

CITY OF WATERLOO

Waterloo, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF WATERLOO

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Waterloo
Waterloo, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waterloo, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Waterloo's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Waterloo's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Waterloo's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waterloo, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City of Waterloo adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as 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 our 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.

Management has omitted managements discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waterloo's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 6, 2020

CITY OF WATERLOO

STATEMENT OF NET POSITION As of December 31, 2019

| | Governmental Activities | Business-type Activities | Totals | 600 Community Development Authority |
|--|----------------------------|-----------------------------|-------------------|--|
| ASSETS | | | | |
| Cash and investments | \$ 2,163,742 | \$ 731,550 | \$ 2,895,292 | \$ 43,298 |
| Receivables (net) | | | | |
| Taxes receivable | 2,168,373 | - | 2,168,373 | - |
| Accounts | 75,912 | 680,285 | 756,197 | - |
| Special assessments | 7,288 | - | 7,288 | - |
| Delinquent personal property taxes | 3,067 | - | 3,067 | - |
| Internal balances | 250,364 | (250,364) | - | - |
| Due from primary government | - | - | - | 4,650 |
| Due from other governments | 50,000 | - | 50,000 | - |
| Inventories | - | 124,811 | 124,811 | - |
| Prepaid items | 749,608 | - | 749,608 | - |
| Other assets | - | 45,406 | 45,406 | - |
| Restricted assets | | | | |
| Cash and investments | 30 | 1,679,562 | 1,679,592 | - |
| Restricted assets - other | - | 5,068 | 5,068 | - |
| Capital Assets (net of accumulated depreciation) | | | | |
| Land | 1,110,177 | 186,700 | 1,296,877 | - |
| Construction in progress | - | 75,673 | 75,673 | - |
| Other capital assets | <u>10,094,106</u> | <u>13,213,875</u> | <u>23,307,981</u> | <u>-</u> |
| Total Assets | <u>16,672,667</u> | <u>16,492,566</u> | <u>33,165,233</u> | <u>47,948</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | - | 36,801 | 36,801 | - |
| Pension related amounts | <u>891,319</u> | <u>375,134</u> | <u>1,266,453</u> | <u>-</u> |
| Total Deferred Outflows of Resources | <u>891,319</u> | <u>411,935</u> | <u>1,303,254</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts payable | 80,160 | 251,181 | 331,341 | 93 |
| Accrued liabilities and deposits | 116,762 | 27,615 | 144,377 | - |
| Due to component unit | 4,650 | - | 4,650 | - |
| Noncurrent Liabilities | | | | |
| Due within one year | 835,895 | 585,570 | 1,421,465 | - |
| Due in more than one year | 2,020,280 | 3,465,440 | 5,485,720 | - |
| Net pension liability | <u>340,524</u> | <u>126,918</u> | <u>467,442</u> | <u>-</u> |
| Total Liabilities | <u>3,398,271</u> | <u>4,456,724</u> | <u>7,854,995</u> | <u>93</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned revenues | 2,150,211 | - | 2,150,211 | 4,650 |
| Pension related amounts | <u>466,394</u> | <u>180,608</u> | <u>647,002</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>2,616,605</u> | <u>180,608</u> | <u>2,797,213</u> | <u>4,650</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF NET POSITION As of December 31, 2019

| | Governmental Activities | Business-type Activities | Totals | 600 Community Development Authority |
|----------------------------------|----------------------------|-----------------------------|--------------------------|--|
| NET POSITION | | | | |
| Net investment in capital assets | \$ 9,515,593 | \$ 10,058,437 | \$ 19,574,030 | \$ - |
| Restricted for | | | | |
| Library | 295,345 | - | 295,345 | - |
| TIF Districts | 988,369 | - | 988,369 | - |
| Debt service | - | 463,527 | 463,527 | - |
| Impact fees | 30 | - | 30 | - |
| Replacement | - | 706,654 | 706,654 | - |
| Unrestricted | 749,773 | 1,038,551 | 1,788,324 | 43,205 |
| TOTAL NET POSITION | \$ 11,549,110 | \$ 12,267,169 | \$ 23,816,279 | \$ 43,205 |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|-------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Unit |
| | | | | | Governmental Activities | Business-type Activities | Totals | 600 Community Development Authority |
| Primary Government | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General government | \$ 488,664 | \$ 32,329 | \$ - | \$ - | \$ (456,335) | \$ - | \$ (456,335) | \$ - |
| Public safety | 1,481,847 | 230,567 | 10,466 | - | (1,240,814) | - | (1,240,814) | - |
| Public works | 1,103,560 | 211,308 | 240,017 | 196,796 | (455,439) | - | (455,439) | - |
| Health and human services | 4,386 | - | - | - | (4,386) | - | (4,386) | - |
| Culture, education and recreation | 831,888 | 145,876 | 79,474 | 86,592 | (519,946) | - | (519,946) | - |
| Conservation and development | 22,565 | - | 72,676 | - | 50,111 | - | 50,111 | - |
| Interest and fiscal charges | 89,675 | - | 2,142 | - | (87,533) | - | (87,533) | - |
| Total Governmental Activities | <u>4,022,585</u> | <u>620,080</u> | <u>404,775</u> | <u>283,388</u> | <u>(2,714,342)</u> | <u>-</u> | <u>(2,714,342)</u> | <u>-</u> |
| Business-type Activities | | | | | | | | |
| Electric | 3,691,810 | 3,759,867 | - | 10,914 | - | 78,971 | 78,971 | - |
| Water | 481,236 | 830,981 | - | - | - | 349,745 | 349,745 | - |
| Sewer | 809,214 | 1,251,232 | - | - | - | 442,018 | 442,018 | - |
| Total Business-type Activities | <u>4,982,260</u> | <u>5,842,080</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>870,734</u> | <u>870,734</u> | <u>-</u> |
| Total Primary Government | <u>\$ 9,004,845</u> | <u>\$ 6,462,160</u> | <u>\$ 404,775</u> | <u>\$ 283,388</u> | <u>(2,714,342)</u> | <u>870,734</u> | <u>(1,843,608)</u> | <u>-</u> |
| Component Unit | | | | | | | | |
| 600 Community Development Authority | <u>\$ 4,167</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(4,167)</u> |
| General Revenues | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 917,762 | - | 917,762 | - |
| Property taxes, levied for debt service | | | | | 456,920 | - | 456,920 | - |
| Property taxes, levied for capital assets | | | | | 140,000 | - | 140,000 | - |
| Property taxes, levied for TIF districts | | | | | 308,770 | - | 308,770 | - |
| Property taxes, levied for library | | | | | 200,000 | - | 200,000 | - |
| Other taxes | | | | | 61,214 | - | 61,214 | - |
| Intergovernmental revenues not restricted to specific programs | | | | | 1,427,075 | - | 1,427,075 | - |
| Public gifts and grants | | | | | 57,563 | - | 57,563 | - |
| Investment income | | | | | 56,157 | 36,827 | 92,984 | - |
| Miscellaneous | | | | | 97,128 | 4,018 | 101,146 | 27,200 |
| Total General Revenues | | | | | <u>3,722,589</u> | <u>40,845</u> | <u>3,763,434</u> | <u>27,200</u> |
| Transfers | | | | | <u>(1,708,159)</u> | <u>1,916,484</u> | <u>208,325</u> | <u>-</u> |
| Change in Net Position | | | | | (699,912) | 2,828,063 | 2,128,151 | 23,033 |
| NET POSITION - Beginning of Year | | | | | <u>12,249,022</u> | <u>9,439,106</u> | <u>21,688,128</u> | <u>20,172</u> |
| NET POSITION - END OF YEAR | | | | | <u>\$ 11,549,110</u> | <u>\$ 12,267,169</u> | <u>\$ 23,816,279</u> | <u>\$ 43,205</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

| | 100 General | 220 Fire and EMS | 300 General Debt Service | 400 Capital Projects |
|--|---------------------|---------------------|-----------------------------|-------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 16,637 | \$ 150,950 | \$ - | \$ 503,689 |
| Restricted cash and investments | - | - | - | - |
| Receivables (net) | | | | |
| Taxes | 926,179 | 280,746 | 505,664 | - |
| Delinquent personal property taxes | 3,067 | - | - | - |
| Accounts | 2,112 | 62,417 | - | - |
| Special assessments | - | - | - | 2,663 |
| Due from other funds | 250,364 | - | - | - |
| Due from other governments | - | - | - | 50,000 |
| Prepaid items | 46,945 | 702,663 | - | - |
| Advances to other funds | 899,851 | - | - | - |
| | <u>\$ 2,145,155</u> | <u>\$ 1,196,776</u> | <u>\$ 505,664</u> | <u>\$ 556,352</u> |
| TOTAL ASSETS | | | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 32,717 | \$ 8,117 | \$ - | \$ 32,714 |
| Accrued liabilities | 67,232 | 6,000 | - | - |
| Due to component units | 4,650 | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | <u>104,599</u> | <u>14,117</u> | <u>-</u> | <u>32,714</u> |
| Deferred Inflows of Resources | | | | |
| Unearned revenues | 908,017 | 280,746 | 505,664 | - |
| Unavailable revenues | - | 37,417 | - | 50,000 |
| Total Deferred Inflows of Resources | <u>908,017</u> | <u>318,163</u> | <u>505,664</u> | <u>50,000</u> |
| Fund Balances (Deficit) | | | | |
| Nonspendable | 946,796 | 702,663 | - | - |
| Restricted | - | - | - | - |
| Committed | - | 161,833 | - | - |
| Assigned | 185,743 | - | - | 473,638 |
| Unassigned (deficit) | - | - | - | - |
| Total Fund Balances (Deficit) | <u>1,132,539</u> | <u>864,496</u> | <u>-</u> | <u>473,638</u> |
| | <u>\$ 2,145,155</u> | <u>\$ 1,196,776</u> | <u>\$ 505,664</u> | <u>\$ 556,352</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |

