

# **CITY OF WATERLOO**

Waterloo, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

# 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, 2015, and the related notes to the financial statements, which collectively comprise the city'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'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'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.

To the City Council  
City of Waterloo

### ***Basis for Qualified Opinion on the Aggregate Remaining Fund Information***

The financial statements do not include financial data for the Waterloo Honorary Fire Department, a special revenue fund. Accounting principles generally accepted in the United States of America require the financial data of all special revenue funds to be presented. The amounts that would be reported in the special revenue fund have not been determined.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Aggregate Remaining Fund Information paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Waterloo, Wisconsin, as of December 31, 2015, and the changes in financial position of the aggregate remaining fund information thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit and each major fund of the City of Waterloo, Wisconsin, as of December 31, 2015, 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 I, the City of Waterloo adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective January 1, 2015. 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.

To the City Council  
City of Waterloo

**Other Matters** (cont.)

*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 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, except for the effects on the supplementary information due to the omission of the Waterloo Honorary Fire Department special revenue fund as described in the Basis for Qualified Opinion paragraph, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*John Tilly Virchow-Krause, LLP*

Madison, Wisconsin  
March 31, 2016

**CITY OF WATERLOO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended December 31, 2015  
Financial Statements  
(Unaudited)



# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2015

The management of the City of Waterloo offers all persons interested in the financial position of the city this narrative overview and analysis of the city's financial performance as of and for the year ended December 31, 2015. You are invited to read this narrative in conjunction with the city's financial statements.

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### **FINANCIAL HIGHLIGHTS**

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- > The assets and deferred outflows of the City of Waterloo exceeded its liabilities and deferred inflows by \$19,461,816 (net position). Of this amount, \$2,022,042 is considered unrestricted net position, \$4,240,668 is restricted for specific purposes (restricted net position), and \$13,199,106 is net investment in capital assets.
  - > The city's total net position increased by \$1,250,519. Governmental activities net position increased by \$967,400, while business-type net position increased by \$283,119.
  - > On December 31, 2015, the city's governmental funds reported combined fund balances of \$4,277,426, an increase of \$268,311 from 2014. The general fund unassigned fund balance was \$896,290 as of December 31, 2014 and \$1,105,600 as of December 31, 2015, an increase of \$209,310 over the prior year.
  - > In 2015, the city implemented GASB Statement No. 68. In summary, GASB Statement No. 68 required governmental entities participating in the Wisconsin Retirement System (WRS) to report their proportionate share of the plan's activity and net pension asset. The city reported a net pension asset of \$316,052 as of December 31, 2015. This amount is reflected in restricted net position.
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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the city:

- > The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status.
- > The remaining statements are fund financial statements that focus on individual parts of city government, reporting the city's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2015

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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#### ***GOVERNMENT-WIDE STATEMENTS***

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the city's net position and how they have changed. Net Position – the difference between the city's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base or the condition of the city's roads, to provide two examples.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

#### ***FUND FINANCIAL STATEMENTS***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into three categories: governmental funds, proprietary funds, and agency funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

# CITY OF WATERLOO

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2015

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## **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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The city maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, active fire – operating fund, general debt service, capital projects fund, TIF District No. 1, and TIF District No. 2, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The following represents the city's nonmajor governmental funds:

200 Cable TV	402 Sidewalk
201 Stormwater Impact Fees	413 TIF District No. 3
202 Public Works Impact Fees	414 TIF District No. 4
203 Park & Recreation Impact Fees	810 Library Memorial
204 Sanitary Sewer Impact Fees	812 Clark Memorial
205 Water Impact Fees	820 Honorary Fire Department – Board Designated
225 Trailhead Facility	

The city adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary Funds* – The city maintains one proprietary fund, (Waterloo Water & Light Commission) which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

*Agency Funds* – Agency funds are used to account for resources held for the benefit of parties outside the municipal government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for agency funds is much like that used for proprietary funds.

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents the following: a budgetary comparison schedule for the general fund to demonstrate compliance with the budget, a schedule of the City's proportionate share of the net pension asset in the Wisconsin Retirement System, and a schedule of the City's contributions to the Wisconsin Retirement System. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2015

### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

An analysis of the city's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the city's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

A summary of the city's Statement of Net Position is presented below in Table 1.

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015*	2014*
Current and other assets	\$ 7,010,160	\$ 6,391,347	\$ 2,616,513	\$ 2,296,156	\$ 9,626,673	\$ 8,687,503
Capital assets	<u>11,368,867</u>	<u>11,325,252</u>	<u>9,730,125</u>	<u>10,209,671</u>	<u>21,098,992</u>	<u>21,534,923</u>
Total Assets	<u>18,379,027</u>	<u>17,716,599</u>	<u>12,346,638</u>	<u>12,505,827</u>	<u>30,725,665</u>	<u>30,222,426</u>
Deferred outflows of resources	<u>232,043</u>	<u>-</u>	<u>178,170</u>	<u>101,661</u>	<u>410,213</u>	<u>101,661</u>
Long-term liabilities	4,107,302	4,641,031	4,844,162	5,328,948	8,951,464	9,969,979
Other liabilities	<u>179,516</u>	<u>185,811</u>	<u>368,279</u>	<u>428,229</u>	<u>547,795</u>	<u>614,040</u>
Total Liabilities	<u>4,286,818</u>	<u>4,826,842</u>	<u>5,212,441</u>	<u>5,757,177</u>	<u>9,499,259</u>	<u>10,584,019</u>
Unearned revenues	<u>2,174,803</u>	<u>2,164,030</u>	<u>-</u>	<u>-</u>	<u>2,174,803</u>	<u>2,164,030</u>
Net investment in capital assets	7,722,364	7,174,772	5,605,742	5,616,118	13,199,106	12,645,390
Restricted	2,900,094	2,164,252	1,340,574	1,200,910	4,240,668	3,365,162
Unrestricted (deficit)	<u>1,526,991</u>	<u>1,386,703</u>	<u>366,051</u>	<u>33,283</u>	<u>2,022,042</u>	<u>1,565,486</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 12,149,449</u></u>	<u><u>\$ 10,725,727</u></u>	<u><u>\$ 7,312,367</u></u>	<u><u>\$ 6,850,311</u></u>	<u><u>\$ 19,461,816</u></u>	<u><u>\$ 17,576,038</u></u>

\*The total column reflects a capital debt adjustment. See Note I.D.11 for further information.

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

**Table 2**  
**Condensed Statement of Revenues, Expenses and Changes in Net Position**

\* Includes Health & Human Services

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 460,634	\$ 471,253	\$ 5,923,816	\$ 5,944,789	\$ 6,384,450	\$ 6,416,042
Operating grants and contributions	512,151	349,849	-	-	512,151	349,849
General Revenues						
Property taxes	2,159,738	2,108,032	-	-	2,159,738	2,108,032
Other taxes	47,141	49,249	-	-	47,141	49,249
Intergovernmental	1,300,978	1,129,215	-	-	1,300,978	1,129,215
Other	73,856	34,199	10,858	11,330	84,714	45,529
<b>Total Revenues</b>	<b>4,554,498</b>	<b>4,141,797</b>	<b>5,934,674</b>	<b>5,956,119</b>	<b>10,489,172</b>	<b>10,097,916</b>
<b>Expenses:</b>						
General government	439,342	453,544	-	-	439,342	453,544
Public safety	1,826,032	1,651,374	-	-	1,826,032	1,651,374
Public works *	1,064,560	990,186	-	-	1,064,560	990,186
Culture, education and rec.	473,097	571,937	-	-	473,097	571,937
Conservation and development	165,764	64,724	-	-	165,764	64,724
Water	-	-	440,765	490,004	440,765	490,004
Sewer	-	-	775,479	801,403	775,479	801,403
Electric	-	-	4,069,014	4,238,484	4,069,014	4,238,484
Interest and fiscal charges	140,516	187,489	-	-	140,516	187,489
<b>Total Expenses</b>	<b>4,109,311</b>	<b>3,919,254</b>	<b>5,285,258</b>	<b>5,529,891</b>	<b>9,394,569</b>	<b>9,449,145</b>
Income Before Capital Grants and Contributions and Transfers	445,187	222,543	649,416	426,228	1,094,603	648,771
Capital grants and contributions	131,303	257,056	24,613	1,560	155,916	258,616
Transfers	390,910	394,081	(390,910)	(394,081)	-	-
Changes in Net Position	967,400	873,680	283,119	33,707	1,250,519	907,387
Beginning Net Position**	11,182,049	9,852,047	7,029,248	6,816,604	18,211,297	16,668,651
<b>NET POSITION – YEAR END</b>	<b>\$ 12,149,449</b>	<b>\$ 10,725,727</b>	<b>\$ 7,312,367</b>	<b>\$ 6,850,311</b>	<b>\$ 19,461,816</b>	<b>\$ 17,576,038</b>

\*\* The 2015 columns have been restated.

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2015

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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As previously noted, the Statement of Net Position shows the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown in Table 2.

#### ***GOVERNMENTAL ACTIVITIES***

Governmental activities increased the city's net position by \$967,400, compared to \$873,680 the previous year. Governmental expenses increased by \$190,057 (4.8%), while program/general revenue increased \$412,701 (10.0%) when compared to the prior year. Capital grants and contributions decreased from \$257,056 in 2014 to \$131,303 in 2015 as grant funded projects are winding down. Conservation and development increased by \$101,040 from the prior year due to the developer incentive payment relating to the WEDC grant in 2015.

