

# **CITY OF WATERLOO**

Waterloo, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

# CITY OF WATERLOO

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2014

---

	<u>Page(s)</u>
Independent Auditors' Report	i - iii
Management's Discussion and Analysis	iv - xi
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Fund	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	12
Statement of Cash Flows - Proprietary Fund	13 - 14
Statement of Assets and Liabilities - Agency Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 53
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 100 General Fund	54
Special Revenue Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 220 Active Fire - Operating	55
Notes to Required Supplementary Information	56
Supplementary Information	
Detailed Schedule of Revenues - Budget and Actual - 100 General Fund	57 - 58
Detailed Schedule of Expenditures - Budget and Actual - 100 General Fund	59 - 60
Combining Balance Sheet - Nonmajor Governmental Funds	61 - 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	64 - 66
Statement of Cash Flows - Component Unit	67

**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, 2014, 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, 2014, 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, 2014, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 detailed schedules of revenues and expenditures and combining and component unit financial statements as listed in the table of contents are presented for purposes of additional analysis and are 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.



Madison, Wisconsin  
May 15, 2015

**CITY OF WATERLOO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended December 31, 2014  
Financial Statements  
(Unaudited)



# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2014

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, 2014. You are invited to read this narrative in conjunction with the city's financial statements.

---

### **FINANCIAL HIGHLIGHTS**

---

- > The assets and deferred outflows of the City of Waterloo exceeded its liabilities and deferred inflows by \$17,576,038 (net position). Of this amount, \$1,565,486 is considered unrestricted net position, \$3,365,162 is restricted for specific purposes (restricted net position), and \$12,645,390 is net investment in capital assets.
  - > The city's total net position increased by \$907,387. Governmental activities net position increased by \$873,680, while business-type net position increased by \$33,707.
  - > On December 31, 2014, the city's governmental funds reported combined fund balances of \$4,009,115, an increase of \$408,465 from 2013. The general fund unassigned fund balance was \$730,644 as of December 31, 2013 and \$896,290 as of December 31, 2014, an increase of \$165,646 over the prior year.
- 

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

---

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, 2014

---

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

---

#### ***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, 2014

---

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

---

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 a budgetary comparison schedule for the general fund to demonstrate compliance with the budget. 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, 2014

### **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	
	2014	2013	2014	2013	2014*	2013*
Current and other assets	\$ 6,391,347	\$ 6,128,984	\$ 2,296,156	\$ 3,210,659	\$ 8,687,503	\$ 9,339,643
Capital assets	11,325,252	11,250,158	10,209,671	10,561,426	21,534,923	21,811,584
Total Assets	<u>17,716,599</u>	<u>17,379,142</u>	<u>12,505,827</u>	<u>13,772,085</u>	<u>30,222,426</u>	<u>31,151,227</u>
Deferred charge on refunding	-	27,025	101,661	114,633	101,661	141,658
Long-term liabilities	4,641,031	5,209,050	5,328,948	6,636,174	9,969,979	11,845,224
Other liabilities	185,811	233,591	428,229	433,940	614,040	667,531
Total Liabilities	<u>4,826,842</u>	<u>5,442,641</u>	<u>5,757,177</u>	<u>7,070,114</u>	<u>10,584,019</u>	<u>12,512,755</u>
Unearned revenues	<u>2,164,030</u>	<u>2,111,479</u>	-	-	<u>2,164,030</u>	<u>2,111,479</u>
Net investment in capital assets	7,174,772	6,605,034	5,616,118	5,755,398	12,645,390	12,199,932
Restricted	2,164,252	1,737,794	1,200,910	1,165,774	3,365,162	2,903,568
Unrestricted (deficit)	<u>1,386,703</u>	<u>1,509,219</u>	<u>33,283</u>	<u>(104,568)</u>	<u>1,565,486</u>	<u>1,565,151</u>
<b>TOTAL NET POSITION</b>	<u>\$ 10,725,727</u>	<u>\$ 9,852,047</u>	<u>\$ 6,850,311</u>	<u>\$ 6,816,604</u>	<u>\$ 17,576,038</u>	<u>\$ 16,668,651</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, 2014

### 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		Business-Type		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 471,253	\$ 453,716	\$ 5,944,789	\$ 5,891,750	\$ 6,416,042	\$ 6,345,466
Operating grants and contributions	349,849	334,657	-	-	349,849	334,657
General Revenues						
Property taxes	2,108,032	2,057,244	-	-	2,108,032	2,057,244
Other taxes	49,249	48,701	-	-	49,249	48,701
Intergovernmental	1,129,215	1,046,593	-	-	1,129,215	1,046,593
Other	34,199	175,316	11,330	11,871	45,529	187,187
<b>Total Revenues</b>	<b>4,141,797</b>	<b>4,116,227</b>	<b>5,956,119</b>	<b>5,903,621</b>	<b>10,097,916</b>	<b>10,019,848</b>
<b>Expenses:</b>						
General government	453,544	473,508	-	-	453,544	473,508
Public safety	1,651,374	1,710,436	-	-	1,651,374	1,710,436
Public works *	990,186	1,077,970	-	-	990,186	1,077,970
Culture, education and rec.	571,937	422,719	-	-	571,937	422,719
Conservation and development	64,724	1,038,121	-	-	64,724	1,038,121
Water	-	-	490,004	601,712	490,004	601,712
Sewer	-	-	801,403	784,534	801,403	784,534
Electric	-	-	4,238,484	4,243,112	4,238,484	4,243,112
Interest and fiscal charges	187,489	242,952	-	-	187,489	242,952
<b>Total Expenses</b>	<b>3,919,254</b>	<b>4,965,706</b>	<b>5,529,891</b>	<b>5,629,358</b>	<b>9,449,145</b>	<b>10,595,064</b>
Income (Loss) Before Capital Grants and Contributions and Transfers	222,543	(849,479)	426,228	274,263	648,771	(575,216)
Capital grants and contributions	257,056	549,448	1,560	375,211	258,616	924,659
Transfers	394,081	409,358	(394,081)	(409,358)	-	-
Changes in Net Position	873,680	109,327	33,707	240,116	907,387	349,443
Beginning Net Position	9,852,047	9,742,720	6,816,604	6,576,488	16,668,651	16,319,208
<b>NET POSITION – YEAR END</b>	<b>\$ 10,725,727</b>	<b>\$ 9,852,047</b>	<b>\$ 6,850,311</b>	<b>\$ 6,816,604</b>	<b>\$ 17,576,038</b>	<b>\$ 16,668,651</b>

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2014

---

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

---

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 \$873,680, compared to \$109,327 the previous year. Governmental expenses decreased by \$1,046,452 (21.1%), while program/general revenue increased \$25,570 (0.6%) when compared to the prior year. Capital grants and contributions decreased from \$549,448 in 2013 to \$257,056 in 2014 as grant funded projects are winding down. Conservation and development decreased by \$973,397 from the prior year as 2013 had developer incentive payments relating to tax increment finance district projects.

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

Business-type activities increased the city's net position by \$33,707. In the previous year this category of net position had increased by \$240,116. Business-type revenue increased by \$52,498 (0.9%) and business-type expenses decreased by \$99,467 (1.8%).

---

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

---

#### ***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, 2014, the city's governmental funds reported combined fund balances of \$4,009,115 which is a 11.3% increase from the previous year. \$124,029 or 3.1% of the \$4,009,115 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, 2014

---

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

---

### ***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 \$1,603,660, an increase of \$191,682 (13.6%). 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 2014, the unassigned general fund balance is \$896,290 and the 2014 final general fund expenditure budget including other financing uses is \$2,636,756, resulting in an unassigned fund balance of 34.0%. In 2013, this percentage was 30%. 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, 2014 was \$567,106, an increase of \$91,859 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 \$42,986 which is restricted for future debt service.

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

The fund balance for the capital projects fund shows a balance of \$618,183, an increase of \$88,210 over the prior year. Of this balance, \$527,505 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, 2014 was \$1,455,369 and is restricted for TIF No. 1 purposes. This is an increase from the prior year in the amount of \$347,615.

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

The fund balance as of December 31, 2014 was a deficit of \$519,138. This fund had a deficit balance of \$318,971 at the end of 2013.

#### ***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, 2014

---

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

---

The actual net change in general fund fund balance was a positive variance of \$201,366 over the final budget.