See accompanying notes to financial statements.

| 412 TIF District No. 2 | 413 TIF District No. 3 | Nonmajor Governmental Funds | Totals |
|---------------------------|---------------------------|-----------------------------------|---------------------|
| \$ 946,953 | \$ - | \$ 545,513 | \$ 2,163,742 |
| - | - | 30 | 30 |
| 51,248 | 89,163 | 315,373 | 2,168,373 |
| - | - | - | 3,067 |
| - | - | 11,383 | 75,912 |
| - | - | 4,625 | 7,288 |
| - | - | - | 250,364 |
| - | - | - | 50,000 |
| - | - | - | 749,608 |
| - | - | - | 899,851 |
| <u>\$ 998,201</u> | <u>\$ 89,163</u> | <u>\$ 876,924</u> | <u>\$ 6,368,235</u> |
| \$ - | \$ - | \$ 6,612 | \$ 80,160 |
| - | - | 13,730 | 86,962 |
| - | - | - | 4,650 |
| - | 749,472 | 150,379 | 899,851 |
| - | <u>749,472</u> | <u>170,721</u> | <u>1,071,623</u> |
| 51,248 | 89,163 | 315,373 | 2,150,211 |
| - | - | 4,625 | 92,042 |
| <u>51,248</u> | <u>89,163</u> | <u>319,998</u> | <u>2,242,253</u> |
| - | - | - | 1,649,459 |
| 946,953 | - | 336,791 | 1,283,744 |
| - | - | 203,780 | 365,613 |
| - | - | - | 659,381 |
| - | (749,472) | (154,366) | (903,838) |
| <u>946,953</u> | <u>(749,472)</u> | <u>386,205</u> | <u>3,054,359</u> |
| <u>\$ 998,201</u> | <u>\$ 89,163</u> | <u>\$ 876,924</u> | <u>\$ 6,368,235</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

| | |
|---|-----------------------------|
| Total Fund Balances - Governmental Funds | \$ 3,054,359 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV.D. | 11,204,283 |
| Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B. | 92,042 |
| The net pension liability / asset does not relate to current financial resources and is not reported in the governmental funds. | (340,524) |
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 891,319 |
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | (466,394) |
| Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A. | <u>(2,885,975)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 11,549,110</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

| | 100 General | 220 Fire and EMS | 300 General Debt Service | 400 Capital Projects |
|---|---------------------|---------------------|-----------------------------|-------------------------|
| REVENUES | | | | |
| Taxes | \$ 857,787 | \$ 271,917 | \$ 456,920 | \$ 177,189 |
| Intergovernmental | 493,069 | 197,191 | 2,142 | 426,575 |
| Licenses and permits | 69,199 | - | - | - |
| Fines, forfeitures and penalties | 19,657 | - | - | - |
| Public charges for services | 205,359 | 142,419 | - | - |
| Special assessments | - | - | - | - |
| Investment income | 45,232 | 2,511 | - | 2,726 |
| Miscellaneous revenues | 5,956 | 7,099 | - | - |
| Total Revenues | <u>1,696,259</u> | <u>621,137</u> | <u>459,062</u> | <u>606,490</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 363,127 | - | - | - |
| Public safety | 796,863 | 467,581 | - | - |
| Public works | 636,559 | - | - | - |
| Health and human services | 4,386 | - | - | - |
| Culture, recreation and education | 1,335 | - | - | - |
| Conservation and development | 14,566 | - | - | - |
| Capital Outlay | - | 6,164 | - | 841,549 |
| Debt Service | | | | |
| Principal | - | - | 1,944,270 | - |
| Interest and fiscal charges | - | - | 134,461 | - |
| Total Expenditures | <u>1,816,836</u> | <u>473,745</u> | <u>2,078,731</u> | <u>841,549</u> |
| Excess (deficiency) of revenues over expenditures | <u>(120,577)</u> | <u>147,392</u> | <u>(1,619,669)</u> | <u>(235,059)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt issued | - | - | - | 523,000 |
| Sale of city property | 195 | - | - | 1,000 |
| Transfers in | 268,075 | - | 1,610,462 | 40,670 |
| Transfers out | (4,209) | - | - | (136,397) |
| Total Other Financing Sources (Uses) | <u>264,061</u> | <u>-</u> | <u>1,610,462</u> | <u>428,273</u> |
| Net Change in Fund Balances | 143,484 | 147,392 | (9,207) | 193,214 |
| FUND BALANCES (DEFICIT) - Beginning of Year | <u>989,055</u> | <u>717,104</u> | <u>9,207</u> | <u>280,424</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 1,132,539</u> | <u>\$ 864,496</u> | <u>\$ -</u> | <u>\$ 473,638</u> |

See accompanying notes to financial statements.

| 410 TIF District No. 1 | 412 TIF District No. 2 | 413 TIF District No. 3 | Nonmajor Governmental Funds | Totals |
|---------------------------|---------------------------|---------------------------|-----------------------------------|---------------------|
| \$ 225,270 | \$ 43,357 | \$ 18,973 | \$ 305,170 | \$ 2,356,583 |
| 435,400 | 530,865 | 62,602 | 92,775 | 2,240,619 |
| - | - | - | 44,034 | 113,233 |
| - | - | - | - | 19,657 |
| - | - | - | 109,390 | 457,168 |
| - | - | - | 4,723 | 4,723 |
| - | - | - | 5,322 | 55,791 |
| - | 60,552 | 20,000 | 99,714 | 193,321 |
| <u>660,670</u> | <u>634,774</u> | <u>101,575</u> | <u>661,128</u> | <u>5,441,095</u> |
| 28,312 | 33,453 | 302 | 4,866 | 430,060 |
| - | - | - | - | 1,264,444 |
| - | 2,400 | - | - | 638,959 |
| - | - | - | - | 4,386 |
| - | - | - | 694,545 | 695,880 |
| - | - | - | - | 14,566 |
| 4,374 | 9,030 | 29,697 | 41,072 | 931,886 |
| - | - | - | - | 1,944,270 |
| - | - | - | - | 134,461 |
| <u>32,686</u> | <u>44,883</u> | <u>29,999</u> | <u>740,483</u> | <u>6,058,912</u> |
| <u>627,984</u> | <u>589,891</u> | <u>71,576</u> | <u>(79,355)</u> | <u>(617,817)</u> |
| - | - | 919,615 | - | 1,442,615 |
| - | - | - | 217 | 1,412 |
| - | 528,141 | - | - | 2,447,348 |
| <u>(788,480)</u> | <u>(103,350)</u> | <u>(1,100,173)</u> | <u>(50,864)</u> | <u>(2,183,473)</u> |
| <u>(788,480)</u> | <u>424,791</u> | <u>(180,558)</u> | <u>(50,647)</u> | <u>1,707,902</u> |
| (160,496) | 1,014,682 | (108,982) | (130,002) | 1,090,085 |
| <u>160,496</u> | <u>(67,729)</u> | <u>(640,490)</u> | <u>516,207</u> | <u>1,964,274</u> |
| <u>\$ -</u> | <u>\$ 946,953</u> | <u>\$ (749,472)</u> | <u>\$ 386,205</u> | <u>\$ 3,054,359</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 1,090,085 |
|--|--------------|

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

| | |
|--|-----------|
| Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements | 931,886 |
| Some items reported as capital outlay were not capitalized | 181,353 |
| Depreciation is reported in the government-wide financial statements | (544,618) |

| | |
|--|-------------|
| Capital assets contributed to business-type activities are reported as a transfer out in the government-wide financial statements. | (1,972,034) |
|--|-------------|

| | |
|---|-----------|
| Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. | (398,695) |
|---|-----------|

| | |
|---|-------------|
| Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | |
| Debt issued | (1,442,615) |
| Principal repaid | 1,944,270 |

| | |
|--|----------------|
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | |
| Compensated absences | (13,783) |
| Accrued interest | 44,786 |
| Net pension asset/liability | (633,690) |
| Deferred outflows of resources related to pensions | 364,182 |
| Deferred inflows of resources related to pensions | <u>121,667</u> |

| | |
|--|----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (699,912)</u> |
|--|----------------------------|

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

| | <u>Water & Light Commission</u> |
|---------------------------------------|---|
| ASSETS | |
| Current Assets | |
| Cash and investments | \$ 731,550 |
| Receivables | |
| Customer accounts receivable | 680,285 |
| Inventories | 124,811 |
| Restricted Assets | |
| Redemption account - current | <u>151,202</u> |
| Total Current Assets | <u>1,687,848</u> |
| Noncurrent Assets | |
| Restricted Assets | |
| Reserve account | 323,469 |
| Replacement account | 706,654 |
| Construction account | 498,237 |
| Interest receivable | 5,068 |
| Capital Assets | |
| Land | 186,700 |
| Construction work in progress | 75,673 |
| Plant in service | 25,557,909 |
| Less: Accumulated depreciation | (12,344,034) |
| Other Assets | |
| Property held for future use | <u>45,406</u> |
| Total Noncurrent Assets | <u>15,055,082</u> |
| Total Assets | <u>16,742,930</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred charge on refunding | 36,801 |
| Pension related amounts | <u>375,134</u> |
| Total Deferred Outflows of Resources | <u>411,935</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

| | <u>Water & Light Commission</u> |
|--|---|
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable | \$ 251,181 |
| Accrued liabilities | 11,403 |
| Due to other funds | 250,364 |
| Compensated absences | 18,669 |
| Liabilities Payable from Restricted Assets | |
| Current portion of revenue bonds | 566,901 |
| Accrued interest | <u>16,212</u> |
| Total Current Liabilities | <u>1,114,730</u> |
| Noncurrent Liabilities | |
| Long-Term Debt | |
| Revenue bonds | 3,398,882 |
| Unamortized debt discount | (12,934) |
| Other Liabilities | |
| Compensated absences | 79,492 |
| Net pension liability | <u>126,918</u> |
| Total Noncurrent Liabilities | <u>3,592,358</u> |
| Total Liabilities | <u>4,707,088</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related amounts | <u>180,608</u> |
| NET POSITION | |
| Net investment in capital assets | 10,058,437 |
| Restricted for | |
| Debt service | 463,527 |
| Replacement | 706,654 |
| Unrestricted net position | <u>1,038,551</u> |
| TOTAL NET POSITION | <u>\$ 12,267,169</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2019