#### ***BUSINESS-TYPE ACTIVITIES (WATERLOO WATER & LIGHT)***

Business-type activities increased the city's net position by \$283,119. In the previous year this category of net position had increased by \$33,707. Business-type revenue decreased by \$21,445 (0.36%) and business-type expenses decreased by \$244,633 (4.4%).

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### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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#### ***GOVERNMENTAL FUNDS***

The focus of the City of Waterloo's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the year.

As of December 31, 2015, the city's governmental funds reported combined fund balances of \$4,277,426 which is a 6.7% increase from the previous year. \$18,543 or 0.43% of the \$4,277,426 constitutes a balance defined as unassigned, which is available to meet the city's current and future needs. The remainder is set aside for noncurrent asset balances or dedicated for specific projects or expenditures.

# CITY OF WATERLOO

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2015

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## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)**

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### ***GOVERNMENTAL FUNDS (cont.)***

#### ***General Fund***

The city's general fund is the main operating fund of the city. Total fund balance in the general fund is \$1,696,453, an increase of \$92,793 (5.5%). The city evaluates the general fund by measuring the unassigned general fund balance as a percentage of the current year's general fund expenditure budget. For 2015, the unassigned general fund balance is \$1,105,600 and the 2015 final general fund expenditure budget is \$2,560,441, resulting in an unassigned fund balance of 43%. Effective October 11, 2007 the Council adopted a policy requiring a fund balance of between 25% and 33%.

#### ***Active Fire-Operating***

Fund balance as of December 31, 2015 was \$438,131, a decrease of \$128,975 over the prior year. These funds are committed for fire operations.

#### ***General Debt Service Fund***

The city's general debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The fund balance is \$41,180 which is restricted for future debt service.

#### ***Capital Projects Fund***

The fund balance for the capital projects fund shows a balance of \$949,373, an increase of \$331,190 over the prior year. Of this balance, \$675,560 is restricted for the city's sewer collection system. The remaining fund balance is either nonspendable (advance to other funds) or assigned for carryovers and future capital projects.

#### ***TIF District No. 1***

The fund balance as of December 31, 2015 was \$1,800,307 and is restricted for TIF No. 1 purposes. This is an increase from the prior year in the amount of \$344,938.

#### ***TIF District No. 2***

The fund balance as of December 31, 2015 was a deficit of \$831,751. This fund had a deficit balance of \$519,138 at the end of 2014.

#### ***Proprietary Funds***

The City of Waterloo's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

# CITY OF WATERLOO

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2015

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## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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The actual net change in general fund fund balance was a positive variance of \$246,701 over the final budget.

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## **CAPITAL ASSETS**

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At the end of 2015, the city had invested a total of \$21,098,992 in net capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure and is a 2% decrease from the prior year. Refer to Note IV.D.

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## **LONG-TERM DEBT**

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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, 2015 was \$10,019,650. Total general obligation debt outstanding at year-end was \$3,803,283. Therefore, the city was at 38.0% of the legal debt limit. The previous year the city was at 45.6% of the legal debt limit.

The city's general obligation debt decreased by \$531,444 in 2015. No new general obligation debt was issued by the city in 2015 and they made general obligation debt principal payments of \$531,444. Refer to Note IV.F.

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## **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

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All currently known facts and economic conditions were considered in preparing the 2016 city financial statements and budget. None of these conditions are anticipated to change the overall financial position of the city.

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## **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, please contact Morton Hansen, Clerk/Treasurer.

# CITY OF WATERLOO

## STATEMENT OF NET POSITION As of December 31, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>600 Community Development Authority</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,308,022	\$ 872,252	\$ 4,180,274	\$ -
Receivables (net)				
Taxes	2,196,379	-	2,196,379	-
Accounts	233,053	635,543	868,596	-
Special assessments	30,667	-	30,667	-
Delinquent personal property taxes	212	-	212	-
Accrued interest	6,663	-	6,663	-
Internal balances	896,697	(896,697)	-	-
Due from component unit	28,001	-	28,001	-
Prepaid items and inventories	58,260	99,653	157,913	-
Other assets	-	26,210	26,210	-
Restricted assets				
Cash and investments	25,178	1,785,460	1,810,638	-
Net pension asset	227,028	89,024	316,052	-
Restricted assets - other	-	5,068	5,068	-
Capital Assets (net of accumulated depreciation)				
Land	1,044,245	186,605	1,230,850	-
Construction in progress	109,714	9,259	118,973	-
Other capital assets	<u>10,214,908</u>	<u>9,534,261</u>	<u>19,749,169</u>	<u>-</u>
Total Assets	<u>18,379,027</u>	<u>12,346,638</u>	<u>30,725,665</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	88,689	88,689	-
Pension related amounts	<u>232,043</u>	<u>89,481</u>	<u>321,524</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>232,043</u>	<u>178,170</u>	<u>410,213</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	51,269	336,016	387,285	245
Accrued liabilities	128,247	32,263	160,510	-
Due to primary government	-	-	-	28,001
Noncurrent Liabilities				
Due within one year	598,406	532,562	1,130,968	-
Due in more than one year	<u>3,508,896</u>	<u>4,311,600</u>	<u>7,820,496</u>	<u>-</u>
Total Liabilities	<u>4,286,818</u>	<u>5,212,441</u>	<u>9,499,259</u>	<u>28,246</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	<u>2,174,803</u>	<u>-</u>	<u>2,174,803</u>	<u>-</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF NET POSITION As of December 31, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>600 Community Development Authority</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 7,722,364	\$ 5,605,742	\$ 13,199,106	\$ -
Restricted for				
Library Memorial	74,172	-	74,172	-
Clark Memorial	97,849	-	97,849	-
TIF District No. 1	1,800,307	-	1,800,307	-
Sewer collection system	675,560	-	675,560	-
Impact fees	25,178	-	25,178	-
Pension	227,028	89,024	316,052	-
Debt service	-	495,755	495,755	-
Replacement	-	755,795	755,795	-
Unrestricted (deficit)	<u>1,526,991</u>	<u>366,051</u>	<u>2,022,042</u>	<u>(28,246)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 12,149,449</u>	<u>\$ 7,312,367</u>	<u>\$ 19,461,816</u>	<u>\$ (28,246)</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 439,342	\$ 29,546	\$ -	\$ -
Public safety	1,826,032	150,855	156,179	44,828
Public works	1,060,480	218,444	264,185	11,539
Health and human services	4,080	25	-	-
Culture, education and recreation	473,097	61,764	80,861	74,936
Conservation and development	165,764	-	-	-
Interest and fiscal charges	140,516	-	10,926	-
Total Governmental Activities	4,109,311	460,634	512,151	131,303
Business-type Activities				
Electric	4,069,014	4,337,317	-	24,613
Water	440,765	643,039	-	-
Sewer	775,479	943,460	-	-
Total Business-type Activities	5,285,258	5,923,816	-	24,613
Total Primary Government	\$ 9,394,569	\$ 6,384,450	\$ 512,151	\$ 155,916
Component Unit				
600 Community Development Authority	\$ 6,493	\$ -	\$ -	\$ -

General Revenues

    Taxes

        Property taxes, levied for general purposes

        Property taxes, levied for debt service

        Property taxes, levied for capital projects

        Property taxes, levied for TIF districts

        Other taxes

    Intergovernmental revenues not restricted to specific programs

    Investment income

    Gain on disposal of assets

    Miscellaneous

        Total General Revenues

Transfers

**Change in net position**

NET POSITION - Beginning of Year (as restated)

**NET POSITION (DEFICIT) - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	600 Community Development Authority
\$ (409,796)	\$ -	\$ (409,796)	\$ -
(1,474,170)	-	(1,474,170)	-
(566,312)	-	(566,312)	-
(4,055)	-	(4,055)	-
(255,536)	-	(255,536)	-
(165,764)	-	(165,764)	-
(129,590)	-	(129,590)	-
<u>(3,005,223)</u>	<u>-</u>	<u>(3,005,223)</u>	<u>-</u>
-	292,916	292,916	-
-	202,274	202,274	-
-	167,981	167,981	-
-	<u>663,171</u>	<u>663,171</u>	<u>-</u>
<u>(3,005,223)</u>	<u>663,171</u>	<u>(2,342,052)</u>	<u>-</u>
-	-	-	(6,493)
1,228,831	-	1,228,831	-
487,649	-	487,649	-
209,231	-	209,231	-
234,027	-	234,027	-
47,141	-	47,141	-
1,300,978	-	1,300,978	-
14,020	10,858	24,878	-
36,536	-	36,536	-
23,300	-	23,300	659
<u>3,581,713</u>	<u>10,858</u>	<u>3,592,571</u>	<u>659</u>
<u>390,910</u>	<u>(390,910)</u>	<u>-</u>	<u>-</u>
967,400	283,119	1,250,519	(5,834)
<u>11,182,049</u>	<u>7,029,248</u>	<u>18,211,297</u>	<u>(22,412)</u>
<u>\$ 12,149,449</u>	<u>\$ 7,312,367</u>	<u>\$ 19,461,816</u>	<u>\$ (28,246)</u>

See accompanying notes to financial statements.