---

## **CAPITAL ASSETS**

---

At the end of 2014, the city had invested a total of \$21,534,923 in net capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure and is a 1.3% decrease from the prior year. Refer to Note IV.D.

---

## **LONG-TERM DEBT**

---

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, 2014 was \$9,511,265. Total general obligation debt outstanding at year-end was \$4,334,727. Therefore, the city was at 45.6% of the legal debt limit. The previous year the city was at 52.7% of the legal debt limit.

The city's general obligation debt decreased by \$520,065 in 2014. No new general obligation debt was issued by the city in 2014 and they made general obligation debt principal payments of \$520,065. Refer to Note IV.F.

---

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

---

All currently known facts and economic conditions were considered in preparing the 2015 city financial statements and budget. None of these conditions are anticipated to change the overall financial position of the city.

---

## **REQUESTS FOR INFORMATION**

---

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 Chris Astrella, Clerk/Treasurer.

# CITY OF WATERLOO

## STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals	600 Community Development Authority
<b>ASSETS</b>				
Cash and investments	\$ 3,004,574	\$ 405,427	\$ 3,410,001	\$ -
Receivables (net)				
Taxes	2,182,332	-	2,182,332	-
Accounts	132,005	712,562	844,567	-
Special assessments	35,366	-	35,366	-
Accrued interest	6,258	-	6,258	-
Internal balances	690,689	(690,689)	-	-
Due from other governments	29,760	-	29,760	-
Due from component unit	22,412	-	22,412	-
Prepaid items and inventories	278,947	101,958	380,905	-
Other assets	-	26,210	26,210	-
Restricted cash and investments	9,004	1,735,620	1,744,624	-
Restricted assets - other	-	5,068	5,068	-
Capital Assets (net of accumulated depreciation)				
Land	1,044,245	186,606	1,230,851	-
Construction in progress	95,912	8,001	103,913	-
Other capital assets	10,185,095	10,015,064	20,200,159	-
Total Assets	<u>17,716,599</u>	<u>12,505,827</u>	<u>30,222,426</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	101,661	101,661	-
<b>LIABILITIES</b>				
Accounts payable	54,701	394,372	449,073	-
Accrued liabilities	131,110	33,857	164,967	-
Due to primary government	-	-	-	22,412
Noncurrent Liabilities				
Due within one year	595,838	500,163	1,096,001	-
Due in more than one year	4,045,193	4,828,785	8,873,978	-
Total Liabilities	<u>4,826,842</u>	<u>5,757,177</u>	<u>10,584,019</u>	<u>22,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	<u>2,164,030</u>	-	<u>2,164,030</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	7,174,772	5,616,118	12,645,390	-
Restricted for				
Library Memorial	74,073	-	74,073	-
Clark Memorial	98,301	-	98,301	-
TIF District No. 1	1,455,369	-	1,455,369	-
Sewer collection system	527,505	-	527,505	-
Impact fees	9,004	-	9,004	-
Debt service	-	531,095	531,095	-
Replacement	-	669,815	669,815	-
Unrestricted (deficit)	<u>1,386,703</u>	<u>33,283</u>	<u>1,565,486</u>	<u>(22,412)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 10,725,727</u>	<u>\$ 6,850,311</u>	<u>\$ 17,576,038</u>	<u>\$ (22,412)</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 453,544	\$ 28,198	\$ -	\$ -
Public safety	1,651,374	176,583	5,315	3,290
Public works	985,998	210,629	248,942	46,859
Health and human services	4,188	75	-	-
Culture, education and recreation	571,937	55,768	82,741	206,907
Conservation and development	64,724	-	-	-
Interest and fiscal charges	187,489	-	12,851	-
Total Governmental Activities	3,919,254	471,253	349,849	257,056
Business-type Activities				
Electric	4,238,484	4,447,285	-	694
Water	490,004	615,514	-	866
Sewer	801,403	881,990	-	-
Total Business-type Activities	5,529,891	5,944,789	-	1,560
Total Primary Government	\$ 9,449,145	\$ 6,416,042	\$ 349,849	\$ 258,616
Component Unit				
600 Community Development Authority	\$ 48,235	\$ -	\$ -	\$ -

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

Miscellaneous

Total General Revenues

Transfers

### Change in net position

NET POSITION - Beginning of Year

**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
\$ (425,346)	\$ -	\$ (425,346)	\$ -
(1,466,186)	-	(1,466,186)	-
(479,568)	-	(479,568)	-
(4,113)	-	(4,113)	-
(226,521)	-	(226,521)	-
(64,724)	-	(64,724)	-
(174,638)	-	(174,638)	-
<u>(2,841,096)</u>	<u>-</u>	<u>(2,841,096)</u>	<u>-</u>
-	209,495	209,495	-
-	126,376	126,376	-
-	80,587	80,587	-
<u>-</u>	<u>416,458</u>	<u>416,458</u>	<u>-</u>
<u>(2,841,096)</u>	<u>416,458</u>	<u>(2,424,638)</u>	<u>-</u>
-	-	-	(48,235)
1,225,889	-	1,225,889	-
421,949	-	421,949	-
273,262	-	273,262	-
186,932	-	186,932	-
49,249	-	49,249	-
1,129,215	-	1,129,215	-
13,463	11,330	24,793	-
20,736	-	20,736	890
<u>3,320,695</u>	<u>11,330</u>	<u>3,332,025</u>	<u>890</u>
<u>394,081</u>	<u>(394,081)</u>	<u>-</u>	<u>-</u>
873,680	33,707	907,387	(47,345)
<u>9,852,047</u>	<u>6,816,604</u>	<u>16,668,651</u>	<u>24,933</u>
<u>\$ 10,725,727</u>	<u>\$ 6,850,311</u>	<u>\$ 17,576,038</u>	<u>\$ (22,412)</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	100 General	220 Active Fire - Operating	300 General Debt Service	400 Capital Projects
<b>ASSETS</b>				
Cash and investments	\$ 1,318,747	\$ 345,188	\$ 109,113	\$ 92,252
Restricted cash and investments	-	-	-	-
Receivables (net)				
Taxes	1,251,424	-	487,649	209,231
Accounts	66,979	34,850	-	19,153
Special assessments	-	-	-	-
Accrued interest	2,845	626	-	927
Due from other funds	247,744	-	-	527,505
Due from other governments	-	-	-	29,760
Due from component unit	-	-	-	-
Prepaid items	40,998	237,949	-	-
Advances to other funds	-	-	-	39,720
	<u>\$ 2,928,737</u>	<u>\$ 618,613</u>	<u>\$ 596,762</u>	<u>\$ 918,548</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 20,737	\$ 9,334	\$ -	\$ 19,447
Accrued liabilities	49,940	7,728	-	-
Due to other funds	18,433	-	66,127	-
Advances from other funds	-	-	-	41,000
Total Liabilities	<u>89,110</u>	<u>17,062</u>	<u>66,127</u>	<u>60,447</u>
Deferred Inflows of Resources				
Unearned revenues	1,233,122	-	487,649	209,231
Unavailable revenues	2,845	34,445	-	30,687
Total Deferred Inflows of Resources	<u>1,235,967</u>	<u>34,445</u>	<u>487,649</u>	<u>239,918</u>
Fund Balances				
Nonspendable	40,998	237,949	-	39,720
Restricted	-	-	42,986	527,505
Committed	-	329,157	-	-
Assigned	666,372	-	-	50,958
Unassigned (deficit)	896,290	-	-	-
Total Fund Balances (Deficit)	<u>1,603,660</u>	<u>567,106</u>	<u>42,986</u>	<u>618,183</u>
	<u>\$ 2,928,737</u>	<u>\$ 618,613</u>	<u>\$ 596,762</u>	<u>\$ 918,548</u>

See accompanying notes to financial statements.