| | <u>Water & Light Commission</u> |
|---|---|
| OPERATING REVENUES | |
| Electric | \$ 3,759,867 |
| Water | 830,981 |
| Sewer | <u>1,251,232</u> |
| Total Operating Revenues | <u>5,842,080</u> |
| OPERATING EXPENSES | |
| Operations and maintenance | 4,246,889 |
| Depreciation | <u>615,805</u> |
| Total Operating Expenses | <u>4,862,694</u> |
| Operating Income | <u>979,386</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment income | 16,282 |
| Income from non-utility operations | 14,889 |
| Income (expense) from merchandising and jobbing | 5,656 |
| Interest expense | (104,470) |
| Amortization of discounts and losses | (15,096) |
| Miscellaneous revenues | <u>4,018</u> |
| Total Nonoperating Revenues (Expenses) | <u>(78,721)</u> |
| Income Before Contributions and Transfers | <u>900,665</u> |
| CONTRIBUTIONS AND TRANSFERS | |
| Capital contributions | 10,914 |
| Capital contributions - muni | 2,180,359 |
| Transfer - tax equivalent | <u>(263,875)</u> |
| Total Contributions and Transfers | <u>1,927,398</u> |
| Change in Net Position | 2,828,063 |
| NET POSITION - Beginning of Year | <u>9,439,106</u> |
| NET POSITION - END OF YEAR | <u>\$ 12,267,169</u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2019

| | <u>Water & Light Commission</u> |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Received from customers | \$ 5,870,320 |
| Received from municipality for services | 61,123 |
| Paid to suppliers for goods and services | (3,662,390) |
| Paid to employees for services | <u>(597,210)</u> |
| Net Cash Flows From Operating Activities | <u>1,671,843</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investments sold and matured | 928,819 |
| Investment income | 16,282 |
| Investments purchased | <u>(933,714)</u> |
| Net Cash Flows From Investing Activities | <u>11,387</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Paid to municipality for tax equivalent | <u>(263,285)</u> |
| Net Cash Flows From Noncapital Financing Activities | <u>(263,285)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Debt paid | (545,190) |
| Interest paid | (106,165) |
| Contributions in aid of construction | 10,914 |
| Acquisition and construction of capital assets | <u>(994,668)</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(1,635,109)</u> |
| Net Change in Cash and Cash Equivalents | (215,164) |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>1,692,562</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 1,477,398</u> |

See accompanying notes to financial statements.

| | <u>Water & Light Commission</u> |
|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating income | \$ 979,386 |
| Nonoperating revenue | 24,562 |
| Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities | |
| Depreciation | 615,805 |
| Depreciation charged to other funds | 56,836 |
| Changes in assets, liabilities and deferred inflows/outflows | |
| Accounts receivable | 64,653 |
| Inventories | (14,450) |
| Pension related amounts | 33,421 |
| Accounts payable | (60,246) |
| Due to other funds | (14,238) |
| Compensated absences | (14,034) |
| Commitment to community | 148 |
| | <u>148</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u><u>\$ 1,671,843</u></u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS | |
| Cash and investments | \$ 731,550 |
| Restricted cash and investments | |
| Redemption account | 151,202 |
| Reserve account | 323,469 |
| Replacement account | 706,654 |
| Construction account | 498,237 |
| Total Cash and Investments | <u>2,411,112</u> |
| Less: Noncash equivalents | <u>(933,714)</u> |
| CASH AND CASH EQUIVALENTS | <u><u>\$ 1,477,398</u></u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Amortization of discounts and losses | <u>\$ 15,096</u> |
| Sewer conveyance system contribution from city | <u><u>\$ 2,180,359</u></u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUND As of December 31, 2019

| | Tax Collection Fund |
|--------------------------|------------------------|
| ASSETS | |
| Cash and investments | \$ 2,849,127 |
| Taxes receivable | <u>599,884</u> |
| Total Assets | <u>3,449,011</u> |
| LIABILITIES | |
| Due to other governments | <u>3,449,011</u> |
| Total Liabilities | <u>3,449,011</u> |
| NET POSITION | <u><u>\$ -</u></u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUND For the Year Ended December 31, 2019

| | Tax Collection Fund |
|---|------------------------|
| ADDITIONS | |
| Property taxes collected for other governments | \$ 2,352,579 |
| Total Additions | <u>2,352,579</u> |
| DEDUCTIONS | |
| Property taxes distributed to other governments | <u>2,352,579</u> |
| Total Deductions | <u>2,352,579</u> |
| Change in Fiduciary Net Position | - |
| NET POSITION - Beginning of Year | <u>-</u> |
| NET POSITION - END OF YEAR | <u><u>\$ -</u></u> |

See accompanying notes to financial statements.

CITY OF WATERLOO

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CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waterloo, Wisconsin (the "city") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Waterloo Community Development Authority

The government-wide financial statements include the Waterloo Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note IV.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2019. The CDA does not issue separate financial statements.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. The city does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- 220 Fire and EMS Special Revenue Fund - used to account for and report financial resources that are committed to expenditures for fire operations.
- 300 General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.
- 400 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- 410 Tax Incremental Financing District (TIF) District No. 1 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.
- 412 Tax Incremental Financing (TIF) District No. 2 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.
- 413 Tax Incremental Financing (TIF) District No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following major enterprise fund:

Water and Light Commission Utility Fund - accounts for operations of the electric, water and sewer systems.

The city reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

| | |
|-------------------------------------|--------------------------------|
| 200 Cable TV | 204 Sanitary Sewer Impact Fees |
| 201 Stormwater Impact Fees | 205 Water Impact Fees |
| 202 Public Works Impact Fees | 225 Parks |
| 203 Park and Recreation Impact Fees | 812 Library |

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

414 TIF District No. 4
402 Sidewalk

In addition, the city reports the following fund type:

Custodial Fund - used to account for and report assets controlled by the city and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Tax Collection Fund

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2019, there were \$325,010 of anticipated future assessments which are not reported as receivables in the water and light utility because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The city has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar - 2019 tax roll:

| | |
|--|------------------|
| Lien date and levy date | December 2019 |
| Tax bills mailed | December 2019 |
| Payment in full, or | January 31, 2020 |
| First installment due | January 31, 2020 |
| Second installment due | July 31, 2020 |
| Personal property taxes in full | January 31, 2020 |
| Tax sale - 2019 delinquent real estate taxes | October 2022 |

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the electric, water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------|---------------|
| Buildings | 40 Years |
| Land Improvements | 15 Years |
| Machinery and Equipment | 7 - 10 Years |
| Utility System | 4 - 77 Years |
| Infrastructure | 25 - 60 Years |

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Other Assets

Other assets in the proprietary funds represent property held for future use.

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

8. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retirees being employed for a minimum of 15 years by the city. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 1,080 hours of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. As of December 31, 2019, there are two participants currently eligible to receive the benefits. The liability as of year end was \$2,057 and is recorded in the general fund as it is all considered short term.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line or effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

11. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Clerk/Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in-grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% - 33% of the current year general fund final budgeted expenditures. The balance at year end was \$0, or 0%, and is shown as unassigned general fund balance.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

See Note IV. G. for further information.

12. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Basis for Existing Rates

Electric Utility

Current electric rates were approved by the Public Service Commission of Wisconsin effective September 1, 2017 and are designed to provide a 5% return on rate base.

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective January 31, 2019 and are designed to provide a 5.40% return on rate base.

Sewer Utility

Current sewer rates were approved by the city council effective November 1, 2018.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

| | | | |
|---|----|-------------------------|--|
| Bonds and notes payable | \$ | 2,608,305 | |
| Compensated absences | | 247,870 | |
| Accrued interest | | <u>29,800</u> | |
| | | | |
| Combined Adjustment for Long-Term Liabilities | \$ | <u><u>2,885,975</u></u> | |

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

| Funds | Budgeted Expenditures | Actual Expenditures | Excess Expenditures Over Budget |
|--|--------------------------|------------------------|---------------------------------------|
| 410 TIF District No. 1 | \$ 121,293 | \$ 821,166 | \$ 699,873 |
| 413 TIF District No. 3 | 387,190 | 1,130,172 | 742,982 |
| 412 TIF District No. 2 | 114,300 | 148,233 | 33,933 |
| 812 Clark Memorial | 374,037 | 402,485 | 28,448 |
| 300 General Debt Service | 1,018,595 | 2,078,731 | 1,060,136 |
| 200 Cable TV | 77,970 | 83,359 | 5,389 |
| 201 Stormwater Impact Fees | - | 3,955 | 3,955 |
| 202 Public Works Impact Fees | - | 8,626 | 8,626 |
| 203 Park and Recreation Impact Fees | - | 5,994 | 5,994 |
| 204 Sanitary Sewer Impact Fees | - | 13,901 | 13,901 |
| 205 Water Impact Fees | - | 14,188 | 14,188 |
| 225 Parks | 227,926 | 258,590 | 30,664 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2019, the following individual funds held a deficit balance:

| <u>Fund</u> | <u>Amount</u> | <u>Reason</u> |
|------------------------|---------------|--------------------------------|
| 413 TIF District No. 3 | \$ 749,472 | Expenditures exceeded revenues |
| 225 Parks | 154,366 | Expenditures exceeded revenues |

The TIF district deficit is anticipated to be funded with future incremental taxes levied over the life of the district, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The other fund deficit is anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

C. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year-end were comprised of the following:

| | Carrying Value | Statement Balances | Associated Risks |
|--|-------------------|-----------------------|-----------------------|
| Deposits | \$ 7,058,896 | \$ 7,247,004 | Custodial credit risk |
| LGIP | 360,750 | 360,750 | Credit risk |
| Petty cash | 4,365 | - | N/A |
| Total Deposits and Investments | \$ 7,424,011 | \$ 7,607,754 | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 2,895,292 | | |
| Restricted cash and investments | 1,679,592 | | |
| Per statement of assets and liabilities - | | | |
| custodial fund | | | |
| Tax collection fund | 2,849,127 | | |
| Total Deposits and Investments | \$ 7,424,011 | | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$5,400,000 to secure the city's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2019, \$947,004 of the city's total bank balances were exposed to custodial credit risk as follows:

| | | |
|--------------------------------|--------|---------------------------|
| Uninsured and uncollateralized | \$ | <u>947,004</u> |
| Total | \$ | <u><u>947,004</u></u> |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year with the exception of \$7,288 in special assessments and \$3,067 of delinquent personal property taxes.

