,924</u>
Total net debt applicable to the limit as a percentage of of debt limit	43.54%	38.21%	33.77%	32.99%	25.42%

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

2008	2009	2010	2011	2012
\$ 100,807,511	\$ 114,324,931	\$ 118,846,750	\$ 122,094,381	\$ 125,016,901
28,070,000	24,235,000	25,005,000	20,770,000	16,660,000
<u>\$ 72,737,511</u>	<u>\$ 90,089,931</u>	<u>\$ 93,841,750</u>	<u>\$ 101,324,381</u>	<u>\$ 108,356,901</u>

27.85% 21.20% 21.04% 17.01% 13.33%

Legal Debt Margin Calculation for Fiscal Year 2012

Estimated actual valuation	<u>\$ 2,500,338,021</u>
Debt limit - 5% of total actual valuation	\$ 125,016,901
Debt applicable to debt limit:	
General obligation bonds	14,910,000
General obligation bonds - component unit	1,750,000
	<hr/>
Legal debt margin	<u>\$ 108,356,901</u>

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

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses</u> ¹	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u> ²	
				<u>Principal</u>	<u>Interest</u>
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
2011	4,162,150	2,113,283	2,048,867	--	--
2012	4,333,859	1,902,799	2,431,060	--	--

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

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

² Includes principal and interest of revenue bonds only.

Debt Service
Requirements²

	<u>Total</u>	<u>Coverage</u>
\$	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>
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
2010 - 11	1,664,689	4,735,783
2011 - 12	1,750,015	4,953,584

Source: Cedar Falls Utilities

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

<u>Fiscal Year Ending in June</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Other</u>	<u>Total</u>
2003	10,276	866	39	179	3	11,363
2004	10,365	890	39	173	3	11,470
2005	10,764	909	37	177	3	11,890
2006	11,057	936	35	183	3	12,214
2007	11,237	955	35	190	3	12,420
2008	11,445	983	38	195	3	12,664
2009	11,258	972	35	197	3	12,465
2010	11,529	984	34	196	3	12,746
2011	11,814	991	33	200	3	13,041
2012	11,957	995	33	208	3	13,196

Source: Water Sales Statistics for June

**City of Cedar Falls, Iowa
Largest Sewer Customers
Fiscal Year 2012**

Customer	Water Sales (CCF)	Percent of Total Water Sales	Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	1 113,851	6.51 %	\$ 252,833	5.10 %
Western Home Communities	2 24,957	1.43	93,708	1.89
Nazareth Lutheran Church	3 22,405	1.28	44,802	0.90
Country Terrace MHP LLC-700 W Ridgeway	4 19,250	1.10	81,821	1.65
Target Corporation	5 17,235	0.98	53,318	1.08
Metokote Corporation	6 13,832	0.79	27,961	0.56
College Park Mills	7 10,560	0.60	35,473	0.72
CF Schools	8 9,601	0.55	29,084	0.59
Newaldaya Lifescapes	9 9,350	0.53	30,119	0.61
Sartori Memorial Hospital, Inc.	10 9,074	0.52	18,047	0.36
Gold Falls Villa Apts.	11 8,892	0.51	48,495	0.98
Joe Minard Construction	12 6,590	0.38	19,105	0.39
Total 2012 CCF	1,750,015			
Total 2012 Sewer Billings			\$4,953,584	

Source: Cedar Falls Utilities, Finance Dept. special IS report

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income¹</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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
2011	39,260	1,428,121,760	36,376	26.8	4,645	5.9
2012	39,260	1,448,811,780	36,903	26.8	5,068	3.8

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

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

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

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

Employees	2003		
	Number of Employees ¹	Rank	Percentage of Total City Employment
John Deere Product Engineer Center ²	5,500	1	27.31%
Wheaton Franciscan Healthcare ²	--	--	--
University of Northern Iowa	2,400	2	11.92%
Hy-Vee Food Stores ²	--	--	--
Area Education Agency 267	--	--	--
Wal-Mart Super Center ²	500	5	2.48%
Cedar Falls Community School District	616	4	3.06%
City of Cedar Falls/Municipal Utilities	495	6	2.46%
Viking Pump Inc, Unit of Index Corp.	458	7	2.27%
Target Distribution	825	3	4.10%
Wayne Engineering Corp.	--	--	--
Younkers, Inc	--	--	--
Martin Brothers Distributing Co., Inc	344	8	1.71%
Sartori Hospital	264	9	1.31%
The Western Home	262	10	1.30%
Total	11,664		57.92%