**CITY OF WATERLOO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2015

	<u>100 General</u>	<u>220 Active Fire - Operating</u>	<u>300 General Debt Service</u>	<u>400 Capital Projects</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,465,310	\$ 448,299	\$ 41,180	\$ 218,175
Restricted cash and investments	-	-	-	-
Receivables (net)				
Taxes	1,251,603	-	484,936	220,584
Delinquent personal property tax	212	-	-	-
Accounts	21,630	36,638	-	-
Special assessments	-	-	-	4,793
Accrued interest	5,364	458	-	-
Due from other funds	242,855	-	-	675,560
Due from component unit	-	-	-	-
Prepaid items	51,933	-	-	6,327
Advances to other funds	-	-	-	44,518
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,038,907</b></u>	<u><b>\$ 485,395</b></u>	<u><b>\$ 526,116</b></u>	<u><b>\$ 1,169,957</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 30,342	\$ 5,363	\$ -	\$ -
Accrued liabilities	55,003	8,485	-	-
Due to other funds	21,718	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>107,063</u>	<u>13,848</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	1,230,027	-	484,936	220,584
Unavailable revenues	5,364	33,416	-	-
Total Deferred Inflows of Resources	<u>1,235,391</u>	<u>33,416</u>	<u>484,936</u>	<u>220,584</u>
Fund Balances				
Nonspendable	51,933	-	-	50,845
Restricted	-	-	41,180	675,560
Committed	-	438,131	-	-
Assigned	538,920	-	-	222,968
Unassigned (deficit)	1,105,600	-	-	-
Total Fund Balances (Deficit)	<u>1,696,453</u>	<u>438,131</u>	<u>41,180</u>	<u>949,373</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><b>\$ 3,038,907</b></u>	<u><b>\$ 485,395</b></u>	<u><b>\$ 526,116</b></u>	<u><b>\$ 1,169,957</b></u>

See accompanying notes to financial statements.

410 TIF District No. 1	412 TIF District No. 2	Nonmajor Governmental Funds	Totals
\$ 727,951	\$ -	\$ 407,107	\$ 3,308,022
-	-	25,178	25,178
209,380	-	29,876	2,196,379
-	-	-	212
-	150,000	24,785	233,053
-	-	25,874	30,667
-	-	841	6,663
-	-	-	918,415
28,001	-	-	28,001
-	-	-	58,260
<u>1,044,355</u>	<u>-</u>	<u>-</u>	<u>1,088,873</u>
<u>\$ 2,009,687</u>	<u>\$ 150,000</u>	<u>\$ 513,661</u>	<u>\$ 7,893,723</u>
\$ -	\$ 1,791	\$ 13,773	\$ 51,269
-	-	651	64,139
-	-	-	21,718
-	<u>829,960</u>	<u>258,913</u>	<u>1,088,873</u>
-	<u>831,751</u>	<u>273,337</u>	<u>1,225,999</u>
209,380	-	29,876	2,174,803
-	<u>150,000</u>	<u>26,715</u>	<u>215,495</u>
<u>209,380</u>	<u>150,000</u>	<u>56,591</u>	<u>2,390,298</u>
-	-	-	102,778
1,800,307	-	197,199	2,714,246
-	-	241,840	679,971
-	-	-	761,888
-	<u>(831,751)</u>	<u>(255,306)</u>	<u>18,543</u>
<u>1,800,307</u>	<u>(831,751)</u>	<u>183,733</u>	<u>4,277,426</u>
<u>\$ 2,009,687</u>	<u>\$ 150,000</u>	<u>\$ 513,661</u>	<u>\$ 7,893,723</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, 2015

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Total Fund Balances - Governmental Funds	\$ 4,277,426
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.	11,368,867
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.	215,495
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	227,028
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	232,043
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>(4,171,410)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 12,149,449</u></u></b>

## CITY OF WATERLOO

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

For the Year Ended December 31, 2015

	100 General	220 Active Fire - Operating	300 General Debt Service	400 Capital Projects
<b>REVENUES</b>				
Taxes	\$ 1,275,972	\$ -	\$ 487,649	\$ 209,231
Intergovernmental	817,571	182,931	10,926	93,713
Licenses and permits	64,707	-	-	-
Fines, forfeitures and penalties	15,502	-	-	-
Public charges for services	211,104	122,552	-	-
Special assessments	-	-	-	-
Investment income	9,237	467	-	539
Miscellaneous	49,316	12,122	-	2,549
Total Revenues	2,443,409	318,072	498,575	306,032
<b>EXPENDITURES</b>				
Current				
General government	390,939	-	-	-
Public safety	887,716	421,628	-	-
Public works	593,875	-	-	-
Health and human services	4,080	-	-	-
Culture, education and recreation	503,215	-	-	-
Conservation and development	13,501	-	-	-
Capital Outlay	-	266,740	-	273,921
Debt Service				
Principal	-	-	531,444	-
Interest and fiscal charges	-	-	147,257	-
Total Expenditures	2,393,326	688,368	678,701	273,921
Excess (deficiency) of revenues over expenditures	50,083	(370,296)	(180,126)	32,111
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city property	36,536	-	-	-
Transfers in	247,495	241,321	178,320	303,719
Transfers out	(241,321)	-	-	(4,640)
Total Other Financing Sources (Uses)	42,710	241,321	178,320	299,079
<b>Net Change in Fund Balances</b>	92,793	(128,975)	(1,806)	331,190
FUND BALANCES (DEFICIT) - Beginning of Year				
	1,603,660	567,106	42,986	618,183
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,696,453	\$ 438,131	\$ 41,180	\$ 949,373

See accompanying notes to financial statements.

410 TIF District No. 1	412 TIF District No. 2	Nonmajor Governmental Funds	Totals
\$ 190,636	\$ -	\$ 43,391	\$ 2,206,879
339,938	798	5,030	1,450,907
-	-	43,238	107,945
-	-	-	15,502
-	-	23,406	357,062
-	-	21,031	21,031
1,963	-	1,409	13,615
-	1,002	49,222	114,211
<u>532,537</u>	<u>1,800</u>	<u>186,727</u>	<u>4,287,152</u>
650	9,940	2,381	403,910
-	-	101,674	1,411,018
-	5,763	-	599,638
-	-	-	4,080
-	-	91,200	594,415
-	-	-	13,501
2,265	195,360	775	739,061
-	-	-	531,444
-	-	1,963	149,220
<u>2,915</u>	<u>211,063</u>	<u>197,993</u>	<u>4,446,287</u>
<u>529,622</u>	<u>(209,263)</u>	<u>(11,266)</u>	<u>(159,135)</u>
-	-	-	36,536
-	-	775	971,630
<u>(184,684)</u>	<u>(103,350)</u>	<u>(46,725)</u>	<u>(580,720)</u>
<u>(184,684)</u>	<u>(103,350)</u>	<u>(45,950)</u>	<u>427,446</u>
344,938	(312,613)	(57,216)	268,311
<u>1,455,369</u>	<u>(519,138)</u>	<u>240,949</u>	<u>4,009,115</u>
<u>\$ 1,800,307</u>	<u>\$ (831,751)</u>	<u>\$ 183,733</u>	<u>\$ 4,277,426</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, 2015

Net change in fund balances - total governmental funds	\$	268,311
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		739,061
Some items reported as capital outlay were not capitalized		(145,274)
Depreciation is reported in the government-wide financial statements		(548,072)
Net book value of assets retired		(2,100)
<p>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.</p>		
		110,292
<p>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.</p>		
Principal repaid		531,444
<p>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.</p>		
Compensated absences		2,285
Accrued interest		8,704
Net pension asset		(141,440)
Deferred outflows of resources related to pensions		144,189
		144,189
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>967,400</u></b>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2015

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	<u>Water &amp; Light Commission</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 872,252
Receivables	
Accounts	635,543
Due from other funds	21,718
Inventories	99,653
Restricted Assets	
Redemption account - current	<u>102,491</u>
Total Current Assets	<u>1,731,657</u>
Noncurrent Assets	
Restricted Assets	
Reserve account	404,652
Replacement account	755,795
Construction account	522,522
Net pension asset	89,024
Interest receivable	5,068
Capital Assets	
Land	186,605
Construction work in progress	9,259
Plant in service	19,615,692
Less: Accumulated depreciation	(10,081,431)
Other Assets	
Preliminary survey and investigation	6,199
Property held for future use	<u>20,011</u>
Total Noncurrent Assets	<u>11,533,396</u>
Total Assets	<u>13,265,053</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	88,689
Pension related amounts	<u>89,481</u>
Total Deferred Outflows of Resources	<u>178,170</u>

See accompanying notes to financial statements.