Receivables of the 220 Fire and EMS are reported net of uncollectible ambulance receivables in the amount of \$35,871.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

| | <u>Unearned</u> | <u>Unavailable</u> |
|--|--------------------------------|-----------------------------|
| Property taxes receivable for subsequent year | \$ 2,150,211 | \$ - |
| Special assessments not yet due | - | 4,625 |
| Grants receivable - noncurrent | - | 50,000 |
| Accounts receivable - noncurrent | - | <u>37,417</u> |
| Total Unearned/Unavailable Revenue for Governmental Funds | <u><u>\$ 2,150,211</u></u> | <u><u>\$ 92,042</u></u> |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

The water utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Impact Fee Account

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets at December 31, 2019:

| | |
|-------------------------|---------------------|
| Restricted Assets | |
| Redemption account | \$ 151,202 |
| Reserve account | 323,469 |
| Replacement account | 706,654 |
| Construction account | 498,237 |
| Impact fees account | 30 |
| Interest receivable | <u>5,068</u> |
| Total Restricted Assets | <u>\$ 1,684,660</u> |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|------------|--------------|-------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated/amortized | | | | |
| Land | \$ 1,060,715 | \$ 49,462 | \$ - | \$ 1,110,177 |
| Total Capital Assets Not Being Depreciated | 1,060,715 | 49,462 | - | 1,110,177 |
| Capital assets being depreciated | | | | |
| Land improvements | 978,316 | - | - | 978,316 |
| Buildings | 6,705,718 | - | - | 6,705,718 |
| Machinery and equipment | 4,618,773 | 205,482 | 186,228 | 4,638,027 |
| Streets | 4,143,814 | 393,409 | - | 4,537,223 |
| Sanitary sewers* | 2,369,163 | - | 2,369,163 | - |
| Storm sewers | 954,996 | 102,180 | 28,348 | 1,028,828 |
| Total Capital Assets Being Depreciated | 19,770,780 | 701,071 | 2,583,739 | 17,888,112 |
| Total Capital Assets | 20,831,495 | 750,533 | 2,583,739 | 18,998,289 |
| Less: Accumulated depreciation for | | | | |
| Land improvements | (310,251) | (33,542) | - | (343,793) |
| Buildings | (2,601,877) | (147,499) | - | (2,749,376) |
| Machinery and equipment | (3,134,909) | (183,605) | 162,408 | (3,156,106) |
| Streets | (1,106,062) | (157,361) | - | (1,263,423) |
| Sanitary sewers* | (437,499) | - | 437,499 | - |
| Storm sewers | (260,495) | (32,611) | 11,798 | (281,308) |
| Total Accumulated Depreciation | (7,851,093) | (554,618) | 611,705 | (7,794,006) |
| Net Capital Assets Being Depreciated | 11,919,687 | 146,453 | 1,972,034 | 10,094,106 |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 12,980,402 | \$ 195,915 | \$ 1,972,034 | \$ 11,204,283 |

* On June 15, 2017, the city council approved a sanitary sewer conveyance system maintenance and management agreement. Under this agreement, on January 1, 2019, management and ownership of the sanitary sewer system transferred to the Water & Light Commission.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|---|-------------------|
| General government | \$ 25,071 |
| Public safety | 105,615 |
| Public works, which includes the depreciation of infrastructure | 275,696 |
| Culture, education and recreation | <u>138,236</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 544,618</u> |

Business-type Activities

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------------|-------------------|---------------------|
| <u>Electric</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land and land rights | \$ 151,730 | \$ 94 | \$ - | \$ 151,824 |
| Construction in progress | <u>12,377</u> | <u>184,466</u> | <u>121,170</u> | <u>75,673</u> |
| Total Capital Assets Not Being Depreciated | <u>164,107</u> | <u>184,560</u> | <u>121,170</u> | <u>227,497</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 1,850,728 | 1,497 | - | 1,852,225 |
| Machinery and equipment | 1,649,621 | 27,021 | 16,989 | 1,659,653 |
| Infrastructure | <u>3,610,240</u> | <u>113,996</u> | <u>3,943</u> | <u>3,720,293</u> |
| Total Capital Assets Being Depreciated | <u>7,110,589</u> | <u>142,514</u> | <u>20,932</u> | <u>7,232,171</u> |
| Total Capital Assets | <u>7,274,696</u> | <u>327,074</u> | <u>142,102</u> | <u>7,459,668</u> |
| Less: Accumulated depreciation for | | | | |
| Buildings and improvements | (716,197) | (46,312) | - | (762,509) |
| Machinery and equipment | (1,286,225) | (71,937) | 15,554 | (1,342,608) |
| Infrastructure | <u>(1,797,025)</u> | <u>(118,478)</u> | <u>6,639</u> | <u>(1,908,864)</u> |
| Total Accumulated Depreciation | <u>(3,799,447)</u> | <u>(236,727)</u> | <u>22,193</u> | <u>(4,013,981)</u> |
| Net Capital Assets Being Depreciated | <u>3,311,142</u> | <u>(94,213)</u> | <u>(1,261)</u> | <u>3,218,190</u> |
| Net Electric Capital Assets | <u>\$ 3,475,249</u> | <u>\$ 90,347</u> | <u>\$ 119,909</u> | <u>\$ 3,445,687</u> |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|------------|------------|-------------------|
| <u>Water</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land and land rights | \$ 13,113 | \$ - | \$ - | \$ 13,113 |
| Construction in progress | 86 | 306,244 | 306,330 | - |
| Total Capital Assets Not Being Depreciated | 13,199 | 306,244 | 306,330 | 13,113 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 1,034,127 | 3,660 | - | 1,037,787 |
| Machinery and equipment | 706,722 | 34,315 | 19,822 | 721,215 |
| Infrastructure | 5,578,901 | 371,280 | 19,296 | 5,930,885 |
| Total Capital Assets Being Depreciated | 7,319,750 | 409,255 | 39,118 | 7,689,887 |
| Total Capital Assets | 7,332,949 | 715,499 | 345,448 | 7,703,000 |
| Less: Accumulated depreciation for | | | | |
| Buildings and improvements | (578,083) | (32,075) | - | (610,158) |
| Machinery and equipment | (596,948) | (18,675) | 18,387 | (597,236) |
| Infrastructure | (943,676) | (112,641) | 19,294 | (1,037,023) |
| Total Accumulated Depreciation | (2,118,707) | (163,391) | 37,681 | (2,244,417) |
| Net Capital Assets Being Depreciated | 5,201,043 | 245,864 | 1,437 | 5,445,470 |
| Net Water Capital Assets | \$ 5,214,242 | \$ 552,108 | \$ 307,767 | \$ 5,458,583 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|--------------|------------|----------------|
| <u>Sewer</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land and land rights | \$ 21,763 | \$ - | \$ - | \$ 21,763 |
| Total Capital Assets Not Being Depreciated | 21,763 | - | - | 21,763 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 4,030,334 | - | - | 4,030,334 |
| Machinery and equipment | 3,692,896 | 129,129 | 108,970 | 3,713,055 |
| Infrastructure | 22,722 | 2,871,943 | 2,203 | 2,892,462 |
| Total Capital Assets Being Depreciated | 7,745,952 | 3,001,072 | 111,173 | 10,635,851 |
| Total Capital Assets | 7,767,715 | 3,001,072 | 111,173 | 10,657,614 |
| Less: Accumulated depreciation for | | | | |
| Buildings and improvements | (2,355,019) | (105,249) | - | (2,460,268) |
| Machinery and equipment | (3,091,746) | (105,508) | 108,970 | (3,088,284) |
| Infrastructure | (3,098) | (536,189) | 2,203 | (537,084) |
| Total Accumulated Depreciation | (5,449,863) | (746,946) | 111,173 | (6,085,636) |
| Net Capital Assets Being Depreciated | 2,296,089 | 2,254,126 | - | 4,550,215 |
| Net Sewer Capital Assets | \$ 2,317,852 | \$ 2,254,126 | \$ - | \$ 4,571,978 |
| Business-type Capital Assets, Net of Accumulated Depreciation | \$ 11,007,343 | \$ 2,896,581 | \$ 427,676 | \$ 13,476,248 |

Depreciation expense was charged to functions as follows:

Business-type Activities

| | |
|---|------------|
| Electric | \$ 202,898 |
| Water | 151,726 |
| Sewer | 261,181 |
| Total Business-type Activities Depreciation Expense | \$ 615,805 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|----------------------------|--------------------------|
| 100 General Fund | Water and Light Commission | <u>\$ 250,364</u> |
| Total | | <u><u>\$ 250,364</u></u> |

All amounts are due within one year.

The principal purposes of these interfunds are for tax roll items and to cover temporary cash shortfalls. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The 100 General Fund is advancing funds to the 225 Parks Fund as well as to 413 TIF District No. 3. The amount advanced is determined by the amount of deficit cash in the fund at year end. No repayment schedule has been established.