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

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

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

2012

<u>Number of Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
6,739	1	28.92%
2,700	2	11.59%
2,586	3	11.10%
1,231	4	5.28%
1,150	5	4.94%
758	6	3.25%
688	7	2.95%
540	8	2.32%
505	9	2.17%
475	10	2.04%
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
17,372		74.56%

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				
	2003	2004	2005	2006	2007
Public Safety					
Police	49.89	49.89	49.89	50.89	51.49
Fire	35.40	34.60	34.60	35.60	35.65
Inspection Services	6.00	6.00	6.00	6.50	6.50
Public Works					
Streets	24.00	24.82	24.35	25.35	24.37
Parking Meter	3.05	3.10	3.10	3.10	3.66
Engineering	13.60	13.60	11.60	11.60	11.57
Culture and Recreation					
Human & Leisure Administration	2.00	2.00	2.00	2.25	2.25
Cultural Services	10.50	9.05	8.81	8.81	8.00
Library	14.80	14.80	16.20	16.20	17.53
Cemetery	4.40	4.40	4.60	4.60	4.60
Golf	5.60	6.40	7.15	7.15	5.50
Parks	18.00	16.20	18.68	18.68	18.48
Recreation	31.05	31.05	31.05	31.05	30.88
Visitor & Tourism	2.40	2.40	2.60	2.60	2.90
Senior Services	--	--	--	--	0.50
Community & Economic Development					
Developmental Services Admin.	1.50	1.50	1.50	1.50	1.50
Economic Development	1.85	1.85	1.85	1.85	1.77
Planning Services	3.43	3.43	3.43	3.43	3.68
Block Grant	2.20	2.20	2.20	2.20	2.17
Housing Vouchers	2.50	2.50	2.50	2.50	1.79
Section 8 Housing	--	--	--	--	--
General Government					
Mayor's Office	1.50	1.50	1.50	1.50	1.50
Administrative Services Admin.	1.50	1.50	1.50	1.50	1.50
Financial Services	5.58	4.95	4.95	4.95	5.95
Legal Services	3.00	3.00	3.00	2.00	3.00
Personnel	2.00	2.00	2.00	2.00	--
Public Records	3.50	3.50	3.50	3.50	3.45
Cable TV	4.00	4.00	3.00	4.00	4.30
Print Shop	1.00	1.00	1.00	1.00	1.00
Public Buildings	10.78	11.31	12.11	14.11	14.71
Internal Service					
Information Systems	3.00	3.00	3.00	4.00	4.00
Vehicle Maintenance	6.40	6.40	6.40	6.40	6.10
Sewer	17.30	17.30	16.75	16.88	16.30
Refuse	16.43	16.50	16.80	15.80	17.80
Storm Water	--	--	--	--	3.25
Total	<u>308.16</u>	<u>305.75</u>	<u>307.62</u>	<u>313.50</u>	<u>317.65</u>

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
51.69	53.44	52.69	51.74	50.87
35.65	35.65	35.65	33.80	33.80
6.40	6.40	7.40	7.40	7.40
24.37	20.56	20.56	21.56	22.26
3.61	3.61	3.61	3.61	3.61
11.42	11.42	11.42	11.42	11.42
2.25	2.25	2.25	2.25	2.25
8.00	8.00	8.20	8.48	8.50
17.25	17.25	17.55	17.73	18.56
4.60	4.60	4.60	4.60	4.60
4.70	4.90	5.30	5.00	5.00
18.90	20.10	20.10	20.65	20.65
32.23	33.50	34.26	35.26	35.26
2.90	3.20	3.20	3.20	3.20
0.50	1.23	1.23	0.78	0.78
1.50	1.50	1.50	1.50	1.50
2.10	2.26	2.00	2.00	2.12
3.68	3.68	3.68	3.68	3.68
1.84	1.68	1.69	1.67	1.69
1.79	1.79	1.84	1.87	1.92
--	--	--	--	--
1.50	1.50	1.50	1.50	1.50
1.50	1.50	1.50	1.50	1.50
6.45	6.45	6.45	6.45	6.45
3.00	3.00	3.00	3.00	3.00
--	--	--	--	--
3.70	3.70	3.70	3.70	3.70
4.50	4.50	4.50	4.50	4.50
1.00	1.00	1.00	1.00	1.00
15.25	15.25	15.25	15.84	15.84
4.00	4.00	4.00	4.00	4.00
6.10	6.10	6.10	6.10	6.10
16.72	18.38	18.38	18.38	18.38
17.80	19.30	19.30	22.35	21.35
3.30	3.30	3.30	4.30	4.30
<u>320.20</u>	<u>325.00</u>	<u>326.71</u>	<u>330.82</u>	<u>330.69</u>