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	<u>Water &amp; Light Commission</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 336,016
Accrued liabilities	5,630
Due to other funds	918,415
Compensated absences	37,248
Liabilities Payable from Restricted Assets	
Current portion of revenue bonds	495,314
Accrued interest	<u>16,456</u>
Total Current Liabilities	<u>1,809,079</u>
Noncurrent Liabilities	
Long-Term Debt	
Revenue bonds	4,251,392
Unamortized debt discount	(11,112)
Other Liabilities	
Customer advances for construction	10,177
Compensated absences	<u>71,320</u>
Total Noncurrent Liabilities	<u>4,321,777</u>
Total Liabilities	<u>6,130,856</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,605,742
Restricted for	
Debt service	495,755
Replacement	755,795
Pension	89,024
Unrestricted net position	<u>366,051</u>
<b>TOTAL NET POSITION</b>	<u>\$ 7,312,367</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, 2015

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	<u>Water &amp; Light Commission</u>
<b>OPERATING REVENUES</b>	
Electric	\$ 4,337,317
Water	643,039
Sewer	<u>943,460</u>
Total Operating Revenues	<u>5,923,816</u>
<b>OPERATING EXPENSES</b>	
Operations and maintenance	4,583,185
Depreciation	<u>585,449</u>
Total Operating Expenses	<u>5,168,634</u>
 Operating Income	 <u>755,182</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	9,232
Income from merchandising and jobbing	1,626
Interest expense	(102,020)
Amortization of discounts and losses	<u>(14,604)</u>
Total Nonoperating Revenues (Expenses)	<u>(105,766)</u>
 Income Before Contributions and Transfers	 <u>649,416</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>	
Capital contributions	24,613
Transfer out	(148,055)
Transfer - tax equivalent	<u>(242,855)</u>
Total Contributions and Transfers	<u>(366,297)</u>
 Change in Net Position	 283,119
 NET POSITION - Beginning of Year (as restated)	 <u>7,029,248</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 7,312,367</u></u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2015

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	<u>Water &amp; Light Commission</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 5,976,508
Received from municipality for services	68,404
Paid to suppliers for goods and services	(4,188,968)
Paid to employees for services	<u>(428,294)</u>
Net Cash Flows From Operating Activities	<u>1,427,650</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments purchased	(716,196)
Investments sold and matured	416,890
Investment income	<u>9,232</u>
Net Cash Flows From Investing Activities	<u>(290,074)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Paid to municipality for tax equivalent	<u>(247,744)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(247,744)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt retired	(483,772)
Interest paid	(102,822)
Special assessments received	400
Acquisition and construction of capital assets	(129,632)
Contributions in aid of construction	<u>43,353</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(672,473)</u>
<b>Net Change in Cash and Cash Equivalents</b>	217,359
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,434,965</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,652,324</u>

See accompanying notes to financial statements.

	<u>Water &amp; Light Commission</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 755,182
Nonoperating revenue	1,626
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	585,449
Depreciation charged to other funds	23,328
Changes in assets and liabilities	
Accounts receivable	58,279
Due from other funds	62,842
Inventories	2,305
Pension related amounts	(1,219)
Accounts payable	(54,581)
Accrued liabilities	(2,727)
Due to other funds	<u>(2,834)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 1,427,650</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>	
Cash and investments	\$ 872,252
Restricted cash and investments	
Redemption account	102,491
Reserve account	404,652
Replacement account	755,795
Construction account	<u>522,522</u>
Total Cash and Investments	2,657,712
Less: Noncash equivalents	<u>(1,005,388)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 1,652,324</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfers due to capital projects fund	<u>\$ 148,054</u>
Amortization	<u>\$ 14,604</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2015

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	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,558,774
Receivables	
Taxes	<u>527,017</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,085,791</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 3,085,791</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,085,791</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Waterloo, Wisconsin 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 except for the honorary fire department. 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 two methods, discrete presentation or blending. 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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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### **A. REPORTING ENTITY (cont.)**

#### ***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.I. 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, 2015. The CDA does not issue separate financial statements.

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

#### ***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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

---

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

#### *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.

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 Active Fire - Operating 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 (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 TIF 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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## 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	203 Park and Recreation Impact Fees
820 Honorary Fire Department - Board Designated	202 Public Works Impact Fees
810 Library Memorial	201 Stormwater Impact Fees
812 Clark Memorial	205 Water Impact Fees
204 Sanitary Sewer Impact Fees	225 Trailhead Facility

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.

413 TIF District No. 3  
414 TIF District No. 4  
402 Sidewalk

In addition, the city reports the following fund type:

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for 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, 2015

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### **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, 2015, 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, 2015

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### **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 fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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 maturing in three years or less.
- 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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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## 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.)***

- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- 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 library trust funds is regulated by Chapter 112 of the Wisconsin Statutes. This section gives 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 risk:

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. Fair values are based on quoted market prices. 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.

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 assets and liabilities - agency fund.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### 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 - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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, 2015

---

### 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 fair 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

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## **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.)***

#### **5. Capital Assets (cont.)**

##### ***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.

#### **6. Other Assets**

Other assets in the proprietary funds represent preliminary survey and investigation and 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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## 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.)***

#### ***8. Compensated Absences (cont.)***

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 1080 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, 2015, there are 2 participants currently eligible to receive benefits. The city does not provide postemployment benefits subject to GASB 45.

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, 2015, are determined on the basis of current salary rates and include salary related payments.

#### ***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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## 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**

##### **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."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 7,722,364	\$ 5,605,742	\$ (129,000)	\$ 13,199,106
Unrestricted	1,526,991	366,051	129,000	2,022,042

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.

##### **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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## 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.)***

- 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 \$1,105,600, or 43%, and is shown as unassigned general fund balance.

See Note IV. G. for further information.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### **12. Basis for Existing Rates**

###### ***Electric Utility***

Current electric rates were approved by the Public Service Commission of Wisconsin effective February 2, 2015 and are designed to provide a 6.75% return on rate base.

###### ***Water Utility***

Current water rates were approved by the Public Service Commission of Wisconsin effective July 15, 2015 and are designed to provide a 4.50% return on rate base.

###### ***Sewer Utility***

Current sewer rates were approved by the city council effective January 3, 2013.

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

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#### ***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.

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	\$	3,803,283
Compensated absences		304,019
Accrued interest		<u>64,108</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>4,171,410</u></u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
220 Active Fire - Operating	\$ 587,689	\$ 688,368	\$ 100,679
810 Library Memorial	4,150	4,589	439
820 Honorary Fire Department - Board Designated	99,239	101,674	2,435
410 TIF District No. 1	75,545	187,599	112,054
413 TIF District No. 3	-	44,694	44,694
412 TIF District No. 2	103,925	314,413	210,488
812 Clark Memorial	40,000	40,794	794

#### B. DEFICIT BALANCES

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

As of December 31, 2015, the following individual funds held a deficit balance as well as the component unit:

Fund	Amount	Reason
412 TIF District No. 2	\$ 831,751	Expenditures exceeded revenues
413 TIF District No. 3	198,262	Expenditures exceeded revenues
225 Trailhead Facility	40,894	Expenditures exceeded revenues
414 TIF District No. 4	16,150	Expenditures exceeded revenues
Community Development Authority	28,246	Expenditures exceeded revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, 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. Other fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### ***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.

### **NOTE IV - DETAILED NOTES ON ALL FUNDS**

#### ***A. DEPOSITS AND INVESTMENTS***

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the city's funds.

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 8,548,985	\$ 8,603,215	Custodial credit risk
Petty cash	701	-	N/A
Total Deposits and Investments	\$ 8,549,686	\$ 8,603,215	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,180,274		
Restricted cash and investments	1,810,638		
Per statement of assets and liabilities -			
agency fund			
Tax collection fund	2,558,774		
Total Deposits and Investments	\$ 8,549,686		

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **A. DEPOSITS AND INVESTMENTS** (cont.)

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, 2015, the banks had pledged various government securities in the amount of \$3,665,188 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.

As of December 31, 2015, \$2,843,974 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 2,843,974</u>
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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 \$30,667 in special assessments.

Revenues of the 220 Active Fire - Operating fund are reported net of uncollectible ambulance receivables in the amount of \$36,628.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### **B. RECEIVABLES** (cont.)

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 2,174,803	\$ -
Special assessments not yet due	-	25,874
Grants receivable - noncurrent	-	150,000
Accounts receivable - noncurrent	-	32,958
Accrued interest	-	6,663
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 2,174,803	\$ 215,495

#### **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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### C. RESTRICTED ASSETS (cont.)

##### *Net Pension Asset*

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2015:

Restricted Assets			
Redemption account	\$	102,491	
Reserve account		404,652	
Replacement account		755,795	
Construction account		522,522	
Net pension asset		316,052	
Impact fees account		25,178	
Interest receivable		5,068	
		<u>5,068</u>	
Total Restricted Assets	\$	<u>2,131,758</u>	

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,044,245	\$ -	\$ -	\$ 1,044,245
Construction in progress	95,912	13,802	-	109,714
Total Capital Assets Not Being Depreciated	<u>1,140,157</u>	<u>13,802</u>	<u>-</u>	<u>1,153,959</u>
Capital assets being depreciated				
Land improvements	616,225	-	-	616,225
Buildings	6,515,874	180,509	12,457	6,683,926
Machinery and equipment	4,522,489	399,476	76,570	4,845,395
Streets	2,948,898	-	-	2,948,898
Sanitary sewers*	1,057,973	-	-	1,057,973
Storm sewers	721,603	-	-	721,603
Total Capital Assets Being Depreciated	<u>16,383,062</u>	<u>579,985</u>	<u>89,027</u>	<u>16,874,020</u>
Total Capital Assets	<u>17,523,219</u>	<u>593,787</u>	<u>89,027</u>	<u>18,027,979</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation for				
Land improvements	\$ (199,527)	\$ (22,205)	\$ -	\$ (221,732)
Buildings	(2,026,707)	(141,604)	12,457	(2,155,854)
Machinery and equipment	(2,963,081)	(210,368)	74,470	(3,098,979)
Streets	(624,981)	(109,272)	-	(734,253)
Sanitary sewers*	(227,660)	(38,459)	-	(266,119)
Storm sewers	(156,011)	(26,164)	-	(182,175)
Total Accumulated Depreciation	(6,197,967)	(548,072)	86,927	(6,659,112)
Net Capital Assets Being Depreciated	10,185,095	31,913	2,100	10,214,908
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 11,325,252	\$ 45,715	\$ 2,100	\$ 11,368,867

\* The city owns the sewer collection system and the sewer utility owns the treatment facility.