410 TIF District No. 1	412 TIF District No. 2	Nonmajor Governmental Funds	Totals
\$ 664,599	\$ -	\$ 474,675	\$ 3,004,574
-	-	9,004	9,004
190,636	-	43,392	2,182,332
-	-	11,023	132,005
-	-	35,366	35,366
-	-	1,860	6,258
-	-	-	775,249
-	-	-	29,760
22,412	-	-	22,412
-	-	-	278,947
<u>768,358</u>	<u>-</u>	<u>-</u>	<u>808,078</u>
<u>\$ 1,646,005</u>	<u>\$ -</u>	<u>\$ 575,320</u>	<u>\$ 7,283,985</u>
\$ -	\$ 5,154	\$ 29	\$ 54,701
-	-	630	58,298
-	-	-	84,560
-	<u>513,984</u>	<u>253,094</u>	<u>808,078</u>
-	<u>519,138</u>	<u>253,753</u>	<u>1,005,637</u>
190,636	-	43,392	2,164,030
-	-	37,226	105,203
<u>190,636</u>	<u>-</u>	<u>80,618</u>	<u>2,269,233</u>
-	-	-	318,667
1,455,369	-	181,378	2,207,238
-	-	312,694	641,851
-	-	-	717,330
-	<u>(519,138)</u>	<u>(253,123)</u>	<u>124,029</u>
<u>1,455,369</u>	<u>(519,138)</u>	<u>240,949</u>	<u>4,009,115</u>
<u>\$ 1,646,005</u>	<u>\$ -</u>	<u>\$ 575,320</u>	<u>\$ 7,283,985</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, 2014

---

Total Fund Balances - Governmental Funds	\$ 4,009,115
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.	11,325,252
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.	105,203
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>(4,713,843)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 10,725,727</u></b>

## CITY OF WATERLOO

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

For the Year Ended December 31, 2014

	100 General	220 Active Fire - Operating	300 General Debt Service	400 Capital Projects
<b>REVENUES</b>				
Taxes	\$ 1,275,138	\$ -	\$ 421,949	\$ 273,262
Intergovernmental	807,997	173,498	12,851	1,937
Licenses and permits	44,460	-	-	-
Fines, forfeitures and penalties	19,616	-	-	-
Public charges for services	216,251	141,988	-	-
Special assessments	-	-	-	-
Investment income	7,465	504	-	527
Miscellaneous	50,114	1,406	-	-
Total Revenues	2,421,041	317,396	434,800	275,726
<b>EXPENDITURES</b>				
Current				
General government	406,082	-	-	-
Public safety	834,819	457,453	-	-
Public works	612,614	-	-	-
Health and human services	4,188	-	-	-
Culture, education and recreation	356,697	-	-	-
Conservation and development	12,755	-	-	-
Capital Outlay	-	18,032	-	630,385
Debt Service				
Principal	-	-	520,065	-
Interest and fiscal charges	-	-	156,867	-
Total Expenditures	2,227,155	475,485	676,932	630,385
Excess (deficiency) of revenues over expenditures	193,886	(158,089)	(242,132)	(354,659)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	247,744	249,948	175,267	442,869
Transfers out	(249,948)	-	-	-
Total Other Financing Sources (Uses)	(2,204)	249,948	175,267	442,869
<b>Net Change in Fund Balances</b>	191,682	91,859	(66,865)	88,210
FUND BALANCES (DEFICIT) - Beginning of Year	1,411,978	475,247	109,851	529,973
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,603,660	\$ 567,106	\$ 42,986	\$ 618,183

See accompanying notes to financial statements.

410 TIF District No. 1	412 TIF District No. 2	Nonmajor Governmental Funds	Totals
\$ 181,516	\$ -	\$ 5,416	\$ 2,157,281
243,572	803	285,613	1,526,271
-	-	42,462	86,922
-	-	-	19,616
-	-	6,659	364,898
-	-	11,493	11,493
1,959	-	1,505	11,960
-	8,318	59,861	119,699
<u>427,047</u>	<u>9,121</u>	<u>413,009</u>	<u>4,298,140</u>
7,515	18,114	5,218	436,929
-	-	11,179	1,303,451
-	18,920	-	631,534
-	-	-	4,188
-	-	110,968	467,665
-	11,980	-	24,735
-	56,924	31,022	736,363
-	-	-	520,065
-	-	1,959	158,826
<u>7,515</u>	<u>105,938</u>	<u>160,346</u>	<u>4,283,756</u>
<u>419,532</u>	<u>(96,817)</u>	<u>252,663</u>	<u>14,384</u>
-	-	4,394	1,120,222
<u>(71,917)</u>	<u>(103,350)</u>	<u>(300,926)</u>	<u>(726,141)</u>
<u>(71,917)</u>	<u>(103,350)</u>	<u>(296,532)</u>	<u>394,081</u>
347,615	(200,167)	(43,869)	408,465
<u>1,107,754</u>	<u>(318,971)</u>	<u>284,818</u>	<u>3,600,650</u>
<u>\$ 1,455,369</u>	<u>\$ (519,138)</u>	<u>\$ 240,949</u>	<u>\$ 4,009,115</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, 2014

---

Net change in fund balances - total governmental funds	\$	408,465
--	----	---------

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	736,363
Some items reported as capital outlay were not capitalized	(143,226)
Depreciation is reported in the government-wide financial statements	(516,593)
Net book value of assets retired	(1,450)

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.	(149,235)
---	-----------

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.

Principal repaid	520,065
------------------	---------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	47,954
Accrued interest	(1,638)
Amortization of deferred charge on refunding	(27,025)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>873,680</u></b>
--	-----------	-----------------------

# CITY OF WATERLOO

## STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2014

---

	<u>Water &amp; Light Commission</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 405,427
Receivables	
Accounts	712,562
Due from other funds	84,560
Inventories	101,958
Restricted Assets	
Redemption account - current	<u>127,755</u>
Total Current Assets	<u>1,432,262</u>
Noncurrent Assets	
Restricted Assets	
Reserve account	415,530
Replacement account	669,815
Construction account	522,520
Interest receivable	5,068
Capital Assets	
Land	186,606
Construction work in progress	8,001
Plant in service	19,563,757
Less: Accumulated depreciation	(9,548,693)
Other Assets	
Preliminary survey and investigation	6,199
Property held for future use	<u>20,011</u>
Total Noncurrent Assets	<u>11,848,814</u>
Total Assets	<u>13,281,076</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	<u>101,661</u>

See accompanying notes to financial statements.



	<u>Water &amp; Light Commission</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 394,372
Accrued liabilities	6,111
Due to other funds	775,249
Compensated absences	16,392
Public benefits	311
Liabilities Payable from Restricted Assets	
Current portion of revenue bonds	483,771
Accrued interest	17,258
Total Current Liabilities	<u>1,693,464</u>
Noncurrent Liabilities	
Long-Term Debt	
Revenue bonds	4,746,707
Unamortized debt discount	(12,744)
Other Liabilities	
Customer advances for construction	10,177
Compensated absences	94,822
Total Noncurrent Liabilities	<u>4,838,962</u>
Total Liabilities	<u>6,532,426</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,616,118
Restricted for	
Debt service	531,095
Replacement	669,815
Unrestricted net position	<u>33,283</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 6,850,311</u></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, 2014

---

	<u>Water &amp; Light Commission</u>
<b>OPERATING REVENUES</b>	
Electric	\$ 4,447,285
Water	615,514
Sewer	881,990
Total Operating Revenues	<u>5,944,789</u>
<b>OPERATING EXPENSES</b>	
Operations and maintenance	4,817,558
Depreciation	586,960
Total Operating Expenses	<u>5,404,518</u>
Operating Income	<u>540,271</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	10,216
Income from merchandising and jobbing	1,114
Interest expense	(110,769)
Amortization of discounts and losses	(14,604)
Total Nonoperating Revenues (Expenses)	<u>(114,043)</u>
Income Before Contributions and Transfers	<u>426,228</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>	
Capital contributions	1,560
Transfer out	(146,337)
Transfer - tax equivalent	(247,744)
Total Contributions and Transfers	<u>(392,521)</u>
Change in Net Position	33,707
NET POSITION - Beginning of Year	<u>6,816,604</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 6,850,311</u></u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2014

	<u>Water &amp; Light Commission</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 5,821,176
Received from municipality for services	64,204
Paid to suppliers for goods and services	(4,269,458)
Paid to employees for services	<u>(493,121)</u>
Net Cash Flows From Operating Activities	<u>1,122,801</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments purchased	(421,695)
Investments sold and matured	428,344
Investment income	<u>10,216</u>
Net Cash Flows From Investing Activities	<u>16,865</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Paid to municipality for tax equivalent	(270,227)
Transfers to other funds	<u>(39,541)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(309,768)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt retired	(1,374,422)
Interest paid	(116,077)
Cost of removal of capital assets	(8,700)
Special assessments received	866
Acquisition and construction of capital assets	(317,192)
Received from the sale of capital assets	<u>12,712</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,802,813)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(972,915)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,407,880</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,434,965</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	\$ 540,271
Nonoperating revenue	1,114
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	586,960
Depreciation charged to other funds	26,589
Changes in assets and liabilities	
Accounts receivable	(69,231)
Due from other funds	8,708
Inventories	(3,984)
Accounts payable	34,236
Due to other funds	(3,618)
Compensated absences	1,756
	<u>1,122,801</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 1,122,801</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>	
Cash and investments	\$ 405,427
Redemption account	127,755
Reserve account	415,530
Replacement account	669,815
Construction account	<u>522,520</u>
Total Cash and Investments	2,141,047
Less: Noncash equivalents	<u>(706,082)</u>
	<u>1,434,965</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 1,434,965</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt proceeds received by city	<u>\$ 66,127</u>
Transfers due to capital projects fund	<u>\$ 106,796</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2014