The following is a schedule of interfund advances:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Amount Not Due Within One Year</u> |
|------------------------|------------------------|--------------------------|---|
| 100 General Fund | 225 Parks | \$ 150,379 | \$ 150,379 |
| 100 General Fund | 413 TIF District No. 3 | <u>749,472</u> | 749,472 |
| Total | | <u><u>\$ 899,851</u></u> | |

The principal purpose of this advance is due to expenditures exceeding revenues.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|---|------------------------------|-----------------------|--------------------------------|
| 100 General Fund | Water & Light Commission | \$ 263,875 | Tax equivalent |
| 100 General Fund | 200 Cable TV | 4,200 | Office rental |
| 300 General Debt Service | 400 Capital Projects | 136,397 | Debt service |
| 300 General Debt Service | 410 TIF District No. 1 | 266,333 | Debt service |
| 300 General Debt Service | 412 TIF District No. 2 | 103,350 | Debt service |
| 300 General Debt Service | 100 General Fund | 4,209 | Debt service |
| 300 General Debt Service | 413 TIF District No. 3 | 1,100,173 | Debt service |
| 412 TIF District No. 2 | 410 TIF District No. 1 | 522,147 | Donor/Donee District |
| | 203 Park & Recreation | | |
| 410 TIF District No. 2 | Impact Fees | 5,994 | Impact fees for capital outlay |
| | 201 Stormwater Impact | | |
| 400 Capital Projects | Fees | 3,955 | Impact fees for capital outlay |
| | 202 Public Works Impact | | |
| 400 Capital Projects | Fees | 8,626 | Impact fees for capital outlay |
| | 204 Sanitary Sewer | | |
| 400 Capital Projects | Impact Fees | 13,901 | Impact fees for capital outlay |
| 400 Capital Projects | 205 Water Impact Fees | <u>14,188</u> | Impact fees for capital outlay |
| Subtotal - Fund Financial Statements | | 2,447,348 | |
| Less: Fund eliminations | | (2,183,473) | |
| Less: Transfer to business-type activities for capital assets funded by governmental activities | | <u>(1,972,034)</u> | |
| Total Transfers - Government-Wide Statement of Activities (Governmental Activities) | | <u>\$ (1,708,159)</u> | |

The total transfers shown on the Government-Wide Statement of Activities for Governmental Activities of \$(1,708,159) does not offset the amount shown under Business-type Activities of \$1,916,484 due to the sewer conveyance system contributions from the city to the Water & Light Commission during 2019. This difference relates to the city not retroactively implementing GASB 34 related to infrastructure assets versus the Water & Light Commission recording the contribution of the sewer conveyance system at its historical cost, including accumulated depreciation.

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|--------------|--------------|-------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 2,488,284 | \$ 1,442,615 | \$ 1,709,034 | \$ 2,221,865 | \$ 714,272 |
| General obligation debt from direct borrowings and direct placements | 621,676 | - | 235,236 | 386,440 | 92,693 |
| Sub-totals | 3,109,960 | 1,442,615 | 1,944,270 | 2,608,305 | 806,965 |
| Other Liabilities | | | | | |
| Vested compensated absences | 234,087 | 47,676 | 33,893 | 247,870 | 28,930 |
| Total Other Liabilities | 234,087 | 47,676 | 33,893 | 247,870 | 28,930 |
| Total Governmental Activities Long-Term Liabilities | \$ 3,344,047 | \$ 1,490,291 | \$ 1,978,163 | \$ 2,856,175 | \$ 835,895 |
| Business-type Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| Revenue bonds | \$ 3,425,000 | \$ - | \$ 480,000 | \$ 2,945,000 | \$ 500,000 |
| Revenue bonds from direct borrowings and direct placements | 1,085,973 | - | 65,190 | 1,020,783 | 66,901 |
| (Discounts)/Premiums | (15,057) | - | (2,123) | (12,934) | - |
| Sub-totals | 4,495,916 | - | 543,067 | 3,952,849 | 566,901 |
| Other Liabilities | | | | | |
| Vested compensated absences | 115,560 | 27,372 | 44,771 | 98,161 | 18,669 |
| Total Other Liabilities | 115,560 | 27,372 | 44,771 | 98,161 | 18,669 |
| Total Business-type Activities Long-Term Liabilities | \$ 4,611,476 | \$ 27,372 | \$ 587,838 | \$ 4,051,010 | \$ 585,570 |

In addition to the liabilities noted above, information on the net pension liability (asset) is provided in Note V.A.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2019, was \$11,708,960. Total general obligation debt outstanding at year-end was \$2,608,305.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities

| <u>General Obligation Debt</u> | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance December 31, 2019</u> |
|---|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| General Obligation Refunding Bond | 11/29/10 | 12/01/22 | 1.3-2.9% | \$ 1,835,000 | \$ 910,000 |
| State Trust Fund Loan - Direct | 07/01/13 | 03/15/23 | 2.75% | 900,000 | 386,440 |
| General Obligation Promissory Notes | 05/22/19 | 10/22/20 | 1.958% | 523,000 | 392,250 |
| General Obligation Refunding Notes | 09/06/19 | 09/01/32 | 3.55% | 919,615 | <u>919,615</u> |
| Total Governmental Activities - General Obligation Debt | | | | | <u><u>\$ 2,608,305</u></u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities General Obligation Debt</u> | |
|--------------|--|--------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 714,272 | \$ 61,298 |
| 2021 | 378,631 | 48,903 |
| 2022 | 385,760 | 37,814 |
| 2023 | 62,967 | 26,182 |
| 2024 | 65,254 | 23,895 |
| 2025-2029 | 363,585 | 82,160 |
| 2030-2032 | <u>251,396</u> | <u>16,051</u> |
| Totals | <u><u>\$ 2,221,865</u></u> | <u><u>\$ 296,303</u></u> |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

| <u>Years</u> | Governmental Activities Notes from Direct Borrowings and Direct Placements | |
|--------------|--|-----------|
| | Principal | Interest |
| | 2020 | \$ 92,693 |
| 2021 | 95,271 | 8,078 |
| 2022 | 97,891 | 5,458 |
| 2023 | 100,585 | 2,766 |
| Totals | \$ 386,440 | \$ 26,958 |

The city's outstanding State Trust Fund Loan from direct borrowings related to governmental activities of \$386,440 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the city.

The city's outstanding 2019 general obligation debt issuances of \$1,311,865 related to governmental activities contain provisions that in the event of a default, outstanding amounts become immediately due and payable, at the option of the lender.

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Water & Light Commission.

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2019 was \$651,311. Total customer net revenues as defined for the same period was \$1,632,018. Annual principal and interest payments are expected to require 20% of net revenues on average.

Revenue debt payable at December 31, 2019, consists of the following:

Business-type Activities Revenue Debt

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2019 |
|---|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| <u>Water Utility</u> | | | | | |
| 2012 Revenue Bonds | 11/06/12 | 11/01/28 | 0.50-3.00% | \$ 3,255,000 | \$ 1,365,000 |
| 2013 Revenue Bonds - Direct | 03/27/13 | 05/01/32 | 2.63% | 1,384,900 | 1,020,783 |
| 2013 Revenue Bonds | 12/31/13 | 11/01/22 | 0.80-3.20% | 950,000 | 345,000 |
| 2016 Revenue Bonds | 11/15/16 | 11/01/36 | 1.25-3.25% | 1,310,000 | 1,235,000 |
| Total Business-type Activities - Revenue Debt | | | | | \$ 3,965,783 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

| <u>Years</u> | Business-type Activities Revenue Debt | |
|--------------|--|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 500,000 | \$ 70,073 |
| 2021 | 495,000 | 60,388 |
| 2022 | 490,000 | 49,703 |
| 2023 | 135,000 | 38,173 |
| 2024 | 135,000 | 35,203 |
| 2025-2029 | 630,000 | 127,422 |
| 2030-2034 | 375,000 | 65,502 |
| 2035-2036 | 185,000 | 9,101 |
| Totals | <u>\$ 2,945,000</u> | <u>\$ 455,565</u> |

| <u>Years</u> | Business-type Activities Revenue Debt from Direct Borrowings and Direct Placements | |
|--------------|---|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 66,901 | \$ 25,917 |
| 2021 | 68,657 | 24,138 |
| 2022 | 70,459 | 22,312 |
| 2023 | 72,309 | 20,439 |
| 2024 | 74,207 | 18,516 |
| 2025-2029 | 401,297 | 61,918 |
| 2030-2032 | 266,953 | 10,632 |
| Totals | <u>\$ 1,020,783</u> | <u>\$ 183,872</u> |

Other Debt Information

Estimated payments of vested benefits are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On September 6, 2019, the city issued \$919,615 in general obligation notes with an interest rate of 3.55% to refund \$897,688 of outstanding notes with an interest rate of 3.00%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$751,351 from 2020 through 2021. The cash flow requirements on the refunding notes are \$1,158,937 from 2020 through 2032. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$215,646 as the debt was refunded for cash flow purposes.