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 35,946
Public safety	143,242
Public works, which includes the depreciation of infrastructure	255,052
Culture, education and recreation	113,832
Total Governmental Activities Depreciation Expense	\$ 548,072

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

### D. CAPITAL ASSETS (cont.)

#### Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 151,730	\$ -	\$ 1	\$ 151,729
Construction in progress	8,001	4,828	3,570	9,259
Total Capital Assets Not Being Depreciated	159,731	4,828	3,571	160,988
Capital assets being depreciated				
Buildings and improvements	1,855,728	-	-	1,855,728
Machinery and equipment	1,462,118	1,250	9,412	1,453,956
Infrastructure	2,953,641	85,684	16,079	3,023,246
Total Capital Assets Being Depreciated	6,271,487	86,934	25,491	6,332,930
Total Capital Assets	6,431,218	91,762	29,062	6,493,918
Less: Accumulated depreciation for				
Buildings and improvements	(535,587)	(46,418)	-	(582,005)
Machinery and equipment	(1,053,994)	(53,019)	9,265	(1,097,748)
Infrastructure	(1,582,533)	(96,625)	17,761	(1,661,397)
Total Accumulated Depreciation	(3,172,114)	(196,062)	27,026	(3,341,150)
Net Capital Assets Being Depreciated	3,099,373	(109,128)	(1,535)	2,991,780
Net Electric Capital Assets	\$ 3,259,104	\$ (104,300)	\$ 2,036	\$ 3,152,768

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### 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
Capital assets being depreciated				
Buildings and improvements	1,026,577	-	-	1,026,577
Machinery and equipment	696,549	4,223	10,007	690,765
Infrastructure	3,861,478	21,620	25,470	3,857,628
Total Capital Assets Being Depreciated	5,584,604	25,843	35,477	5,574,970
Total Capital Assets	5,597,717	25,843	35,477	5,588,083
Less: Accumulated depreciation for				
Buildings and improvements	(453,278)	(31,770)	-	(485,048)
Machinery and equipment	(445,846)	(43,776)	10,011	(479,611)
Infrastructure	(870,699)	(77,513)	26,882	(921,330)
Total Accumulated Depreciation	(1,769,823)	(153,059)	36,893	(1,885,989)
Net Capital Assets Being Depreciated	3,814,781	(127,216)	(1,416)	3,688,981
Net Water Capital Assets	\$ 3,827,894	\$ (127,216)	\$ (1,416)	\$ 3,702,094

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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
Capital assets being depreciated				
Buildings and improvements	4,015,045	3,525	-	4,018,570
Machinery and equipment	3,669,899	12,254	15,653	3,666,500
Infrastructure	<u>22,722</u>	<u>-</u>	<u>-</u>	<u>22,722</u>
Total Capital Assets Being Depreciated	<u>7,707,666</u>	<u>15,779</u>	<u>15,653</u>	<u>7,707,792</u>
Total Capital Assets	<u>7,729,429</u>	<u>15,779</u>	<u>15,653</u>	<u>7,729,555</u>
Less: Accumulated depreciation for				
Buildings and improvements	(1,937,764)	(104,890)	-	(2,042,654)
Machinery and equipment	(2,667,074)	(154,473)	12,122	(2,809,425)
Infrastructure	<u>(1,918)</u>	<u>(295)</u>	<u>-</u>	<u>(2,213)</u>
Total Accumulated Depreciation	<u>(4,606,756)</u>	<u>(259,658)</u>	<u>12,122</u>	<u>(4,854,292)</u>
Net Capital Assets Being Depreciated	<u>3,100,910</u>	<u>(243,879)</u>	<u>3,531</u>	<u>2,853,500</u>
Net Sewer Capital Assets	<u>\$ 3,122,673</u>	<u>\$ (243,879)</u>	<u>\$ 3,531</u>	<u>\$ 2,875,263</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,209,671</u>	<u>\$ (475,395)</u>	<u>\$ 4,151</u>	<u>\$ 9,730,125</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 182,854
Water	140,203
Sewer	<u>262,392</u>
Total Business-type Activities Depreciation Expense	<u>\$ 585,449</u>

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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### *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:

Receivable Fund	Payable Fund	Amount
100 General Fund	Water and Light Commission	\$ 242,855
400 Capital Projects	Water and Light Commission	675,560
Water and Light Commission	100 General Fund	21,718
Total - Fund Financial Statements		940,133
Less: Fund eliminations		(43,436)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 896,697
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 918,415
Business-type Activities	Governmental Activities	(21,718)
Total Government-Wide Financial Statements		\$ 896,697

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 410 TIF District No. 1 is advancing funds to 412 TIF District No. 2, 413 TIF District No. 3, and 414 TIF District No. 4. The 400 Capital Projects Fund is also advancing funds to the 225 Trailhead Facility Fund. The amounts advanced are determined by the deficiency of revenues over expenditures and other financing sources. No repayment schedules have been established.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***Advances (cont.)***

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
400 Capital Projects	225 Trailhead Facility	\$ 44,518	\$ 44,518
410 TIF District No. 1	412 TIF District No. 2	829,960	829,960
410 TIF District No. 1	413 TIF District No. 3	198,245	198,245
410 TIF District No. 1	414 TIF District No. 4	16,150	16,150
Total - Fund Financial Statements		1,088,873	
Less: Fund eliminations		(1,088,873)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

The principal purpose of these advances is due to expenditures exceeding revenues.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### 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>
	Water and Light		
100 General Fund	Commission	\$ 242,855	Tax equivalent
100 General Fund	400 Capital Projects	4,640	Sewer reimbursement costs
220 Active Fire - Operating	100 General Fund	241,321	Fire services and dues
300 General Debt Service	410 TIF District No. 1	74,970	Debt service
300 General Debt Service	412 TIF District No. 2	103,350	Debt service
	203 Park and Recreation		
225 Trailhead Facility	Impact Fees	775	Trailhead facility costs
400 Capital Projects	410 TIF District No. 1	109,714	Cover TIF capital costs
			Transfer McLain write-off
400 Capital Projects	413 TIF District No. 3	41,000	expenses
	201 Stormwater Impact		
400 Capital Projects	Fees	600	Impact fees
	202 Public Works Impact		
400 Capital Projects	Fees	1,400	Impact fees
	204 Sanitary Sewer		
400 Capital Projects	Impact Fees	2,250	Impact fees
400 Capital Projects	205 Water Impact Fees	700	Impact fees
	Water and Light		
400 Capital Projects	Commission	<u>148,055</u>	Collection system
Total - Fund Financial Statements		971,630	
Less: Fund eliminations		<u>(580,720)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 390,910</u>	

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, 2015

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

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 4,334,727	\$ -	\$ 531,444	\$ 3,803,283	\$ 545,164
Other Liabilities					
Vested compensated absences	306,304	62,109	64,394	304,019	53,242
Total Governmental Activities Long-Term Liabilities	<u>\$ 4,641,031</u>	<u>\$ 62,109</u>	<u>\$ 595,838</u>	<u>\$ 4,107,302</u>	<u>\$ 598,406</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
Revenue bonds	\$ 5,230,478	\$ -	\$ 483,772	\$ 4,746,706	\$ 495,314
(Discounts)/Premiums	(12,744)	-	(1,632)	(11,112)	-
Sub-totals	<u>5,217,734</u>	<u>-</u>	<u>482,140</u>	<u>4,735,594</u>	<u>495,314</u>
Other Liabilities					
Vested compensated absences	111,214	21,832	24,478	108,568	37,248
Total Business-type Activities Long-Term Liabilities	<u>\$ 5,328,948</u>	<u>\$ 21,832</u>	<u>\$ 506,618</u>	<u>\$ 4,844,162</u>	<u>\$ 532,562</u>

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, 2015, was \$10,019,650. Total general obligation debt outstanding at year end was \$3,803,283.