---

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,579,043
Receivables	
Taxes	<u>355,990</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,935,033</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 464
Due to other governments	<u>2,934,569</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,935,033</u></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, 2014

---

<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
1. Deposits and Investments	22
2. Receivables	23
3. Inventories and Prepaid Items	24
4. Restricted Assets	25
5. Capital Assets	25
6. Other Assets	26
7. Deferred Outflows of Resources	26
8. Compensated Absences	26
9. Long-Term Obligations	27
10. Deferred Inflows of Resources	27
11. Equity Classifications	27
12. Basis for Existing Rates	30
II Reconciliation of Government-Wide and Fund Financial Statements	30
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	30
III Stewardship, Compliance, and Accountability	31
A. Budgetary Information	31
B. Excess Expenditures and Other Financing Uses Over Appropriations	31
C. Deficit Balances	31
D. Limitations on the City's Tax Levy	32
IV Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	33
C. Restricted Assets	34
D. Capital Assets	35
E. Interfund Receivables/Payables, Advances and Transfers	40
F. Long-Term Obligations	42
G. Net Position/Fund Balances	47
H. Component Unit	49
V Other Information	50
A. Employees' Retirement System	50
B. Risk Management	51
C. Commitments and Contingencies	51
D. Subsequent Event	52
E. Economic Dependency	53
F. Effect of New Accounting Standards on Current-Period Financial Statements	53
G. Segment Information	53

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

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, 2014

---

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

---

#### **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.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2014. The CDA does not issue separate financial statements.

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

##### ***Government-Wide Financial Statements***

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

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

##### ***Fund Financial Statements***

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



# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

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

##### ***Fund Financial Statements (cont.)***

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

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

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

The city reports the following major governmental funds:

- 100 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.

The city reports the following major enterprise fund:

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

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

## 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 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

### ***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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

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

##### *Government-Wide Financial Statements (cont.)*

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, 2014, there were \$325,410 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.

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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

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

---

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

#### ***Fund Financial Statements (cont.)***

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 and liabilities 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.
- 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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

## **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.)***

- 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. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

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

No policy exists for the following 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, 2014

---

### 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 - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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, 2014

---

### 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 \$500 for utility capital assets, \$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, 2014

---

## 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.

All eligible employees may convert 1080 hours of accumulated sick leave to pay for healthcare premiums. 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. 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, 2014, there are 2 participants currently eligible to receive benefits. The city does not provide postemployment benefits subject to GASB 45.



# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

### 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.)

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, 2014, 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.

##### **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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### **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.)**

***Government-Wide Statements (cont.)***

- 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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 7,174,772	\$ 5,616,118	\$ (145,500)	\$ 12,645,390
Unrestricted	1,386,703	33,283	145,500	1,565,486

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.
- 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.

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

## **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.)***

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the Clerk/Treasurer to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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 \$896,290, or 34%, 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, 2014

---

## 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.)*

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

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

Current electric rates were approved by the Public Service Commission of Wisconsin effective July 2010 and are designed to provide a 7% return on rate base.

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

Current water rates were approved by the Public Service Commission of Wisconsin effective June 13, 2013 and are designed to provide a 4.50% return on rate base.

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

Current sewer rates were approved by the utility commission effective January 3, 2013.

---

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

---

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

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

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	\$	4,334,727
Compensated absences		306,304
Accrued interest		<u>72,812</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>4,713,843</u></u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### **A. BUDGETARY INFORMATION**

A budget has been adopted for the all funds except 414 TIF District No. 4 - Capital Projects Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### **B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures Over Budget
412 TIF District No. 2	\$ 70,000	\$ 209,288	\$ 139,288
812 Clark Memorial	40,000	43,678	3,678
820 Honorary Fire Department - Board Designated	10,385	11,179	794
413 TIF District No. 3	500	12,545	12,045
225 Trailhead Facility	45,090	333,720	288,630

#### **C. DEFICIT BALANCES**

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

As of December 31, 2014, the following individual funds held a deficit balance:

Fund	Amount	Reason
412 TIF District No. 2	\$ 519,138	Expenditures exceeded revenues
413 TIF District No. 3	197,874	Expenditures exceeded revenues
225 Trailhead Facility	39,749	Expenditures exceeded revenues
414 TIF District No. 4	15,500	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, 2014

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

#### ***D. 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	\$ 7,732,968	\$ 7,906,170	Custodial credit risk
Petty cash	700	-	N/A
Total Deposits and Investments	<b>\$ 7,733,668</b>	<b>\$ 7,906,170</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,410,001		
Restricted cash and investments	1,744,624		
Per statement of assets and liabilities - agency fund			
Tax collection fund	2,579,043		
Total Deposits and Investments	<b>\$ 7,733,668</b>		

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

#### **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, 2014, the banks had pledged various government securities and certificates of deposit in the amount of \$2,261,158 to secure the city's deposits, as well as establishing a \$2,000,000 letter of credit with the city.

#### ***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, 2014, \$995,012 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 995,012</u>
--------------------------------	-------------------

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 \$35,366 in special assessments.

Revenues of the 220 Active Fire - Operating fund are reported net of uncollectible ambulance receivables in the amount of \$41,205.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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	\$ 2,164,030	\$ -
Special assessments not yet due	-	35,366
Grants receivable - noncurrent	-	29,760
Accounts receivable - noncurrent	-	33,819
Accrued interest	-	6,258
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 2,164,030	 \$ 105,203

#### **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, 2014

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

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

Following is a list of restricted assets at December 31, 2014:

Restricted Assets			
Redemption account	\$	127,755	
Reserve account		415,530	
Replacement account		669,815	
Construction account		522,520	
Impact fees account		9,004	
Interest receivable		5,068	
		<u>5,068</u>	
 Total Restricted Assets	 \$	 <u>1,749,692</u>	

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, 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	<u>15,798</u>	<u>80,114</u>	<u>-</u>	<u>95,912</u>
Total Capital Assets Not Being Depreciated	<u>1,060,043</u>	<u>80,114</u>	<u>-</u>	<u>1,140,157</u>
Capital assets being depreciated				
Land improvements	616,225	-	-	616,225
Buildings	6,515,874	-	-	6,515,874
Machinery and equipment	4,355,340	196,175	29,026	4,522,489
Streets	2,723,537	225,361	-	2,948,898
Sanitary sewers*	1,022,826	35,147	-	1,057,973
Storm sewers	<u>665,263</u>	<u>56,340</u>	<u>-</u>	<u>721,603</u>
Total Capital Assets Being Depreciated	<u>15,899,065</u>	<u>513,023</u>	<u>29,026</u>	<u>16,383,062</u>
Total Capital Assets	<u>16,959,108</u>	<u>593,137</u>	<u>29,026</u>	<u>17,523,219</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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	\$ (177,322)	\$ (22,205)	\$ -	\$ (199,527)
Buildings	(1,879,518)	(147,189)	-	(2,026,707)
Machinery and equipment	(2,805,061)	(185,596)	27,576	(2,963,081)
Streets	(524,138)	(100,843)	-	(624,981)
Sanitary sewers	(190,957)	(36,703)	-	(227,660)
Storm sewers	(131,954)	(24,057)	-	(156,011)
Total Accumulated Depreciation	<u>(5,708,950)</u>	<u>(516,593)</u>	<u>27,576</u>	<u>(6,197,967)</u>
Net Capital Assets Being Depreciated	<u>10,190,115</u>	<u>(3,570)</u>	<u>1,450</u>	<u>10,185,095</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,250,158</u>	<u>\$ 76,544</u>	<u>\$ 1,450</u>	<u>\$ 11,325,252</u>