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

	Fiscal Year		
	2003	2004	2005
Public Safety			
Police			
Physical arrests	1,485	1,672	1,616
Traffic violations	4,033	5,453	6,007
Parking violations	42,162	37,260	34,056
Fire			
Number of calls answered	1,554	1,511	1,452
Inspections conducted	3,367	2,166	1,807
Sewer			
Sewage System			
Daily average treatment in gallons	4,120,000	4,120,000	4,600,000
Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
Water System			
Daily average consumption in gallons	3,800,209	3,800,209	3,439,943
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
Refuse¹			
Solid Waste			
32 Gallon Containers	--	3,155	3,299
68 Gallon Containers	--	5,679	5,903
95 Gallon Containers	--	1,093	1,284
Yard Waste			
95 Gallon Containers	--	4,499	4,924

Sources: Various city departments

¹ Statistics begin in FY04

Fiscal Year

2006	2007	2008	2009	2010	2011	2012
1,670	1,421	1,353	1,501	1,403	1,199	1,088
4,705	2,562	7,267	3,544	3,237	2,966	2,938
29,952	25,575	26,354	25,267	21,726	18,646	18,619
1,599	1,925	1,936	2,016	1,937	1,924	2,166
2,517	2,331	2,470	2,076	3,750	1,854	1,929
4,550,000	5,730,000	6,510,000	5,130,000	5,726,000	5,210,000	4,100,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,636,258	3,379,708	3,660,000	4,110,000	4,135,000	3,400,000	3,400,000
21,600,000	21,600,000	21,600,000	21,600,000	22,813,000	23,400,000	23,400,000
3,344	3,382	3,529	3,735	4,047	4,343	4,572
5,997	6,169	6,273	6,337	6,490	6,780	6,990
1,464	1,652	1,760	1,876	1,998	2,163	2,301
5,280	5,575	5,769	5,999	6,281	6,554	6,741

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety					
Police					
Stations	1	1	1	1	1
Patrol Units	12	12	12	10	10
Fire					
Stations	2	2	2	2	2
Fire apparatus	8	8	8	8	8
Public works					
Streets					
Miles	200	200	203	205	210
Street lights	2,642	2,670	2,695	2,705	2,856
Health and social services					
Hospital	1	1	1	1	1
Number of patient beds	101	101	101	101	101
Cultural and Recreation					
Hearst Center for the Arts	1	1	1	1	1
Library	1	1	1	1	1
Cemeteries	3	3	3	3	3
Acreage	56.9	56.9	56.9	56.9	56.9
Golf	3	3	3	3	3
Miniature golf course	1	1	1	1	--
Parks	34	34	34	34	34
Acreage	1,116	1,116	1,116	1,116	1,116
Recreation					
Recreation Center	1	1	1	1	1
Swimming pools	3	3	3	3	3
Softball fields	8	8	8	8	8
Baseball fields	2	2	2	2	2
Tennis courts	6	6	6	6	6
Sewer					
Sewage System					
Miles of sanitary sewer	160	160	162	163	169
Miles of storm sewers	160	160	161	162	167
Number of treatment plants	1	1	1	1	1
Number of service connectors	11,039	11,039	11,039	11,649	11,966
Water Systems					
Miles of water mains	169.00	169.00	175.30	184.70	181.80
Number of service connectors	10,967	10,967	11,407	11,682	12,041
Number of city owned fire hydrants	1,503	1,503	1,593	1,717	1,771