#### **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.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

**Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
State Trust Fund Loan General Obligation Refunding Bond	09/30/04	05/15/19	5.25%	\$ 126,048	\$ 27,779
General Obligation Community Development Bonds	04/15/05	12/01/17	3.35-4.15%	1,735,000	335,000
State Trust Fund Loan - Build America Bonds	09/26/07	09/01/22	3.75-4.2%	760,000	430,000
State Trust Fund Loan General Obligation Refunding Bond	11/05/09	03/15/19	4.5%	1,084,570	543,519
State Trust Fund Loan General Obligation Refunding Bond	08/05/10	03/15/20	4.5%	135,430	73,870
State Trust Fund Loan	11/29/10	12/01/22	1.3-2.9%	1,835,000	1,660,000
State Trust Fund Loan	07/01/13	03/15/23	2.75%	900,000	<u>733,115</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 3,803,283</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2016	\$ 545,164	\$ 123,811
2017	574,513	103,793
2018	580,415	82,580
2019	595,648	64,102
2020	438,796	44,848
2021-2023	<u>1,068,747</u>	<u>52,303</u>
Totals	<u>\$ 3,803,283</u>	<u>\$ 471,437</u>

**Revenue Debt**

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

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### F. LONG-TERM OBLIGATIONS (cont.)

##### Revenue Debt (cont.)

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 2015 was \$586,592. Total customer net revenues as defined for the same period was \$1,351,489. Annual principal and interest payments are expected to require 24% of net revenues on average.

Revenue debt payable at December 31, 2015, consists of the following:

##### Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
<u>Water Utility</u>					
2012 Revenue Bonds	11/06/12	11/01/28	0.50-3.00%	\$ 3,255,000	\$ 2,680,000
2013 Revenue Bonds	03/27/13	05/01/32	2.63%	1,384,900	1,271,706
2013 Revenue Bonds	12/31/13	11/01/22	0.80-3.20%	950,000	<u>795,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 4,746,706</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 495,314	\$ 97,921
2017	491,897	91,967
2018	508,522	84,831
2019	520,190	76,221
2020	516,901	66,402
2021-2025	1,426,787	182,132
2026-2030	606,831	62,946
2031-2032	<u>180,264</u>	<u>4,762</u>
Totals	<u>\$ 4,746,706</u>	<u>\$ 667,182</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### ***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.

##### ***Bond Covenant Disclosures***

The following information is provided in compliance with the resolution creating the revenue bonds:

##### ***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, 2015:

Type	Coverage	Expiration
<i>Tricor, Inc.</i>		
General Liability	\$ 5,000,000	1/1/16
Automobile	5,000,000	1/1/16
Workers Compensation	500,000	1/1/16
Umbrella	4,000,000	1/1/16

##### ***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 2015 as follows:

Operating revenues	\$ 5,923,816
Investment income	9,232
Miscellaneous nonoperating income	1,626
Less: Operation and maintenance expenses	(4,583,185)
Net Defined Earnings	\$ 1,351,489

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *Debt Coverage* (cont.)

Minimum Required Earnings per Resolution:		
Current year's revenue bond debt service	\$	586,594
Coverage factor		<u>1.25</u>
Minimum Required Earnings	\$	<u>733,243</u>
Actual Debt Coverage		<u>2.30</u>

##### *Utility Budget*

The 2015 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, 2015, includes the following:

##### *Governmental Activities*

Net Investment in Capital Assets		
Land	\$	1,044,245
Construction in progress		109,714
Other capital assets, net of accumulated depreciation		10,214,908
Less: Long-term debt outstanding		(3,803,283)
Plus: Unspent capital related debt proceeds		<u>156,780</u>
Total Net Investment in Capital Assets		<u>7,722,364</u>
Restricted		
810 Library Memorial		74,172
812 Clark Memorial		97,849
410 TIF District No. 1		1,800,307
Sewer collection system		675,560
Impact fees		25,178
Pension		<u>227,028</u>
Total Restricted		<u>2,900,094</u>
Unrestricted		<u>1,526,991</u>
Total Governmental Activities Net Position	\$	<u>12,149,449</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### 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, 2015, include the following:

	General Fund	220 Active Fire - Operating	300 General Debt Service	400 Capital Projects	410 TIF District No. 1	412 TIF District No. 2	Nonmajor Funds	Totals
<b>Fund Balances</b>								
<b>Nonspendable:</b>								
Prepaid items	\$ 51,933	\$ -	\$ -	\$ 6,327	\$ -	\$ -	\$ -	\$ 58,260
Advances	-	-	-	44,518	-	-	-	44,518
<b>Restricted for:</b>								
Debt service	-	-	41,180	-	-	-	-	41,180
Sewer collection system	-	-	-	675,560	-	-	-	675,560
TIF purposes	-	-	-	-	1,800,307	-	-	1,800,307
Library purposes	-	-	-	-	-	-	172,021	172,021
Impact fees	-	-	-	-	-	-	25,178	25,178
<b>Committed to:</b>								
Active fire department operations	-	438,131	-	-	-	-	-	438,131
Capital related purposes	-	-	-	-	-	-	27,904	27,904
Cable TV operations	-	-	-	-	-	-	186,750	186,750
Trustees shoe factory and carousel operations	-	-	-	-	-	-	27,186	27,186
<b>Assigned to:</b>								
Tax equivalent	242,855	-	-	-	-	-	-	242,855
Retiree health	60,296	-	-	-	-	-	-	60,296
Library purposes	232,435	-	-	-	-	-	-	232,435
Speed limit alert sign	240	-	-	-	-	-	-	240
Patrol uniforms	2,136	-	-	-	-	-	-	2,136
Defibrillator	958	-	-	-	-	-	-	958
Capital related purposes	-	-	-	222,968	-	-	-	222,968
<b>Unassigned (deficit):</b>	<u>1,105,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(831,751)</u>	<u>(255,306)</u>	<u>18,543</u>
<b>Total Fund Balances</b>	<u>\$ 1,696,453</u>	<u>\$ 438,131</u>	<u>\$ 41,180</u>	<u>\$ 949,373</u>	<u>\$ 1,800,307</u>	<u>\$ (831,751)</u>	<u>\$ 183,733</u>	<u>\$ 4,277,426</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### G. NET POSITION/FUND BALANCES (cont.)

##### *Business-type Activities*

Net Investment in Capital Assets		
Land	\$	186,605
Construction in progress		9,259
Other capital assets, net of accumulated depreciation		9,534,261
Less: Long-term debt outstanding		(4,746,706)
Plus: Unspent debt proceeds		522,522
Plus: Unamortized debt discount and deferred charge on refunding		99,801
Total Net Investment in Capital Assets		<u>5,605,742</u>
Restricted		
Pension		89,024
Debt service		495,755
Replacement		755,795
Total Restricted		<u>1,340,574</u>
Unrestricted		<u>366,051</u>
Total Business-type Activities Net Position	\$	<u><u>7,312,367</u></u>

#### H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Water & Light Commission
Net Position - December 31, 2014 (as reported)	\$ 10,725,727	\$ 6,850,311	\$ 6,850,311
Add: Net pension asset	368,468	144,487	144,487
Add: Deferred outflows related to pensions	<u>87,854</u>	<u>34,450</u>	<u>34,450</u>
Net position - December 31, 2014 (as restated)	<u><u>\$ 11,182,049</u></u>	<u><u>\$ 7,029,248</u></u>	<u><u>\$ 7,029,248</u></u>

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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### *I. 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 \$0.

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## NOTE V - OTHER INFORMATION

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### *A. EMPLOYEES' RETIREMENT SYSTEM*

#### **Summary of Significant Accounting Policies**

**Pension.** For purposes of measuring the net pension liability (asset), 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.

#### **General Information About the Pension Plan**

**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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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) 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, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### 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
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### 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. 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 \$122,304 in contributions from the city.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

#### ***Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2015, the city reported an asset of \$316,052 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was 0.01286712%, which was a decrease of 0.00014378% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$119,987.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### **NOTE V - OTHER INFORMATION (cont.)**

#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

At December 31, 2015, the city reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 45,818
Net differences between projected and actual earnings on pension plan investments	153,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,833
Employer contributions subsequent to the measurement date	120,826
Totals	\$ 321,524

\$120,826 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, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 49,126
2017	49,126
2018	49,126
2019	49,126
2020	4,195

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### 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>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

**Single discount rate.** A single discount rate of 7.20% 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 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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, 2015

### NOTE V - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of the city's proportionate share of the net pension asset to changes in the discount rate.** The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset/(liability)	\$(891,636)	\$316,052	\$1,269,835

**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://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, 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, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

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. 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.

Also, as part of the developer agreement, the city promises to pay the developer, subject to certain terms and conditions, the amount of One Million Three Hundred Twenty Thousand Dollars (\$1,320,000). 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 \$1,320,000.

#### ***Long-Term Contracts - WPPI Energy***

The electric utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Iowa, and Michigan. 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.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on 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 \$437 million as of December 31, 2015.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V - OTHER INFORMATION (cont.)

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#### ***D. ECONOMIC DEPENDENCY***

##### *Water and Light Commission*

The Water and Light Commission has one significant customer who was responsible for 16% of operating revenues in 2015.