\* 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	\$ 35,840
Public safety	131,527
Public works, which includes the depreciation of infrastructure	234,302
Culture, education and recreation	114,924
Total Governmental Activities Depreciation Expense	<u>\$ 516,593</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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	\$ -	\$ -	\$ 151,730
Construction in progress	<u>45,345</u>	<u>45,167</u>	<u>82,511</u>	<u>8,001</u>
Total Capital Assets Not Being Depreciated	<u>197,075</u>	<u>45,167</u>	<u>82,511</u>	<u>159,731</u>
Capital assets being depreciated				
Distribution	3,932,456	63,821	21,010	3,975,267
General	<u>2,284,553</u>	<u>11,667</u>	<u>-</u>	<u>2,296,220</u>
Total Capital Assets Being Depreciated	<u>6,217,009</u>	<u>75,488</u>	<u>21,010</u>	<u>6,271,487</u>
Total Capital Assets	<u>6,414,084</u>	<u>120,655</u>	<u>103,521</u>	<u>6,431,218</u>
Less: Accumulated depreciation for the electric utility				
Distribution	(2,219,773)	(124,633)	28,802	(2,315,604)
General	<u>(795,199)</u>	<u>(61,311)</u>	<u>-</u>	<u>(856,510)</u>
Total Accumulated Depreciation	<u>(3,014,972)</u>	<u>(185,944)</u>	<u>28,802</u>	<u>(3,172,114)</u>
Net Capital Assets Being Depreciated	<u>3,202,037</u>	<u>(110,456)</u>	<u>(7,792)</u>	<u>3,099,373</u>
Net Electric Capital Assets	<u>\$ 3,399,112</u>	<u>\$ (65,289)</u>	<u>\$ 74,719</u>	<u>\$ 3,259,104</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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
Total Capital Assets Not Being Depreciated	13,113	-	-	13,113
Capital assets being depreciated				
Source of supply	71,096	-	-	71,096
Pumping	891,417	14,975	5,746	900,646
Water treatment	28,296	-	-	28,296
Transmission and distribution	3,693,126	121,223	23,967	3,790,382
General	789,348	5,601	765	794,184
Total Capital Assets Being Depreciated	5,473,283	141,799	30,478	5,584,604
Total Capital Assets	5,486,396	141,799	30,478	5,597,717
Less: Accumulated depreciation for the water utility				
Source of supply	(22,580)	(1,497)	-	(24,077)
Pumping	(428,877)	(31,333)	5,746	(454,464)
Water treatment	(9,560)	(1,698)	-	(11,258)
Transmission and distribution	(783,912)	(87,216)	24,506	(846,622)
General	(391,161)	(43,006)	765	(433,402)
Total Accumulated Depreciation	(1,636,090)	(164,750)	31,017	(1,769,823)
Net Capital Assets Being Depreciated	3,837,193	(22,951)	(539)	3,814,781
Net Water Capital Assets	\$ 3,850,306	\$ (22,951)	\$ (539)	\$ 3,827,894

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

#### Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 21,763	\$ -	\$ -	\$ 21,763
Total Capital Assets Not Being Depreciated	21,763	-	-	21,763
Capital assets being depreciated				
Collecting system	22,722	-	-	22,722
Collecting system pumping	116,321	-	-	116,321
Treatment and disposal	4,858,307	1,736,854	61,906	6,533,255
General	1,012,071	23,297	-	1,035,368
Completed construction not classified	1,679,379	57,077	1,736,456	-
Total Capital Assets Being Depreciated	7,688,800	1,817,228	1,798,362	7,707,666
Total Capital Assets	7,710,563	1,817,228	1,798,362	7,729,429
Less: Accumulated depreciation for the sewer utility				
Collecting system	(1,623)	(295)	-	(1,918)
Collecting system pumping	(85,450)	(5,463)	-	(90,913)
Treatment and disposal	(3,812,117)	(244,687)	61,906	(3,994,898)
General	(468,330)	(50,697)	-	(519,027)
Completed construction not classified	(31,035)	(31,381)	62,416	-
Total Accumulated Depreciation	(4,398,555)	(332,523)	124,322	(4,606,756)
Net Capital Assets Being Depreciated	3,290,245	1,484,705	1,674,040	3,100,910
Net Sewer Capital Assets	\$ 3,312,008	\$ 1,484,705	\$ 1,674,040	\$ 3,122,673
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 10,561,426	\$ 1,396,465	\$ 1,748,220	\$ 10,209,671

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Depreciation expense was charged to functions as follows:

##### **Business-type Activities**

Electric	\$ 176,877
Water	136,566
Sewer	<u>273,517</u>
 Total Business-type Activities Depreciation Expense	 <u><u>\$ 586,960</u></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.

#### **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	\$ 247,744
400 Capital Projects	Water and Light Commission	527,505
Water and Light Commission	100 General Fund	18,433
Water and Light Commission	300 General Debt Service	<u>66,127</u>
 Total - Fund Financial Statements		 859,809
Less: Fund eliminations		<u>(169,120)</u>
 Total Internal Balances - Government-Wide Statement of Net Position		 <u><u>\$ 690,689</u></u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 775,249
Business-type Activities	Governmental Activities	<u>(84,560)</u>
 Total Government-Wide Financial Statements		 <u><u>\$ 690,689</u></u>

All amounts are due within one year.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### *Interfund Receivables/Payables (cont.)*

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 the 400 Capital Projects Fund, 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.

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	\$ 39,720	\$ 39,720
410 TIF District No. 1	400 Capital Projects	41,000	41,000
410 TIF District No. 1	412 TIF District No. 2	513,984	513,984
410 TIF District No. 1	413 TIF District No. 3	197,874	197,874
410 TIF District No. 1	414 TIF District No. 4	15,500	15,500
Total - Fund Financial Statements		808,078	
Less: Fund eliminations		(808,078)	
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, 2014

### 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:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
100 General Fund	Water and Light Commission	\$ 247,744	Tax equivalent
225 Trailhead Facility	Water and Light Commission	4,394	Trailhead labor and materials
220 Active Fire - Operating	100 General Fund	249,948	Fire services and dues
300 General Debt Service	410 TIF District No. 1	71,917	Debt service
300 General Debt Service	412 TIF District No. 2	103,350	Debt service
400 Capital Projects	225 Trailhead Facility	300,926	Trailhead related activity
400 Capital Projects	Water and Light Commission	<u>141,943</u>	Collection system
Total - Fund Financial Statements		1,120,222	
Less: Fund eliminations		<u>(726,141)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 394,081</u></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.

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

Long-term obligations activity for the year ended December 31, 2014, 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	\$ 4,854,792	\$ -	\$ 520,065	\$ 4,334,727	\$ 531,444
Other Liabilities					
Vested compensated absences	354,258	27,948	75,902	306,304	64,394
Total Governmental Activities Long-Term Liabilities	<u>\$ 5,209,050</u>	<u>\$ 27,948</u>	<u>\$ 595,967</u>	<u>\$ 4,641,031</u>	<u>\$ 595,838</u>



# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Bonds and Notes Payable					
Revenue bonds	\$ 6,538,773	\$ 66,127 *	\$ 1,374,422	\$ 5,230,478	\$ 483,771
(Discounts)/Premiums	(14,376)	-	(1,632)	(12,744)	-
Sub-totals	<u>6,524,397</u>	<u>66,127</u>	<u>1,372,790</u>	<u>5,217,734</u>	<u>483,771</u>
Other Liabilities					
Vested compensated absences	<u>111,777</u>	<u>16,868</u>	<u>17,431</u>	<u>111,214</u>	<u>16,392</u>
 Total Business-type Activities Long-Term Liabilities	 <u>\$ 6,636,174</u>	 <u>\$ 82,995</u>	 <u>\$ 1,390,221</u>	 <u>\$ 5,328,948</u>	 <u>\$ 500,163</u>

\*Increases to revenue bonds represent the final draw on the 2013 Clean Water Fund loan.

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, 2014, was \$9,511,265. Total general obligation debt outstanding at year end was \$4,334,727.