Bond Covenant Disclosures

Insurance

The utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The utility is covered under the following insurance policies at December 31, 2019:

| <u>Type</u> | <u>Coverage</u> | <u>Expiration</u> |
|----------------------|-----------------|-------------------|
| <i>Tricor, Inc.</i> | | |
| General Liability | \$ 5,000,000 | 1/1/20 |
| Automobile | 5,000,000 | 1/1/20 |
| Workers Compensation | 500,000 | 1/1/20 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2019 as follows:

| | |
|---|---------------------|
| Operating revenues | \$ 5,842,080 |
| Investment income | 16,282 |
| Miscellaneous nonoperating income | 14,889 |
| Income from merchandising and jobbing | 5,656 |
| Less: Operation and maintenance expenses | <u>(4,246,889)</u> |
| Net Defined Earnings | <u>\$ 1,632,018</u> |
| Minimum Required Earnings per Resolution: | |
| Current year's revenue bond debt service | \$ 651,311 |
| Coverage factor | <u>1.25</u> |
| Minimum Required Earnings | <u>\$ 814,139</u> |
| Actual Debt Coverage | <u>2.51</u> |

Utility Budget

The 2019 utility budgets were prepared and approved as required by the bond resolutions.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

| | |
|---|---------------------|
| Net Investment in Capital Assets | |
| Land | \$ 1,110,177 |
| Other capital assets, net of accumulated depreciation | 10,094,106 |
| Less: Long-term capital debt outstanding | <u>(1,688,690)</u> |
| Total Net Investment in Capital Assets | <u>\$ 9,515,593</u> |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

| | General Fund | 220 Fire and EMS | 400 Capital Projects | 412 TIF District No. 2 | 413 TIF District No. 3 | Nonmajor Funds | Totals |
|--------------------------------------|-----------------|---------------------|-------------------------|------------------------------|------------------------------|-------------------|--------------|
| Fund Balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid items | \$ 46,945 | \$ 702,663 | \$ - | \$ - | \$ - | \$ - | \$ 749,608 |
| Advances | 899,851 | - | - | - | - | - | 899,851 |
| Sub-total | 946,796 | 702,663 | - | - | - | - | 1,649,459 |
| Restricted for: | | | | | | | |
| TIF purposes | - | - | - | 946,953 | - | 41,416 | 988,369 |
| Library purposes | - | - | - | - | - | 295,345 | 295,345 |
| Impact fees | - | - | - | - | - | 30 | 30 |
| Sub-total | - | - | - | 946,953 | - | 336,791 | 1,283,744 |
| Committed to: | | | | | | | |
| Fire and EMS operations | - | 161,833 | - | - | - | - | 161,833 |
| Cable TV operations | - | - | - | - | - | 168,237 | 168,237 |
| Capital related purposes | - | - | - | - | - | 35,543 | 35,543 |
| Sub-total | - | 161,833 | - | - | - | 203,780 | 365,613 |
| Assigned to: | | | | | | | |
| Tax equivalent | 263,875 | - | - | - | - | - | 263,875 |
| Retiree health | 38,824 | - | - | - | - | - | 38,824 |
| DPW uniforms | 1,029 | - | - | - | - | - | 1,029 |
| Speed limit alert sign | 240 | - | - | - | - | - | 240 |
| Defibrillator | 567 | - | - | - | - | - | 567 |
| Reduction for unavailable funds | (118,792) | - | - | - | - | - | (118,792) |
| Capital related purposes | - | - | 473,638 | - | - | - | 473,638 |
| Sub-total | 185,743 | - | 473,638 | - | - | - | 659,381 |
| Unassigned (deficit): | - | - | - | - | (749,472) | (154,366) | (903,838) |
| Total Fund Balances (Deficit) | \$ 1,132,539 | \$ 864,496 | \$ 473,638 | \$ 946,953 | \$ (749,472) | \$ 386,205 | \$ 3,054,359 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

| | |
|--|----------------------|
| Net Investment in Capital Assets | |
| Land | \$ 186,700 |
| Construction in progress | 75,673 |
| Other capital assets, net of accumulated depreciation | 13,213,875 |
| Less: Long-term debt outstanding | (3,965,783) |
| Plus: Unamortized debt discount and deferred charge on refunding | 49,735 |
| Plus: Unspent capital related debt proceeds | <u>498,237</u> |
| Total Net Investment in Capital Assets | <u>\$ 10,058,437</u> |

H. COMPONENT UNIT

WATERLOO COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Waterloo Community Development Authority (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

at year-end, the carrying amount of the CDA's deposits was \$43,298 and is part of the city's commingled cash. See Note IV. A.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2009 | (2.1)% | (42.0)% |
| 2010 | (1.3) | 22.0 |
| 2011 | (1.2) | 11.0 |
| 2012 | (7.0) | (7.0) |
| 2013 | (9.6) | 9.0 |
| 2014 | 4.7 | 25.0 |
| 2015 | 2.9 | 2.0 |
| 2016 | 0.5 | (5.0) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17.0 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$132,711 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (Executives & Elected Officials) | 6.7% | 6.7% |
| Protective with Social Security | 6.7% | 10.7% |
| Protective without Social Security | 6.7% | 14.9% |

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the city reported a liability of \$467,442 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was 0.01313895%, which was an increase of 0.00011880% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$315,203.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 364,067 | \$ 643,539 |
| Changes in assumptions | 78,793 | - |
| Net differences between projected and actual earnings on pension plan investments | 682,668 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 3,739 | 3,463 |
| Employer contributions subsequent to the measurement date | 137,186 | - |
| Totals | \$ 1,266,453 | \$ 647,002 |

\$137,186 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31: | Deferred Outflows of Resources and Deferred Inflows of Resources (net) |
|----------------------------|---|
| 2020 | \$ 175,931 |
| 2021 | 44,338 |
| 2022 | 75,730 |
| 2023 | 186,266 |

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | December 31, 2017 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2018 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Post-retirement Adjustments*: | 1.9% |

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Core Fund Asset Class</u> | <u>Current Asset Allocation %</u> | <u>Long-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
|--------------------------------------|-----------------------------------|--|---|
| Global Equities | 49% | 8.1% | 5.5% |
| Fixed Income | 24.5 | 4.0 | 1.5 |
| Inflation Sensitive Assets | 15.5 | 3.8 | 1.3 |
| Real Estate | 9 | 6.5 | 3.9 |
| Private Equity/Debt | 8 | 9.4 | 6.7 |
| Multi-Asset | 4 | 6.7 | 4.1 |
| Total Core Fund | 110 | 7.3 | 4.7 |
| <u>Variable Fund Asset Class</u> | | | |
| U.S Equities | 70 | 7.6 | 5.0 |
| International Equities | 30 | 8.5 | 5.9 |
| Total Variable Fund | 100 | 8.0 | 5.4 |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|---|--|----------------------------------|--|
| City's proportionate share of the net pension liability | \$1,857,666 | \$467,442 | \$(566,296) |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2019, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$324 million as of December 31, 2019.

TIF District No. 2

During 2013, the city entered into a developer agreement related to a property located in TIF District No. 2. As part of the developer agreement, for each revenue year beginning with revenue year 2017, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year, then the developer shall pay to the city an amount equal to the difference. This difference equated to \$60,552 in 2019 and is shown as revenue at year-end. Any developer subsidy not paid will bear an interest rate of 6.0% per year until paid. As a part of the developer agreement, the developer shall also employ not less than three (3) full-time employment positions at the facilities. The original developer agreement was amended in 2018, which resulted in changes to the developer-guaranteed amounts.

Also, as part of the amended developer agreement, the city promises to pay the developer, subject to certain terms and conditions, the amount of \$1,182,362. The city is obligated to make these payments before September 30 of each revenue year, commencing with revenue year 2024. The obligation ceases upon the earlier of (i) the expiration of the term of the TIF district) or (ii) payment of the sum of \$1,182,362. The city paid out an \$800,000 contribution related to this agreement during 2013.

CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. ECONOMIC DEPENDENCY

Water & Light Commission

The Water & Light Commission has a significant customer who was responsible for 16% of operating revenues in 2019.

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

F. SEGMENT INFORMATION

The city provides electric, water and sewer service to the city residents through the Water & Light Commission. The commission operates as a single entity. Revenue debt issued by the Commission is secured by the combined revenues of the three utility services, and therefore, combining statements and segment information are not required.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WATERLOO

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2019

| | Original and Final Budget | Actual | Variance with Final Budget |
|--|------------------------------|---------------------|-------------------------------|
| REVENUES | | | |
| Taxes | \$ 859,704 | \$ 857,787 | \$ (1,917) |
| Intergovernmental | 480,477 | 493,069 | 12,592 |
| Licenses and permits | 32,621 | 69,199 | 36,578 |
| Fines, forfeitures and penalties | 12,300 | 19,657 | 7,357 |
| Public charges for services | 216,953 | 205,359 | (11,594) |
| Investment income | 12,000 | 45,232 | 33,232 |
| Miscellaneous revenues | <u>2,820</u> | <u>5,956</u> | <u>3,136</u> |
| Total Revenues | <u>1,616,875</u> | <u>1,696,259</u> | <u>79,384</u> |
| EXPENDITURES | | | |
| General government | 376,861 | 363,127 | 13,734 |
| Public safety | 842,186 | 796,863 | 45,323 |
| Public works | 652,345 | 636,559 | 15,786 |
| Health and human services | 4,636 | 4,386 | 250 |
| Culture, recreation and education | - | 1,335 | (1,335) |
| Conservation and development | <u>14,427</u> | <u>14,566</u> | <u>(139)</u> |
| Total Expenditures | <u>1,890,455</u> | <u>1,816,836</u> | <u>73,619</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(273,580)</u> | <u>(120,577)</u> | <u>153,003</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 273,580 | 268,075 | (5,505) |
| Transfers out | - | (4,209) | (4,209) |
| Sale of city property | <u>-</u> | <u>195</u> | <u>195</u> |
| Total Other Financing Sources (Uses) | <u>273,580</u> | <u>264,061</u> | <u>(9,519)</u> |
| Net Change in Fund Balance | - | 143,484 | 143,484 |
| FUND BALANCE - Beginning of Year | <u>989,055</u> | <u>989,055</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 989,055</u> | <u>\$ 1,132,539</u> | <u>\$ 143,484</u> |

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF WATERLOO

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - 220 FIRE AND EMS
For the Year Ended December 31, 2019