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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 Waterloo Water and 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

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,278,856	\$ 1,278,856	\$ 1,275,972	\$ (2,884)
Intergovernmental	804,292	804,292	817,571	13,279
Licenses and permits	33,826	49,319	64,707	15,388
Fines, forfeitures and penalties	16,500	16,500	15,502	(998)
Public charges for services	197,452	197,452	211,104	13,652
Investment income	5,500	5,500	9,237	3,737
Miscellaneous	47,228	48,673	49,316	643
Total Revenues	2,383,654	2,400,592	2,443,409	42,817
<b>EXPENDITURES</b>				
General government	438,470	438,470	390,939	47,531
Public safety	924,501	939,994	887,716	52,278
Public works	658,746	658,508	593,875	64,633
Health and human services	4,280	4,280	4,080	200
Culture, education and recreation	348,243	503,834	503,215	619
Conservation and development	15,355	15,355	13,501	1,854
Total Expenditures	2,389,595	2,560,441	2,393,326	167,115
Excess (deficiency) of revenues over (under) expenditures	(5,941)	(159,849)	50,083	209,932
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	247,262	247,262	247,495	233
Transfers out	(241,321)	(241,321)	(241,321)	-
Sale of city property	-	-	36,536	36,536
Total Other Financing Sources (Uses)	5,941	5,941	42,710	36,769
<b>Net Change in Fund Balance</b>	-	(153,908)	92,793	246,701
FUND BALANCE - Beginning of Year	1,603,660	1,603,660	1,603,660	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 1,603,660	\$ 1,449,752	\$ 1,696,453	\$ 246,701

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 ACTIVE FIRE - OPERATING  
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
Fire insurance tax (2% fire dues)	\$ 11,000	\$ 11,584	\$ 584
State aid - ambulance	4,500	6,079	1,579
Payments for municipal services	<u>165,268</u>	<u>165,268</u>	<u>-</u>
Total Intergovernmental	<u>180,768</u>	<u>182,931</u>	<u>2,163</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Public safety	<u>125,000</u>	<u>122,552</u>	<u>(2,448)</u>
<b>INVESTMENT INCOME</b>			
Interest on investments	<u>300</u>	<u>467</u>	<u>167</u>
<b>MISCELLANEOUS</b>			
Rent	300	-	(300)
Awards and damages	-	1,018	1,018
Miscellaneous	<u>-</u>	<u>11,104</u>	<u>11,104</u>
Total Miscellaneous	<u>300</u>	<u>12,122</u>	<u>11,822</u>
Total Revenues	<u>306,368</u>	<u>318,072</u>	<u>11,704</u>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Other general government	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<b>PUBLIC SAFETY</b>			
Fire suppression	<u>435,689</u>	<u>421,628</u>	<u>14,061</u>
<b>CAPITAL OUTLAY</b>			
Fire protection	<u>150,000</u>	<u>266,740</u>	<u>(116,740)</u>
Total Expenditures	<u>587,689</u>	<u>688,368</u>	<u>(100,679)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(281,321)</u>	<u>(370,296)</u>	<u>(88,975)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>281,321</u>	<u>241,321</u>	<u>(40,000)</u>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(128,975)</b>	<b>(128,975)</b>
FUND BALANCE - Beginning of Year	<u>567,106</u>	<u>567,106</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 567,106</u></b>	<b><u>\$ 438,131</u></b>	<b><u>\$ (128,975)</u></b>

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

**CITY OF WATERLOO**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
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, 2015

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<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 120,826	\$ (120,826)	\$ -	\$ 1,474,584	8.19%

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

# CITY OF WATERLOO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

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### ***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 \$766,720. 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>			
Sanitary landfill	\$ 4,000	\$ 4,206	\$ 206
<u>220 Active Fire - Operating</u>			
Capital outlay	150,000	266,740	116,740

### ***WISCONSIN RETIREMENT SYSTEM***

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

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

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

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

## CITY OF WATERLOO

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>TAXES</b>				
General property tax	\$ 1,228,831	\$ 1,228,831	\$ 1,228,831	\$ -
Mobile home parking permit fees	28,000	28,000	24,451	(3,549)
Interest on taxes	25	25	28	3
Other taxes	<u>22,000</u>	<u>22,000</u>	<u>22,662</u>	<u>662</u>
Total Taxes	<u>1,278,856</u>	<u>1,278,856</u>	<u>1,275,972</u>	<u>(2,884)</u>
<b>INTERGOVERNMENTAL</b>				
State shared revenues	472,674	472,674	485,047	12,373
State aid - connecting streets	235,978	235,978	235,521	(457)
State aid - exempt computers	1,000	1,000	2,458	1,458
State aid - recycling	12,500	12,500	12,404	(96)
State aid - culture, recreation and education	-	-	4,250	4,250
State aid - law enforcement	5,280	5,280	1,280	(4,000)
County aid - library	<u>76,860</u>	<u>76,860</u>	<u>76,611</u>	<u>(249)</u>
Total Intergovernmental	<u>804,292</u>	<u>804,292</u>	<u>817,571</u>	<u>13,279</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	8,000	8,000	9,653	1,653
Operators' licenses	3,500	3,500	3,420	(80)
Cigarette licenses	300	300	400	100
Mobile home park licenses	174	174	174	-
Bicycle licenses	50	50	50	-
Dog and cat licenses	3,920	3,920	5,790	1,870
Miscellaneous licenses	100	100	150	50
Building permits	8,000	18,000	18,375	375
Electrical permits	2,900	6,900	7,023	123
Plumbing permits	1,200	2,693	6,602	3,909
Heating and air conditioning permits	1,800	1,800	5,803	4,003
Erosion control permits	500	500	1,200	700
Sign permits	300	300	70	(230)
Wisconsin building seal	82	82	-	(82)
Other permits	2,500	2,500	4,165	1,665
Other	<u>500</u>	<u>500</u>	<u>1,832</u>	<u>1,332</u>
Total Licenses and Permits	<u>33,826</u>	<u>49,319</u>	<u>64,707</u>	<u>15,388</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	10,000	10,000	8,272	(1,728)
Parking violations	3,500	3,500	4,270	770
Library fees and fines	<u>3,000</u>	<u>3,000</u>	<u>2,960</u>	<u>(40)</u>
Total Fines, Forfeitures, and Penalties	<u>16,500</u>	<u>16,500</u>	<u>15,502</u>	<u>(998)</u>

## CITY OF WATERLOO

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Sale of materials and supplies	\$ 50	\$ 50	\$ 13	\$ (37)
Clerk's fees	2,000	2,000	3,829	1,829
Accident reports	300	300	193	(107)
Animal pound	150	150	25	(125)
Street maintenance and materials	1,700	1,700	4,388	2,688
Weed and nuisance control	100	100	290	190
Refuse and garbage collection	189,936	189,936	193,211	3,275
Recycling	300	300	376	76
Other library fees	2,150	2,150	2,374	224
Sewer connection charges	766	766	6,405	5,639
Total Public Charges for Services	<u>197,452</u>	<u>197,452</u>	<u>211,104</u>	<u>13,652</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>5,500</u>	<u>5,500</u>	<u>9,237</u>	<u>3,737</u>
<b>MISCELLANEOUS</b>				
Awards and damages	5,000	5,000	4,640	(360)
Donations, trusts and memorials	42,228	43,673	43,793	120
Miscellaneous	-	-	883	883
Total Miscellaneous	<u>47,228</u>	<u>48,673</u>	<u>49,316</u>	<u>643</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,383,654</u>	<u>\$ 2,400,592</u>	<u>\$ 2,443,409</u>	<u>\$ 42,817</u>

## CITY OF WATERLOO

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - 100 GENERAL FUND

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 12,823	\$ 12,823	\$ 12,319	\$ 504
Mayor	5,656	5,656	4,345	1,311
Clerk/treasurer	243,053	245,808	245,807	1
Legislative support	3,550	3,550	3,089	461
Elections	4,200	2,817	1,385	1,432
Assessment of property	2,400	2,400	1,650	750
Special accounting and auditing	27,000	27,000	26,445	555
City attorney	4,500	4,500	4,207	293
Municipal building	20,515	19,143	15,893	3,250
Contingency	8,694	8,694	-	8,694
Property and liability insurance	68,150	68,150	61,777	6,373
Health insurance	36,929	36,929	14,022	22,907
Other general government	1,000	1,000	-	1,000
Total General Government	<u>438,470</u>	<u>438,470</u>	<u>390,939</u>	<u>47,531</u>
<b>PUBLIC SAFETY</b>				
Police - administration	307,306	308,138	294,984	13,154
Police - patrol	561,570	560,738	522,027	38,711
Fire suppression	40,000	40,000	40,000	-
Inspection	9,500	24,993	24,992	1
Emergency government civil defense	6,125	6,125	5,713	412
Total Public Safety	<u>924,501</u>	<u>939,994</u>	<u>887,716</u>	<u>52,278</u>
<b>PUBLIC WORKS</b>				
Machinery equipment	46,900	43,299	28,507	14,792
Garages	16,190	16,190	15,136	1,054
Engineering	3,000	4,723	4,723	-
Street maintenance	24,900	24,900	17,940	6,960
Bridges and culverts	200	200	-	200
Snow and ice control	34,300	34,300	28,197	6,103
Traffic control	2,800	2,800	1,969	831
Street lighting	68,000	68,000	66,514	1,486
Storm sewers	2,500	2,500	331	2,169
Tree and brush control	8,750	8,750	3,140	5,610
Sanitary sewers	4,500	6,140	4,640	1,500
Garbage billing fee	165,028	165,028	164,893	135
Sanitary landfill	4,000	4,000	4,206	(206)
Public works/highway administration	277,678	277,678	253,679	23,999
Total Public Works	<u>658,746</u>	<u>658,508</u>	<u>593,875</u>	<u>64,633</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Insect control	100	100	-	100
Animal control	4,080	4,080	4,080	-
Cemetery	100	100	-	100
Total Health and Human Services	<u>4,280</u>	<u>4,280</u>	<u>4,080</u>	<u>200</u>