#### **General Obligation Debt**

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

#### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
State Trust Fund Loan General Obligation	09/30/04	05/15/19	5.25%	\$ 126,048	\$ 38,747
Refunding Bond General Obligation	04/15/05	12/01/17	3.35-4.15%	1,735,000	505,000
Community Development Bonds	09/26/07	09/01/22	3.75-4.2%	760,000	485,000
State Trust Fund Loan - Build America Bonds	11/05/09	03/15/19	4.5%	1,084,570	665,109
State Trust Fund Loan General Obligation	08/05/10	03/15/20	4.5%	135,430	86,794
Refunding Bond	11/29/10	12/01/22	1.3-2.9%	1,835,000	1,740,000
State Trust Fund Loan	07/01/13	03/15/23	2.75%	900,000	<u>814,077</u>
 Total Governmental Activities - General Obligation Debt					 <u>\$ 4,334,727</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2015	\$ 531,444	\$ 142,730
2016	545,164	123,811
2017	574,513	103,793
2018	580,415	82,580
2019	595,648	64,102
2020-2023	<u>1,507,543</u>	<u>97,150</u>
Totals	<u>\$ 4,334,727</u>	<u>\$ 614,166</u>

##### **Revenue Debt**

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

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2014 was \$566,463. Total customer net revenues as defined for the same period was \$1,138,561. Annual principal and interest payments are expected to require 29% of net revenues on average.

Revenue debt payable at December 31, 2014, consists of the following:

##### **Business-type Activities Revenue Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
<u>Water Utility</u>					
2012 Revenue Bonds	11/06/12	11/01/28	0.50-3.00%	\$ 3,255,000	\$ 2,995,000
2013 Revenue Bonds	03/27/13	05/01/32	2.63%	1,384,900	1,330,478
2013 Revenue Bonds	12/31/13	11/01/22	0.80-3.20%	950,000	<u>905,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 5,230,478</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### *Revenue Debt* (cont.)

##### *Business-type Activities Revenue Debt* (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2015	\$ 483,771	\$ 102,820
2016	495,314	97,921
2017	491,897	91,967
2018	508,522	84,831
2019	520,190	76,221
2020-2024	1,807,533	224,522
2025-2029	656,297	81,088
2030-2032	266,954	10,632
Totals	\$ 5,230,478	\$ 770,002

#### *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.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

**Bond Covenant Disclosures (cont.)**

**Insurance (cont.)**

The utility is covered under the following insurance policies at December 31, 2014:

Type	Coverage	Expiration
<i>Tricor, Inc.</i>		
General Liability	\$ 1,000,000	1/1/15
Automobile	1,000,000	1/1/15
Excess Liability	4,000,000	1/1/15
Workers Compensation	500,000	1/1/15

**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 2014 as follows:

Operating revenues	\$ 5,944,789
Investment income	10,216
Miscellaneous nonoperating income	1,114
Less: Operation and maintenance expenses	<u>(4,817,558)</u>
Net Defined Earnings	<u>\$ 1,138,561</u>
Minimum Required Earnings per Resolution:	
Current year's revenue bond debt service	\$ 566,463
Coverage factor	<u>1.25</u>
Minimum Required Earnings	<u>\$ 708,079</u>
Actual Debt Coverage	<u><u>2.00</u></u>

**Utility Budget**

The 2014 utility budget was prepared and approved as required by the bond resolutions.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

#### **G. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

#### **Governmental Activities**

Net Investment in Capital Assets	
Land	\$ 1,044,245
Construction in progress	95,912
Other capital assets, net of accumulated depreciation	10,185,095
Less: Long-term debt outstanding	(4,334,727)
Plus: Noncapital debt proceeds	<u>184,247</u>
Total Net Investment in Capital Assets	<u>7,174,772</u>
Restricted	
810 Library Memorial	74,073
812 Clark Memorial	98,301
410 TIF District No. 1	1,455,369
Sewer collection system	527,505
Impact fees	<u>9,004</u>
Total Restricted	<u>2,164,252</u>
Unrestricted	<u>1,386,703</u>
Total Governmental Activities Net Position	<u>\$ 10,725,727</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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, 2014, include the following:

	100 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	\$ 40,998	\$ 237,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,947
Advances	-	-	-	39,720	-	-	-	39,720
<b>Restricted for:</b>								
Debt service	-	-	42,986	-	-	-	-	42,986
Sewer collection system	-	-	-	527,505	-	-	-	527,505
TIF purposes	-	-	-	-	1,455,369	-	-	1,455,369
Library purposes	-	-	-	-	-	-	172,374	172,374
Impact fees	-	-	-	-	-	-	9,004	9,004
<b>Committed to:</b>								
Active fire department operations	-	329,157	-	-	-	-	-	329,157
Capital related purposes	-	-	-	-	-	-	6,873	6,873
Cable TV operations	-	-	-	-	-	-	180,397	180,397
Trustees shoe factory and carousel operations	-	-	-	-	-	-	125,424	125,424
<b>Assigned to:</b>								
Tax equivalent	247,744	-	-	-	-	-	-	247,744
Retiree health	37,389	-	-	-	-	-	-	37,389
Library purposes	378,312	-	-	-	-	-	-	378,312
Speed limit alert sign	240	-	-	-	-	-	-	240
Patrol uniforms	1,829	-	-	-	-	-	-	1,829
Defibrillator	858	-	-	-	-	-	-	858
Capital related purposes	-	-	-	50,958	-	-	-	50,958
<b>Unassigned (deficit):</b>	<u>896,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(519,138)</u>	<u>(253,123)</u>	<u>124,029</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 1,603,660</u>	<u>\$ 567,106</u>	<u>\$ 42,986</u>	<u>\$ 618,183</u>	<u>\$ 1,455,369</u>	<u>\$ (519,138)</u>	<u>\$ 240,949</u>	<u>\$ 4,009,115</u>

# CITY OF WATERLOO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

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

---

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

#### *Business-type Activities*

Net Investment in Capital Assets	
Land	\$ 186,606
Construction in progress	8,001
Other capital assets, net of accumulated depreciation	10,015,064
Less: Long-term debt outstanding	(5,230,478)
Plus: Unspent debt proceeds	522,520
Plus: Unamortized debt discount and deferred charge on refunding	114,405
Total Net Investment in Capital Assets	<u>5,616,118</u>
Restricted	
Debt service	531,095
Replacement	669,815
Total Restricted	<u>1,200,910</u>
Unrestricted	<u>33,283</u>
Total Business-type Activities Net Position	<u>\$ 6,850,311</u>

### H. COMPONENT UNIT

#### *Waterloo Community Development Authority*

This report contains the Waterloo Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and the statement of activities.

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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

### NOTE V - OTHER INFORMATION

---

#### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 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. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same 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.

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for city employees covered by the WRS for the year ended December 31, 2014 was \$1,438,834; the employer's total payroll was \$1,626,373. The total required contribution for the year ended December 31, 2014 was \$217,942 or 15.1% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$223,531 and \$201,673, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.



# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

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

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014 there was no pension related debt for the city.

#### **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.

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, the city leased the land associated with the property to the developer during which the developer was responsible for demolishing the building situated on the land. The lease term expired on December 31, 2014, as the city sold the land for \$1 to the developer.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

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

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

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

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 \$455 million as of December 31, 2014.

#### ***D. SUBSEQUENT EVENT***

New electric rates were approved by the Public Service Commission of Wisconsin effective February 13, 2015.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

#### ***E. ECONOMIC DEPENDENCY***

##### *Water and Light Commission*

The Water and Light Commission has one significant customer who was responsible for 19% of operating revenues in 2014.

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

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

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
  
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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

#### ***G. 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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,275,414	\$ 1,275,414	\$ 1,275,138	\$ (276)
Intergovernmental	800,595	804,595	807,997	3,402
Licenses and permits	31,606	35,114	44,460	9,346
Fines, forfeitures and penalties	16,000	16,000	19,616	3,616
Public charges for services	197,202	197,202	216,251	19,049
Investment income	4,200	4,200	7,465	3,265
Miscellaneous	46,400	47,285	50,114	2,829
Total Revenues	<u>2,371,417</u>	<u>2,379,810</u>	<u>2,421,041</u>	<u>41,231</u>
<b>EXPENDITURES</b>				
General government	438,798	440,638	406,082	34,556
Public safety	907,444	915,837	834,819	81,018
Public works	667,335	667,807	612,614	55,193
Health and human services	4,280	4,288	4,188	100
Culture, education and recreation	355,566	353,246	356,697	(3,451)
Conservation and development	4,992	4,992	12,755	(7,763)
Total Expenditures	<u>2,378,415</u>	<u>2,386,808</u>	<u>2,227,155</u>	<u>159,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,998)</u>	<u>(6,998)</u>	<u>193,886</u>	<u>200,884</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	247,262	247,262	247,744	482
Transfers out	(249,948)	(249,948)	(249,948)	-
Total Other Financing Sources (Uses)	<u>(2,686)</u>	<u>(2,686)</u>	<u>(2,204)</u>	<u>482</u>
<b>Net Change in Fund Balance</b>	(9,684)	(9,684)	191,682	201,366
FUND BALANCE - Beginning of Year	<u>1,411,978</u>	<u>1,411,978</u>	<u>1,411,978</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,402,294</u>	<u>\$ 1,402,294</u>	<u>\$ 1,603,660</u>	<u>\$ 201,366</u>