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|--------------------------------------|-------------------|---------------------------------------|
| REVENUES | | | |
| TAXES | \$ 271,917 | \$ 271,917 | \$ - |
| INTERGOVERNMENTAL | | | |
| Fire insurance tax (2% fire dues) | 12,000 | 15,044 | 3,044 |
| State aid - emergency government | 4,800 | 6,816 | 2,016 |
| Payments for municipal services | <u>175,331</u> | <u>175,331</u> | <u>-</u> |
| Total Intergovernmental | <u>192,131</u> | <u>197,191</u> | <u>5,060</u> |
| PUBLIC CHARGES FOR SERVICES | | | |
| Public safety | <u>125,000</u> | <u>142,419</u> | <u>17,419</u> |
| INVESTMENT INCOME | | | |
| Interest on investments | <u>1,000</u> | <u>2,511</u> | <u>1,511</u> |
| MISCELLANEOUS | | | |
| Insurance recoveries | - | 7 | 7 |
| Donations | <u>-</u> | <u>7,092</u> | <u>7,092</u> |
| Total Miscellaneous | <u>-</u> | <u>7,099</u> | <u>7,099</u> |
| Total Revenues | <u>590,048</u> | <u>621,137</u> | <u>31,089</u> |
| EXPENDITURES | | | |
| PUBLIC SAFETY | | | |
| Fire protection | <u>480,048</u> | <u>467,581</u> | <u>12,467</u> |
| CAPITAL OUTLAY | | | |
| Fire protection | <u>110,000</u> | <u>6,164</u> | <u>103,836</u> |
| Total Expenditures | <u>590,048</u> | <u>473,745</u> | <u>116,303</u> |
| Net Change in Fund Balance | - | 147,392 | 147,392 |
| FUND BALANCE - Beginning of Year | <u>717,104</u> | <u>717,104</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 717,104</u> | <u>\$ 864,496</u> | <u>\$ 147,392</u> |

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF WATERLOO

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

| Fiscal Year Ending | Proportion of the Net Pension Liability/(Asset) | Proportionate Share of the Net Pension Liability/(Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-----------------------|--|---|--------------------|--|--|
| 12/31/19 | 0.01313895% | \$ 467,442 | \$ 1,661,469 | 28.13% | 96.45% |
| 12/31/18 | 0.01302015% | (386,583) | 1,696,206 | 22.79% | 102.93% |
| 12/31/17 | 0.01247212% | 102,800 | 1,562,837 | 6.58% | 99.12% |
| 12/31/16 | 0.01266419% | 205,791 | 1,550,704 | 13.27% | 98.20% |
| 12/31/15 | 0.01286712% | (316,052) | 1,517,985 | 20.82% | 102.74% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------------|--|---|--|--------------------|---|
| 12/31/19 | \$ 137,186 | \$ (137,186) | - | \$ 1,776,318 | 7.72% |
| 12/31/18 | 133,941 | (133,941) | - | 1,671,116 | 8.02% |
| 12/31/17 | 143,229 | (143,229) | - | 1,671,489 | 8.57% |
| 12/31/16 | 119,044 | (119,044) | - | 1,533,540 | 7.76% |
| 12/31/15 | 120,826 | (120,826) | - | 1,474,584 | 8.19% |

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF WATERLOO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$1,016,908. Budgets are adopted at the department level of expenditure.

EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

| | <u>Final Budget</u> | <u>Expenditures</u> | <u>Excess</u> |
|-------------------------------|---------------------|---------------------|---------------|
| <u>General Fund</u> | | | |
| Council | \$ 13,780 | \$ 14,211 | \$ 431 |
| Clerk | 217,614 | 224,279 | 6,665 |
| Independent auditing | 25,000 | 30,436 | 5,436 |
| Legal counseling | 2,500 | 2,860 | 360 |
| Municipal buildings | 17,575 | 20,571 | 2,996 |
| Inspection | 11,000 | 32,334 | 21,334 |
| Engineering | 5,000 | 12,045 | 7,045 |
| Snow and ice control | 36,400 | 37,669 | 1,269 |
| Refuse and garbage collection | 171,840 | 176,164 | 4,324 |
| Solid waste disposal | 7,790 | 8,383 | 593 |
| Celebration and entertainment | - | 1,335 | 1,335 |
| Planning | 8,700 | 9,056 | 356 |

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The city is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF WATERLOO

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2019

| | Original and Final Budget | Actual | Variance with Final Budget |
|---|------------------------------|----------------|-------------------------------|
| TAXES | | | |
| Property | \$ 832,879 | \$ 833,762 | \$ 883 |
| Mobile home lottery credit and parking fees | 22,000 | 19,280 | (2,720) |
| Interest and penalties on taxes | 25 | - | (25) |
| Other taxes | 4,800 | 4,745 | (55) |
| Total Taxes | <u>859,704</u> | <u>857,787</u> | <u>(1,917)</u> |
| INTERGOVERNMENTAL | | | |
| State shared revenues | 464,393 | 463,818 | (575) |
| State aid - computers | 3,067 | 10,798 | 7,731 |
| State aid - recycling | 11,737 | 12,379 | 642 |
| State aid - other law enforcement | 1,280 | 6,074 | 4,794 |
| Total Intergovernmental | <u>480,477</u> | <u>493,069</u> | <u>12,592</u> |
| LICENSES AND PERMITS | | | |
| Liquor and malt beverage licenses | 8,500 | 8,525 | 25 |
| Operators' license | 3,000 | 3,195 | 195 |
| Cigarette licenses | 400 | 500 | 100 |
| Mobile home park licenses | 204 | 493 | 289 |
| Bicycle licenses | 30 | 15 | (15) |
| Dog and cat licenses | 4,111 | 6,118 | 2,007 |
| Nonbusiness licenses | 100 | - | (100) |
| Building permits | 6,180 | 20,124 | 13,944 |
| Electrical permits | 2,864 | 5,517 | 2,653 |
| Plumbing permits | 3,031 | 9,737 | 6,706 |
| Heating and air conditioning permits | 1,183 | 4,985 | 3,802 |
| Landfill permits | - | 350 | 350 |
| Other regulatory permits and fees | 243 | 1,293 | 1,050 |
| Other permits | - | 41 | 41 |
| Other business and occupational licenses | 2,310 | 8,176 | 5,866 |
| Other nonbusiness licenses | 465 | 130 | (335) |
| Total Licenses and Permits | <u>32,621</u> | <u>69,199</u> | <u>36,578</u> |
| FINES, FORFEITURES AND PENALTIES | | | |
| Court penalties and costs | 8,500 | 12,339 | 3,839 |
| Parking violations | 3,800 | 7,080 | 3,280 |
| Other law and ordinance violations | - | 238 | 238 |
| Total Fines, Forfeitures, and Penalties | <u>12,300</u> | <u>19,657</u> | <u>7,357</u> |
| PUBLIC CHARGES FOR SERVICES | | | |
| General government | 25 | - | (25) |
| Clerk's fees | 4,025 | 3,819 | (206) |
| Law enforcement fees | 67 | 118 | 51 |
| Public health services | 50 | - | (50) |
| County highway maintenance and construction | 2,088 | 2,105 | 17 |
| Weed and nuisance control | 82 | - | (82) |
| Refuse and garbage collection | 210,163 | 199,097 | (11,066) |
| Recycling | 453 | 220 | (233) |
| Total Public Charges for Services | <u>216,953</u> | <u>205,359</u> | <u>(11,594)</u> |

CITY OF WATERLOO

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2019

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------|--------------------------------------|-------------------------|---------------------------------------|
| INVESTMENT INCOME | | | |
| Interest on investments | <u>\$ 12,000</u> | <u>\$ 45,232</u> | <u>\$ 33,232</u> |
| MISCELLANEOUS | | | |
| Awards & damages | 2,782 | 30 | (2,752) |
| Donations | - | 3,890 | 3,890 |
| Other miscellaneous | <u>38</u> | <u>2,036</u> | <u>1,998</u> |
| Total Miscellaneous | <u>2,820</u> | <u>5,956</u> | <u>3,136</u> |
| TOTAL REVENUES | <u>\$ 1,616,875</u> | <u>\$ 1,696,259</u> | <u>\$ 79,384</u> |

CITY OF WATERLOO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2019

| | Original and Final Budget | Actual | Variance with Final Budget |
|---|------------------------------|----------------|-------------------------------|
| GENERAL GOVERNMENT | | | |
| Council | \$ 13,780 | \$ 14,211 | \$ (431) |
| Mayor | 7,356 | 5,795 | 1,561 |
| Clerk | 217,614 | 224,279 | (6,665) |
| Legislative support | 3,750 | 3,289 | 461 |
| Elections | 3,525 | 2,131 | 1,394 |
| Assessment of property | 2,070 | 1,661 | 409 |
| Independent auditing | 25,000 | 30,436 | (5,436) |
| Legal counseling | 2,500 | 2,860 | (360) |
| Municipal building | 17,575 | 20,571 | (2,996) |
| Contingency | 30,000 | 8,390 | 21,610 |
| Property and liability insurance | 45,067 | 41,666 | 3,401 |
| Other general government | <u>8,624</u> | <u>7,838</u> | <u>786</u> |
| Total General Government | <u>376,861</u> | <u>363,127</u> | <u>13,734</u> |
| PUBLIC SAFETY | | | |
| Police - administration | 318,062 | 302,458 | 15,604 |
| Police - patrol | 506,499 | 457,538 | 48,961 |
| Inspection | 11,000 | 32,334 | (21,334) |
| Emergency government | <u>6,625</u> | <u>4,533</u> | <u>2,092</u> |
| Total Public Safety | <u>842,186</u> | <u>796,863</u> | <u>45,323</u> |
| PUBLIC WORKS | | | |
| Machinery operation and maintenance | 48,519 | 37,062 | 11,457 |
| Garages and sheds | 16,415 | 14,510 | 1,905 |
| Engineering | 5,000 | 12,045 | (7,045) |
| Street maintenance | 6,975 | 6,619 | 356 |
| Bridges, culvers and rivers | 225 | - | 225 |
| Snow and ice control | 36,400 | 37,669 | (1,269) |
| Traffic control | 5,245 | 5,150 | 95 |
| Street lighting | 61,467 | 59,395 | 2,072 |
| Storm sewer maintenance | 1,475 | 131 | 1,344 |
| Tree and brush removal | 8,495 | 7,704 | 791 |
| Refuse and garbage collection | 171,840 | 176,164 | (4,324) |
| Solid waste disposal | 7,790 | 8,383 | (593) |
| Public works/highway administration | <u>282,499</u> | <u>271,727</u> | <u>10,772</u> |
| Total Public Works | <u>652,345</u> | <u>636,559</u> | <u>15,786</u> |
| HEALTH AND HUMAN SERVICES | | | |
| Animal control | 4,386 | 4,386 | - |
| Cemetery | <u>250</u> | <u>-</u> | <u>250</u> |
| Total Health and Human Services | <u>4,636</u> | <u>4,386</u> | <u>250</u> |
| CULTURE, RECREATION, AND EDUCATION | | | |
| Celebration and entertainment | <u>-</u> | <u>1,335</u> | <u>(1,335)</u> |
| Total Culture, Recreation, and Education | <u>-</u> | <u>1,335</u> | <u>(1,335)</u> |