## CITY OF WATERLOO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
100 GENERAL FUND  
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>CULTURE, EDUCATION AND RECREATION</b>				
Library	\$ 340,493	\$ 493,305	\$ 493,305	\$ -
Celebration and entertainment	-	238	236	2
Parks	5,900	8,441	8,373	68
Warming house	<u>1,850</u>	<u>1,850</u>	<u>1,301</u>	<u>549</u>
Total Culture, Education and Recreation	<u>348,243</u>	<u>503,834</u>	<u>503,215</u>	<u>619</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Weed control	2,450	2,450	1,204	1,246
Regional planning commission	4,305	4,305	3,722	583
Planning	<u>8,600</u>	<u>8,600</u>	<u>8,575</u>	<u>25</u>
Total Conservation and Development	<u>15,355</u>	<u>15,355</u>	<u>13,501</u>	<u>1,854</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 2,389,595</u></u>	<u><u>\$ 2,560,441</u></u>	<u><u>\$ 2,393,326</u></u>	<u><u>\$ 167,115</u></u>

**CITY OF WATERLOO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds			
	200 Cable TV	820 Honorary Fire Department - Board Designated	810 Library Memorial	812 Clark Memorial
<b>ASSETS</b>				
Cash and investments	\$ 176,731	\$ 40,436	\$ 74,172	\$ 87,864
Restricted cash and investments	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	10,670	-	-	10,000
Special assessments	-	-	-	-
Accrued interest	666	-	175	-
	<u>188,067</u>	<u>40,436</u>	<u>74,347</u>	<u>97,864</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 188,067</u></b>	<b><u>\$ 40,436</u></b>	<b><u>\$ 74,347</u></b>	<b><u>\$ 97,864</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ 13,250	\$ -	\$ 15
Accrued liabilities	651	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>651</u>	<u>13,250</u>	<u>-</u>	<u>15</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	666	-	175	-
Total Deferred Inflows of Resources	<u>666</u>	<u>-</u>	<u>175</u>	<u>-</u>
Fund Balances				
Restricted	-	-	74,172	97,849
Committed	186,750	27,186	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	<u>186,750</u>	<u>27,186</u>	<u>74,172</u>	<u>97,849</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 188,067</u></b>	<b><u>\$ 40,436</u></b>	<b><u>\$ 74,347</u></b>	<b><u>\$ 97,864</u></b>

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 Trailhead Facility
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,718	3,495	4,774	2,207	6,984	-
-	-	-	-	-	-
-	-	-	-	-	4,115
-	-	-	-	-	-
<u>\$ 7,718</u>	<u>\$ 3,495</u>	<u>\$ 4,774</u>	<u>\$ 2,207</u>	<u>\$ 6,984</u>	<u>\$ 4,115</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 491
-	-	-	-	-	-
-	-	-	-	-	44,518
-	-	-	-	-	45,009
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,718	3,495	4,774	2,207	6,984	-
-	-	-	-	-	-
-	-	-	-	-	(40,894)
<u>7,718</u>	<u>3,495</u>	<u>4,774</u>	<u>2,207</u>	<u>6,984</u>	<u>(40,894)</u>
<u>\$ 7,718</u>	<u>\$ 3,495</u>	<u>\$ 4,774</u>	<u>\$ 2,207</u>	<u>\$ 6,984</u>	<u>\$ 4,115</u>

**CITY OF WATERLOO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Capital Projects Funds			
	413 TIF District No. 3	414 TIF District No. 4	402 Sidewalk	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 27,904	\$ 407,107
Restricted cash and investments	-	-	-	25,178
Receivables (net)				
Taxes	26,841	-	3,035	29,876
Accounts	-	-	-	24,785
Special assessments	-	-	25,874	25,874
Accrued interest	-	-	-	841
	-	-	-	841
<b>TOTAL ASSETS</b>	<b>\$ 26,841</b>	<b>\$ -</b>	<b>\$ 56,813</b>	<b>\$ 513,661</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 17	\$ -	\$ -	\$ 13,773
Accrued liabilities	-	-	-	651
Advances from other funds	198,245	16,150	-	258,913
Total Liabilities	198,262	16,150	-	273,337
Deferred Inflows of Resources				
Unearned revenues	26,841	-	3,035	29,876
Unavailable revenues	-	-	25,874	26,715
Total Deferred Inflows of Resources	26,841	-	28,909	56,591
Fund Balances				
Restricted	-	-	-	197,199
Committed	-	-	27,904	241,840
Unassigned (deficit)	(198,262)	(16,150)	-	(255,306)
Total Fund Balances (Deficit)	(198,262)	(16,150)	27,904	183,733
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 26,841</b>	<b>\$ -</b>	<b>\$ 56,813</b>	<b>\$ 513,661</b>

# CITY OF WATERLOO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	Special Revenue Funds			
	200 Cable TV	820 Honorary Fire Department - Board Designated	810 Library Memorial	812 Clark Memorial
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	43,238	-	-	-
Public charges for services	-	1,539	-	-
Special assessments	-	-	-	-
Investment income	673	527	177	-
Miscellaneous	<u>622</u>	<u>1,370</u>	<u>4,511</u>	<u>40,342</u>
<b>Total Revenues</b>	<u>44,533</u>	<u>3,436</u>	<u>4,688</u>	<u>40,342</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	101,674	-	-
Culture, education and recreation	38,180	-	4,589	40,794
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>38,180</u>	<u>101,674</u>	<u>4,589</u>	<u>40,794</u>
Excess (deficiency) of revenues over expenditures	<u>6,353</u>	<u>(98,238)</u>	<u>99</u>	<u>(452)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	6,353	(98,238)	99	(452)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>180,397</u>	<u>125,424</u>	<u>74,073</u>	<u>98,301</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 186,750</u>	<u>\$ 27,186</u>	<u>\$ 74,172</u>	<u>\$ 97,849</u>

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 Trailhead Facility
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	4,115
-	-	-	-	-	-
6,742	2,888	4,175	1,898	6,164	-
-	-	-	-	-	-
10	4	7	3	8	-
-	-	-	-	-	2,377
<u>6,752</u>	<u>2,892</u>	<u>4,182</u>	<u>1,901</u>	<u>6,172</u>	<u>6,492</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7,637
-	-	-	-	-	775
-	-	-	-	-	-
-	-	-	-	-	8,412
<u>6,752</u>	<u>2,892</u>	<u>4,182</u>	<u>1,901</u>	<u>6,172</u>	<u>(1,920)</u>
-	-	-	-	-	775
<u>(2,250)</u>	<u>(775)</u>	<u>(1,400)</u>	<u>(600)</u>	<u>(700)</u>	<u>-</u>
<u>(2,250)</u>	<u>(775)</u>	<u>(1,400)</u>	<u>(600)</u>	<u>(700)</u>	<u>775</u>
4,502	2,117	2,782	1,301	5,472	(1,145)
<u>3,216</u>	<u>1,378</u>	<u>1,992</u>	<u>906</u>	<u>1,512</u>	<u>(39,749)</u>
<u>\$ 7,718</u>	<u>\$ 3,495</u>	<u>\$ 4,774</u>	<u>\$ 2,207</u>	<u>\$ 6,984</u>	<u>\$ (40,894)</u>

# CITY OF WATERLOO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	Capital Projects Funds			Total Nonmajor Governmental Funds
	413 TIF District No. 3	414 TIF District No. 4	402 Sidewalk	
<b>REVENUES</b>				
Taxes	\$ 43,391	\$ -	\$ -	\$ 43,391
Intergovernmental	915	-	-	5,030
Licenses and permits	-	-	-	43,238
Public charges for services	-	-	-	23,406
Special assessments	-	-	21,031	21,031
Investment income	-	-	-	1,409
Miscellaneous	-	-	-	49,222
Total Revenues	44,306	-	21,031	186,727
<b>EXPENDITURES</b>				
Current				
General government	1,731	650	-	2,381
Public safety	-	-	-	101,674
Culture, education and recreation	-	-	-	91,200
Capital Outlay	-	-	-	775
Debt Service				
Interest and fiscal charges	1,963	-	-	1,963
Total Expenditures	3,694	650	-	197,993
Excess (deficiency) of revenues over expenditures	40,612	(650)	21,031	(11,266)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	775
Transfers out	(41,000)	-	-	(46,725)
Total Other Financing Sources (Uses)	(41,000)	-	-	(45,950)
<b>Net Change in Fund Balances</b>	(388)	(650)	21,031	(57,216)
FUND BALANCES (DEFICIT) - Beginning of Year	(197,874)	(15,500)	6,873	240,949
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (198,262)	\$ (16,150)	\$ 27,904	\$ 183,733

# CITY OF WATERLOO

## STATEMENT OF CASH FLOWS COMPONENT UNIT For the Year Ended December 31, 2015

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	600 Community Development Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 659
Paid to suppliers for goods and services	<u>(659)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ -</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (6,493)
Nonoperating revenue	659
Changes in assets and liabilities	
Accounts payable	245
Due to primary government	<u>5,589</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ -</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	