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

## CITY OF WATERLOO

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - 220 ACTIVE FIRE - OPERATING  
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL</b>				
Fire insurance tax (2% fire dues)	\$ 10,100	\$ 10,100	\$ 12,427	\$ 2,327
State aid - ambulance	4,500	4,500	4,430	(70)
Payments for municipal services	<u>156,641</u>	<u>156,641</u>	<u>156,641</u>	<u>-</u>
Total Intergovernmental	<u>171,241</u>	<u>171,241</u>	<u>173,498</u>	<u>2,257</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Clerk's fees	-	-	36	36
Public safety	118,000	118,000	141,807	23,807
Other public safety	<u>-</u>	<u>-</u>	<u>145</u>	<u>145</u>
Total Public Charges For Services	<u>118,000</u>	<u>118,000</u>	<u>141,988</u>	<u>23,988</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>300</u>	<u>300</u>	<u>504</u>	<u>204</u>
<b>MISCELLANEOUS</b>				
Rent	300	300	-	(300)
Awards and damages	<u>-</u>	<u>-</u>	<u>1,406</u>	<u>1,406</u>
Total Miscellaneous	<u>300</u>	<u>300</u>	<u>1,406</u>	<u>1,106</u>
Total Revenues	<u>289,841</u>	<u>289,841</u>	<u>317,396</u>	<u>27,555</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Other general government	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<b>PUBLIC SAFETY</b>				
Fire suppression	<u>442,152</u>	<u>442,152</u>	<u>457,453</u>	<u>(15,301)</u>
<b>CAPITAL OUTLAY</b>				
Fire protection	<u>340,000</u>	<u>340,000</u>	<u>18,032</u>	<u>321,968</u>
Total Expenditures	<u>784,152</u>	<u>784,152</u>	<u>475,485</u>	<u>308,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(494,311)</u>	<u>(494,311)</u>	<u>(158,089)</u>	<u>336,222</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>479,948</u>	<u>479,948</u>	<u>249,948</u>	<u>(230,000)</u>
<b>Net Change in Fund Balance</b>	(14,363)	(14,363)	91,859	106,222
FUND BALANCE - Beginning of Year	<u>475,247</u>	<u>475,247</u>	<u>475,247</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 460,884</u>	<u>\$ 460,884</u>	<u>\$ 567,106</u>	<u>\$ 106,222</u>

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

# CITY OF WATERLOO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

---

### ***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 \$861,220. 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>			
Library	\$ 344,151	\$ 348,673	\$ 4,522
Planning	-	8,500	8,500

**SUPPLEMENTARY INFORMATION**



## CITY OF WATERLOO

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -  
100 GENERAL FUND  
For the Year Ended December 31, 2014

	<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	\$ 1,225,889	\$ 1,225,889	\$ 1,225,889	\$ -
Mobile home parking permit fees	22,500	22,500	26,789	4,289
Interest on taxes	25	25	203	178
Other taxes	<u>27,000</u>	<u>27,000</u>	<u>22,257</u>	<u>(4,743)</u>
Total Taxes	<u>1,275,414</u>	<u>1,275,414</u>	<u>1,275,138</u>	<u>(276)</u>
<b>INTERGOVERNMENTAL</b>				
State shared revenues	467,304	467,304	467,317	13
State aid - connecting streets	236,586	236,586	236,535	(51)
State aid - exempt computers	1,000	1,000	3,717	2,717
State aid - recycling	12,392	12,392	12,407	15
State aid - law enforcement	1,300	5,300	5,280	(20)
County aid - library	<u>82,013</u>	<u>82,013</u>	<u>82,741</u>	<u>728</u>
Total Intergovernmental	<u>800,595</u>	<u>804,595</u>	<u>807,997</u>	<u>3,402</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	7,000	7,000	8,166	1,166
Operators' licenses	1,800	1,800	945	(855)
Cigarette licenses	300	300	300	-
Mobile home park licenses	174	174	174	-
Bicycle licenses	50	50	10	(40)
Dog and cat licenses	4,900	4,900	6,038	1,138
Miscellaneous licenses	100	100	140	40
Building permits	8,000	11,508	14,321	2,813
Electrical permits	2,900	2,900	2,802	(98)
Plumbing permits	1,200	1,200	1,480	280
Heating and air conditioning permits	1,800	1,800	1,517	(283)
Erosion control permits	500	500	659	159
Sign permits	300	300	721	421
Wisconsin building seal	82	82	82	-
Other permits	2,000	2,000	4,850	2,850
Other	<u>500</u>	<u>500</u>	<u>2,255</u>	<u>1,755</u>
Total Licenses and Permits	<u>31,606</u>	<u>35,114</u>	<u>44,460</u>	<u>9,346</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	9,500	9,500	13,040	3,540
Parking violations	3,500	3,500	3,340	(160)
Library fees and fines	<u>3,000</u>	<u>3,000</u>	<u>3,236</u>	<u>236</u>
Total Fines, Forfeitures, and Penalties	<u>16,000</u>	<u>16,000</u>	<u>19,616</u>	<u>3,616</u>

## CITY OF WATERLOO

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2014

	<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	\$ -	\$ (50)
Clerk's fees	2,500	2,500	4,481	1,981
Accident reports	350	350	249	(101)
Animal pound	200	200	75	(125)
Street maintenance and materials	1,100	1,100	6,864	5,764
Weed and nuisance control	100	100	-	(100)
Refuse and garbage collection	189,936	189,936	195,937	6,001
Recycling	300	300	2,610	2,310
Other library fees	1,900	1,900	4,327	2,427
Sewer connection charges	766	766	1,708	942
Total Public Charges for Services	<u>197,202</u>	<u>197,202</u>	<u>216,251</u>	<u>19,049</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>4,200</u>	<u>4,200</u>	<u>7,465</u>	<u>3,265</u>
<b>MISCELLANEOUS</b>				
Awards and damages	5,000	5,000	6,328	1,328
Donations, trusts and memorials	41,400	42,285	42,745	460
Miscellaneous	-	-	1,041	1,041
Total Miscellaneous	<u>46,400</u>	<u>47,285</u>	<u>50,114</u>	<u>2,829</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,371,417</u>	<u>\$ 2,379,810</u>	<u>\$ 2,421,041</u>	<u>\$ 41,231</u>

## CITY OF WATERLOO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -  
100 GENERAL FUND  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 12,823	\$ 13,885	\$ 13,552	\$ 333
Mayor	5,656	5,656	4,789	867
Clerk/treasurer	239,526	239,526	233,432	6,094
Legislative support	3,550	4,352	4,338	14
Elections	4,200	4,200	2,891	1,309
Assessment of property	10,800	10,800	1,660	9,140
Special accounting and auditing	27,000	27,000	25,818	1,182
City attorney	4,500	2,693	2,693	-
Municipal building	19,530	19,530	17,151	2,379
Contingency	8,694	220	220	-
Property and liability insurance	63,932	74,189	74,015	174
Health insurance	37,587	37,587	25,523	12,064
Other general government	1,000	1,000	-	1,000
Total General Government	<u>438,798</u>	<u>440,638</u>	<u>406,082</u>	<u>34,556</u>
<b>PUBLIC SAFETY</b>				
Police - administration	295,534	295,534	268,218	27,316
Police - patrol	556,285	561,170	508,970	52,200
Fire suppression	40,000	40,000	40,000	-
Inspection	9,500	13,008	13,007	1
Emergency government civil defense	6,125	6,125	4,624	1,501
Total Public Safety	<u>907,444</u>	<u>915,837</u>	<u>834,819</u>	<u>81,018</u>
<b>PUBLIC WORKS</b>				
Machinery equipment	46,600	41,404	41,404	-
Garages	13,475	16,297	15,645	652
Engineering	3,000	7,730	7,730	-
Street maintenance	42,800	42,800	16,919	25,881
Bridges and culverts	200	223	223	-
Snow and ice control	28,425	30,827	30,804	23
Traffic control	13,000	13,000	8,728	4,272
Street lighting	63,000	63,000	62,567	433
Storm sewers	4,500	1,142	914	228
Tree and brush control	8,750	8,750	4,664	4,086
Sanitary sewers	5,550	5,550	1,302	4,248
Garbage billing fee	162,331	161,380	146,262	15,118
Sanitary landfill	4,000	4,000	3,891	109
Public works/highway administration	271,704	271,704	271,561	143
Total Public Works	<u>667,335</u>	<u>667,807</u>	<u>612,614</u>	<u>55,193</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Insect control	100	108	108	-
Animal control	4,080	4,080	4,080	-
Cemetery	100	100	-	100
Total Health and Human Services	<u>4,280</u>	<u>4,288</u>	<u>4,188</u>	<u>100</u>