Sources: Various city departments

Fiscal Year				
2008	2009	2010	2011	2012
1	1	1	1	1
10	10	10	10	10
2	2	2	2	3
8	8	8	8	8
215	217	217	217	217
2,998	3,025	3,048	3,080	3,088
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	2	2	2	2
--	--	--	--	--
34	34	34	34	33
1,136	1,136	1,136	1,136	1,131
1	1	1	1	1
3	3	3	3	3
8	8	9	9	9
2	2	2	2	2
6	6	6	6	6
177	178.62	178.99	180.11	180.47
168	171.2	171.4	172.13	172.33
1	1	1	1	1
11,975	12,145	12,187	12,544	12,544
192.90	195.70	198.24	199.00	199.00
12,212	12,169	12,328	12,544	12,544
1,951	1,892	1,923	2,067	2,067



Information to Comply with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
June 30, 2012

City of Cedar Falls, Iowa

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* 1

Independent Auditor’s 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-1333

Schedule of Expenditures of Federal Awards5

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CPAs & BUSINESS ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Cedar Falls Utilities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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 entity'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, 2012, 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.

Eide Bailly LLP

Dubuque, Iowa
October 25, 2012



CPAs & BUSINESS ADVISORS

Independent Auditor's 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, 2012. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 of 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, 2012.

Internal Control over Compliance

Management of the City of Cedar Falls, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City'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, noncompliance 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 25, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Eide Bailly LLP

Dubuque, Iowa
October 25, 2012

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce:			
Direct program:			
Economic Adjustment Assistance	11.307		\$ <u>220,269</u>
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		<u>324,423</u>
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRPG-005	21,537
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-207	1,749,520
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHB-227	718,825
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHB-086	150,194
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-240	2,901,310
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHM-014	107,368
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRB-202	<u>558,273</u>
			<u>6,207,027</u>

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development: (continued)			
Pass-through program from:			
City of Waterloo, Iowa:			
Home Investment Partnerships Program	14.239	M01DC190206	<u>\$ 110,534</u>
Direct program:			
Section 8 Housing Choice Vouchers	14.871		<u>1,156,727</u>
Total U.S. Department of Housing and Urban Development			<u>7,798,711</u>
U.S. Department of Justice:			
Direct program:			
Bulletproof Vest Partnership Program	16.607		3,343
ARRA - Public Safety Partnership and Community Policing Grants	16.710		<u>425</u>
Total U.S. Department of Justice			<u>3,768</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
ARRA - Highway Planning and Construction	20.205	ESL-1185(641)--7S-07	16,101
Highway Planning and Construction	20.205	EDP-1185(637)--7Y-07	321,102
Highway Planning and Construction	20.205	STP-U-1185(635)--70-07	<u>7,376</u>
			<u>344,579</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	12-04	5,184
State and Community Highway Safety	20.600	11-04	<u>3,731</u>
			<u>8,915</u>
Total U.S. Department of Transportation			<u>353,494</u>

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy:			
Pass-through program from:			
Iowa Office of Energy Independence:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	EECBG10-3369	<u>\$ 6,365</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-IA DR-1854	51,983
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-IA DR-1763	88,160
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1763-IA;01RJD03	<u>69,966</u>
			<u>210,109</u>
Hazard Mitigation Grant	97.039	HMGP-DR-1763-07-01	450,582
Hazard Mitigation Grant	97.039	HMGP-DR-1763-001401	<u>322,103</u>
			<u>772,685</u>
Direct program:			
Assistance to Firefighters Grant	97.044		<u>110,340</u>
Total U.S. Department of Homeland Security			<u>1,093,134</u>
Total			<u>\$ 9,475,741</u>

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 in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 34,717
ARRA - Public Safety Partnership and Community Policing Grants	16.710	\$ 425

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>
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii
14.871	Section 8 Housing Choice Vouchers
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	Yes

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - Disbursements during the year ended June 30, 2012, did not exceed the amount budgeted.

II-B-12 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-12 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-12 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Susan deBuhr, council member, spouse is owner of Color Glo	Services	\$ 607
Mare Madsen Schmidt, council member, owner of Art Store & More	Services	124
Jared Mason, employee, owner of JM Guns	Services	54

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

II-E-12 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-F-12 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-12 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-12 Revenue Bonds – No instances of non-compliance with the sewer state revolving loan revenue debt provisions were noted.