CITY OF WATERLOO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
100 GENERAL FUND
For the Year Ended December 31, 2019

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-------------------------------------|--------------------------------------|---------------------|---------------------------------------|
| CONSERVATION AND DEVELOPMENT | | | |
| Planning Commission | \$ 5,727 | \$ 5,510 | \$ 217 |
| Planning | <u>8,700</u> | <u>9,056</u> | <u>(356)</u> |
| Total Conservation and Development | <u>14,427</u> | <u>14,566</u> | <u>(139)</u> |
| | | | |
| TOTAL EXPENDITURES | <u>\$ 1,890,455</u> | <u>\$ 1,816,836</u> | <u>\$ 73,619</u> |

| Special Revenue Funds | | | | | | Capital Projects Funds |
|--------------------------------------|---|------------------------------------|----------------------------------|--------------------------|------------------|------------------------------|
| 204 Sanitary Sewer Impact Fees | 203 Park and Recreation Impact Fees | 202 Public Works Impact Fees | 201 Stormwater Impact Fees | 205 Water Impact Fees | 225 Parks | 414 TIF District No. 4 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 41,416 |
| 8 | 4 | 5 | 2 | 11 | - | - |
| - | - | - | - | - | 84,000 | 25,891 |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 8</u> | <u>\$ 4</u> | <u>\$ 5</u> | <u>\$ 2</u> | <u>\$ 11</u> | <u>\$ 84,000</u> | <u>\$ 67,307</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,717 | \$ - |
| - | - | - | - | - | 2,270 | - |
| - | - | - | - | - | 150,379 | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>154,366</u> | <u>-</u> |
| - | - | - | - | - | 84,000 | 25,891 |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>84,000</u> | <u>25,891</u> |
| 8 | 4 | 5 | 2 | 11 | - | 41,416 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | (154,366) | - |
| <u>8</u> | <u>4</u> | <u>5</u> | <u>2</u> | <u>11</u> | <u>(154,366)</u> | <u>41,416</u> |
| <u>\$ 8</u> | <u>\$ 4</u> | <u>\$ 5</u> | <u>\$ 2</u> | <u>\$ 11</u> | <u>\$ 84,000</u> | <u>\$ 67,307</u> |

CITY OF WATERLOO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

| | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|------------------------------|--|
| | 402 Sidewalk | |
| ASSETS | | |
| Cash and investments | \$ 35,543 | \$ 545,513 |
| Restricted cash and investments | - | 30 |
| Receivables (net) | | |
| Taxes | 340 | 315,373 |
| Accounts | - | 11,383 |
| Special assessments | 4,625 | 4,625 |
| TOTAL ASSETS | \$ 40,508 | \$ 876,924 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities | | |
| Accounts payable | \$ - | \$ 6,612 |
| Accrued liabilities | - | 13,730 |
| Advances from other funds | - | 150,379 |
| Total Liabilities | - | 170,721 |
| Deferred Inflows of Resources | | |
| Unearned revenues | 340 | 315,373 |
| Unavailable revenues | 4,625 | 4,625 |
| Total Deferred Inflows of Resources | 4,965 | 319,998 |
| Fund Balances (Deficit) | | |
| Restricted | - | 336,791 |
| Committed | 35,543 | 203,780 |
| Unassigned (deficit) | - | (154,366) |
| Total Fund Balances (deficit) | 35,543 | 386,205 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 40,508 | \$ 876,924 |

CITY OF WATERLOO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

| | Special Revenue Funds | |
|---|-----------------------|-------------|
| | 200 Cable TV | 812 Library |
| REVENUES | | |
| Taxes | \$ - | \$ 200,000 |
| Intergovernmental | - | 92,454 |
| Licenses and permits | 43,644 | - |
| Public charges for services | - | 6,833 |
| Special assessments | - | - |
| Investment income | 3,653 | 959 |
| Miscellaneous revenues | 455 | 86,633 |
| Total Revenues | 47,752 | 386,879 |
| EXPENDITURES | | |
| Current | | |
| General government | - | - |
| Culture, recreation and education | 79,159 | 402,485 |
| Capital Outlay | - | - |
| Total Expenditures | 79,159 | 402,485 |
| Excess (deficiency) of revenues over expenditures | (31,407) | (15,606) |
| OTHER FINANCING SOURCES (USES) | | |
| Sales of fixed assets | - | - |
| Transfers out | (4,200) | - |
| Total Other Financing Sources (Uses) | (4,200) | - |
| Net Change in Fund Balances | (35,607) | (15,606) |
| FUND BALANCES (DEFICIT) - Beginning of Year | 203,844 | 310,951 |
| FUND BALANCES (DEFICIT) - END OF YEAR | \$ 168,237 | \$ 295,345 |

Special Revenue Funds

| 204 Sanitary Sewer Impact Fees | 203 Park and Recreation Impact Fees | 202 Public Works Impact Fees | 201 Stormwater Impact Fees | 205 Water Impact Fees | 225 Parks |
|--------------------------------------|---|------------------------------------|-------------------------------|--------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 84,000 |
| - | - | - | - | - | - |
| - | - | - | - | - | 390 |
| 3,891 | 1,666 | 2,409 | 1,096 | - | 93,495 |
| - | - | - | - | - | - |
| 185 | 94 | 115 | 54 | 262 | - |
| - | - | - | - | - | 12,626 |
| <u>4,076</u> | <u>1,760</u> | <u>2,524</u> | <u>1,150</u> | <u>262</u> | <u>190,511</u> |
| - | - | - | - | - | 4,617 |
| - | - | - | - | - | 212,901 |
| - | - | - | - | - | 41,072 |
| - | - | - | - | - | <u>258,590</u> |
| <u>4,076</u> | <u>1,760</u> | <u>2,524</u> | <u>1,150</u> | <u>262</u> | <u>(68,079)</u> |
| - | - | - | - | - | 217 |
| <u>(13,901)</u> | <u>(5,994)</u> | <u>(8,626)</u> | <u>(3,955)</u> | <u>(14,188)</u> | <u>-</u> |
| <u>(13,901)</u> | <u>(5,994)</u> | <u>(8,626)</u> | <u>(3,955)</u> | <u>(14,188)</u> | <u>217</u> |
| (9,825) | (4,234) | (6,102) | (2,805) | (13,926) | (67,862) |
| <u>9,833</u> | <u>4,238</u> | <u>6,107</u> | <u>2,807</u> | <u>13,937</u> | <u>(86,504)</u> |
| <u>\$ 8</u> | <u>\$ 4</u> | <u>\$ 5</u> | <u>\$ 2</u> | <u>\$ 11</u> | <u>\$ (154,366)</u> |

CITY OF WATERLOO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

| | Capital Projects Funds | | Total |
|---|------------------------|--------------|--------------|
| | 414 TIF | 402 Sidewalk | Nonmajor |
| | District No. 4 | | Governmental |
| | | | Funds |
| REVENUES | | | |
| Taxes | \$ 21,170 | \$ - | \$ 305,170 |
| Intergovernmental | 321 | - | 92,775 |
| Licenses and permits | - | - | 44,034 |
| Public charges for services | - | - | 109,390 |
| Special assessments | - | 4,723 | 4,723 |
| Investment income | - | - | 5,322 |
| Miscellaneous revenues | - | - | 99,714 |
| Total Revenues | 21,491 | 4,723 | 661,128 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 249 | - | 4,866 |
| Culture, recreation and education | - | - | 694,545 |
| Capital Outlay | - | - | 41,072 |
| Total Expenditures | 249 | - | 740,483 |
| Excess (deficiency) of revenues over expenditures | 21,242 | 4,723 | (79,355) |
| OTHER FINANCING SOURCES (USES) | | | |
| Sales of fixed assets | - | - | 217 |
| Transfers out | - | - | (50,864) |
| Total Other Financing Sources (Uses) | - | - | (50,647) |
| Net Change in Fund Balances | 21,242 | 4,723 | (130,002) |
| FUND BALANCES (DEFICIT) - Beginning of Year | 20,174 | 30,820 | 516,207 |
| FUND BALANCES (DEFICIT) - END OF YEAR | \$ 41,416 | \$ 35,543 | \$ 386,205 |

CITY OF WATERLOO

STATEMENT OF CASH FLOWS COMPONENT UNIT For the Year Ended December 31, 2019

| | 600 Community Development Authority |
|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Received from customers | \$ 27,200 |
| Paid to suppliers for goods and services | <u>(4,158)</u> |
| Net Cash Flows From Operating Activities | <u>23,042</u> |
| | |
| Net Change in Cash and Cash Equivalents | 23,042 |
| | |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>20,256</u> |
| | |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 43,298</u></u> |
| | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating loss | \$ (4,167) |
| Miscellaneous revenue | 27,200 |
| Changes in liabilities | |
| Due from primary government | (4,650) |
| Unearned revenues | 4,650 |
| Accounts payable | <u>9</u> |
| | |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u><u>\$ 23,042</u></u> |
| | |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | |
| None | |