## CITY OF WATERLOO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
100 GENERAL FUND  
For the Year Ended December 31, 2014

	<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	\$ 344,151	\$ 344,151	\$ 348,673	\$ (4,522)
Community center	4,575	575	169	406
Celebration and entertainment	-	32	32	-
Parks	4,800	6,448	6,432	16
Warming house	<u>2,040</u>	<u>2,040</u>	<u>1,391</u>	<u>649</u>
Total Culture, Education and Recreation	<u>355,566</u>	<u>353,246</u>	<u>356,697</u>	<u>(3,451)</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Weed control	800	800	414	386
Regional planning commission	4,192	4,192	3,841	351
Planning	<u>-</u>	<u>-</u>	<u>8,500</u>	<u>(8,500)</u>
Total Conservation and Development	<u>4,992</u>	<u>4,992</u>	<u>12,755</u>	<u>(7,763)</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 2,378,415</u></u>	<u><u>\$ 2,386,808</u></u>	<u><u>\$ 2,227,155</u></u>	<u><u>\$ 159,653</u></u>

# CITY OF WATERLOO

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2014

	Special Revenue Funds			
	200 Cable TV	820 Honorary Fire Department - Board Designated	810 Library Memorial	812 Clark Memorial
<b>ASSETS</b>				
Cash and investments	\$ 170,004	\$ 125,424	\$ 74,073	\$ 98,301
Restricted cash and investments	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	11,023	-	-	-
Special assessments	-	-	-	-
Accrued interest	910	711	239	-
	<u>181,937</u>	<u>126,135</u>	<u>74,312</u>	<u>98,301</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 181,937</u></b>	<b><u>\$ 126,135</u></b>	<b><u>\$ 74,312</u></b>	<b><u>\$ 98,301</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	630	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>630</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	910	711	239	-
Total Deferred Inflows of Resources	<u>910</u>	<u>711</u>	<u>239</u>	<u>-</u>
Fund Balances				
Restricted	-	-	74,073	98,301
Committed	180,397	125,424	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>180,397</u>	<u>125,424</u>	<u>74,073</u>	<u>98,301</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 181,937</u></b>	<b><u>\$ 126,135</u></b>	<b><u>\$ 74,312</u></b>	<b><u>\$ 98,301</u></b>



**CITY OF WATERLOO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

	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	\$ -	\$ -	\$ 6,873	\$ 474,675
Restricted cash and investments	-	-	-	9,004
Receivables (net)				
Taxes	43,392	-	-	43,392
Accounts	-	-	-	11,023
Special assessments	-	-	35,366	35,366
Accrued interest	-	-	-	1,860
	-	-	-	1,860
<b>TOTAL ASSETS</b>	<b>\$ 43,392</b>	<b>\$ -</b>	<b>\$ 43,392</b>	<b>\$ 575,320</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 29
Accrued liabilities	-	-	-	630
Advances from other funds	197,874	15,500	-	253,094
Total Liabilities	197,874	15,500	-	253,753
Deferred Inflows of Resources				
Unearned revenues	43,392	-	-	43,392
Unavailable revenues	-	-	35,366	37,226
Total Deferred Inflows of Resources	43,392	-	35,366	80,618
Fund Balances				
Restricted	-	-	-	181,378
Committed	-	-	6,873	312,694
Unassigned (deficit)	(197,874)	(15,500)	-	(253,123)
Total Fund Balances	(197,874)	(15,500)	6,873	240,949
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 43,392</b>	<b>\$ -</b>	<b>\$ 42,239</b>	<b>\$ 575,320</b>

## CITY OF WATERLOO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	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	42,462	-	-	-
Public charges for services	-	1,406	-	-
Special assessments	-	-	-	-
Investment income	733	574	192	-
Miscellaneous	<u>1,154</u>	<u>3,290</u>	<u>6,974</u>	<u>44,479</u>
<b>Total Revenues</b>	<u>44,349</u>	<u>5,270</u>	<u>7,166</u>	<u>44,479</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	11,179	-	-
Culture, education and recreation	46,750	-	2,502	43,678
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>46,750</u>	<u>11,179</u>	<u>2,502</u>	<u>43,678</u>
Excess (deficiency) of revenues over expenditures	<u>(2,401)</u>	<u>(5,909)</u>	<u>4,664</u>	<u>801</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>	(2,401)	(5,909)	4,664	801
FUND BALANCES (DEFICIT) - Beginning of Year	<u>182,798</u>	<u>131,333</u>	<u>69,409</u>	<u>97,500</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 180,397</u>	<u>\$ 125,424</u>	<u>\$ 74,073</u>	<u>\$ 98,301</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	285,613
-	-	-	-	-	-
1,620	694	1,003	455	1,481	-
-	-	-	-	-	-
2	1	1	1	1	-
-	-	-	-	-	3,964
<u>1,622</u>	<u>695</u>	<u>1,004</u>	<u>456</u>	<u>1,482</u>	<u>289,577</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	18,038
-	-	-	-	-	14,756
-	-	-	-	-	-
-	-	-	-	-	<u>32,794</u>
<u>1,622</u>	<u>695</u>	<u>1,004</u>	<u>456</u>	<u>1,482</u>	<u>256,783</u>
-	-	-	-	-	4,394
-	-	-	-	-	<u>(300,926)</u>
-	-	-	-	-	<u>(296,532)</u>
1,622	695	1,004	456	1,482	(39,749)
<u>1,594</u>	<u>683</u>	<u>988</u>	<u>450</u>	<u>30</u>	<u>-</u>
<u>\$ 3,216</u>	<u>\$ 1,378</u>	<u>\$ 1,992</u>	<u>\$ 906</u>	<u>\$ 1,512</u>	<u>\$ (39,749)</u>

## CITY OF WATERLOO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Capital Projects Funds			Total Nonmajor Governmental Funds
	413 TIF District No. 3	414 TIF District No. 4	402 Sidewalk	
<b>REVENUES</b>				
Taxes	\$ 5,416	\$ -	\$ -	\$ 5,416
Intergovernmental	-	-	-	285,613
Licenses and permits	-	-	-	42,462
Public charges for services	-	-	-	6,659
Special assessments	-	-	11,493	11,493
Investment income	-	-	-	1,505
Miscellaneous	-	-	-	59,861
Total Revenues	5,416	-	11,493	413,009
<b>EXPENDITURES</b>				
Current				
General government	2,443	2,775	-	5,218
Public safety	-	-	-	11,179
Culture, education and recreation	-	-	-	110,968
Capital Outlay	8,143	225	7,898	31,022
Debt Service				
Interest and fiscal charges	1,959	-	-	1,959
Total Expenditures	12,545	3,000	7,898	160,346
Excess (deficiency) of revenues over expenditures	(7,129)	(3,000)	3,595	252,663
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	4,394
Transfers out	-	-	-	(300,926)
Total Other Financing Sources (Uses)	-	-	-	(296,532)
<b>Net Change in Fund Balances</b>	(7,129)	(3,000)	3,595	(43,869)
FUND BALANCES (DEFICIT) - Beginning of Year	(190,745)	(12,500)	3,278	284,818
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (197,874)	\$ (15,500)	\$ 6,873	\$ 240,949

# CITY OF WATERLOO

## STATEMENT OF CASH FLOWS COMPONENT UNIT For the Year Ended December 31, 2014

---

	600 Community Development Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 890
Paid to suppliers for goods and services	<u>(890)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ -</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (48,235)
Nonoperating revenue	890
Changes in assets and liabilities	
Due from other governments	236,569
Accounts payable	(3,929)
Due to primary government	<u>(185,295)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ -</u></u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	