

**CITY OF WATERLOO**

Waterloo, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

December 31, 2010

# CITY OF WATERLOO

## TABLE OF CONTENTS December 31, 2010

---

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Management's Discussion and Analysis	iii - x
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	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 Assets	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 Assets - Proprietary Fund	10 - 11
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	12
Statement of Cash Flows - Proprietary Fund	13 - 14
Statement of Fiduciary Net Assets - Fiduciary Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 51
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 100 General Fund	52
Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 220 Active Fire - Operating	53 - 54
Notes to Required Supplementary Information	55
Supplementary Information	
Detailed Schedule of Revenues - Budget and Actual - 100 General Fund	56 - 57
Detailed Schedule of Expenditures - Budget and Actual - 100 General Fund	58 - 59
Combining Balance Sheet - Nonmajor Governmental Funds	60 - 62

# CITY OF WATERLOO

## TABLE OF CONTENTS (cont.) December 31, 2010

---

### Supplementary Information (cont.)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	63 - 65
Statement of Cash Flows Component Unit	66

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Waterloo  
Waterloo, Wisconsin

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, 2010, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the city's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include financial statements of the Waterloo Honorary Fire Department which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the special revenue fund is not known.

In our opinion, based on our audit, except for the omission of the special revenue fund discussed above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waterloo, Wisconsin as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the City Council  
City of Waterloo

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The combining and component unit financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Waterloo, Wisconsin. The combining and component unit financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Tilly Virchow Krause, LLP*  
Madison, Wisconsin  
August 17, 2011

**CITY OF WATERLOO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2010  
Financial Statements  
(Unaudited)**



# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2010

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 during the fiscal year ending December 31, 2010. You are invited to read this narrative in conjunction with the city's financial statements.

---

### FINANCIAL HIGHLIGHTS

---

- > The assets of the City of Waterloo exceeded its liabilities by \$14,223,863 (net assets). Of this amount, \$2,022,815 is considered unrestricted net assets, \$1,420,142 is restricted for specific purposes (restricted net assets), and \$10,780,906 is invested in capital assets, net of related debt.
  - > The city's total net assets increased by \$342,156. Governmental activities net assets increased by \$477,815, while business-type net assets decreased by \$135,659.
  - > On December 31, 2010, the city's governmental funds reported combined fund balances of \$2,448,111 a decrease of \$60,478 from 2009. The Governmental General Fund undesignated/unreserved fund balance was \$689,205 as of December 31, 2009 and \$589,889 as of December 31, 2010 a decrease of \$99,316 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) December 31, 2010

---

### **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 assets includes all of the government's assets and liabilities. 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 assets and how they have changed. Net Assets – the difference between the city's assets and liabilities – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 fiduciary 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 fiscal 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) December 31, 2010

---

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

---

The city maintains fifteen 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, debt service, and the capital projects fund, 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.

100 General	300 General Debt Service
200 Cable TV	400 Capital Projects
201 Storm Water Impact Fee	402 Sidewalk
202 Public Works Impact Fee	410 TIF District No.1
203 Park & Recreation Impact Fee	810 Library Memorial
204 Sanitary Sewer Impact Fee	812 Clark Memorial
205 Water Impact Fee	820 Park Trustees/Carousel Board Designated
220 Active Fire – Operating	

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 funds, (Waterloo Water & Light) 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.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the municipal government. Fiduciary 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 fiduciary 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 detailed 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) December 31, 2010

### 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 Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the city's net assets 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 Assets is presented below in Table 1.

**Table 1**  
**Condensed Statements of Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 4,625,579	\$ 4,881,146	\$ 2,056,656	\$ 2,215,353	\$ 6,682,235	\$ 7,096,499
Capital assets	10,304,225	10,139,031	9,834,211	9,999,661	20,138,436	20,138,692
<b>Total Assets</b>	<b>14,929,804</b>	<b>15,020,177</b>	<b>11,890,867</b>	<b>12,215,014</b>	<b>26,820,671</b>	<b>27,235,191</b>
Long-term liabilities	5,685,279	5,991,325	4,083,816	4,313,183	9,769,095	10,304,508
Other liabilities	2,074,464	2,336,606	753,249	712,370	2,827,713	3,048,976
<b>Total Liabilities</b>	<b>7,759,743</b>	<b>8,327,931</b>	<b>4,837,065</b>	<b>5,025,553</b>	<b>12,596,808</b>	<b>13,353,484</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 7,170,061</b>	<b>\$ 6,692,246</b>	<b>\$ 7,053,802</b>	<b>\$ 7,189,461</b>	<b>\$ 14,223,863</b>	<b>\$ 13,881,707</b>

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2010

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

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

\*\* Includes Health & Human Services and  
Conservation & Development

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 462,702	\$ 443,039	\$ 5,444,738	\$ 4,963,573	\$ 5,907,440	\$ 5,406,612
Operating grants and Contributions	347,404	412,621	-	-	347,404	412,621
General Revenues						
Property taxes	1,929,995	1,794,017	-	-	1,929,995	1,794,017
Other taxes	50,685	48,652	-	-	50,685	48,652
Intergovernmental	1,053,040	1,058,048	-	-	1,053,040	1,058,048
Other	37,617	263,556	13,652	24,470	51,269	288,026
Total Revenues	<u>3,881,443</u>	<u>4,019,933</u>	<u>5,458,390</u>	<u>4,988,043</u>	<u>9,339,833</u>	<u>9,007,976</u>
<b>Expenses:</b>						
General government	411,679	437,644	-	-	411,679	437,644
Public safety	1,705,260	1,733,920	-	-	1,705,260	1,733,920
Public works **	963,249	900,219	-	-	963,249	900,219
Culture, education and rec.	469,266	501,723	-	-	469,266	501,723
Water	-	-	428,120	430,888	428,120	430,888
Sewer	-	-	774,577	755,626	774,577	755,626
Electric	-	-	4,175,820	3,811,500	4,175,820	3,811,500
Interest and fiscal charges	267,868	261,591	-	-	267,868	261,591
Total Expenses	<u>3,817,322</u>	<u>3,835,097</u>	<u>5,378,517</u>	<u>4,998,014</u>	<u>9,195,839</u>	<u>8,833,111</u>
Income Before Capital Grants and Contributions and Transfers	64,121	184,836	79,873	(9,971)	143,994	174,865
Capital Grants and Contributions	192,267	22,258	5,895	138,527	198,162	160,785
Transfers	<u>221,427</u>	<u>213,326</u>	<u>(221,427)</u>	<u>(213,326)</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	477,815	420,420	(135,659)	(84,770)	342,156	335,650
Beginning Net Assets	<u>6,692,246</u>	<u>6,271,826</u>	<u>7,189,461</u>	<u>7,274,231</u>	<u>13,881,707</u>	<u>13,546,057</u>
<b>NET ASSETS – YEAR END</b>	<u><u>\$ 7,170,061</u></u>	<u><u>\$ 6,692,246</u></u>	<u><u>\$ 7,053,802</u></u>	<u><u>\$ 7,189,461</u></u>	<u><u>\$14,223,863</u></u>	<u><u>\$13,881,707</u></u>

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2010

---

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

---

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

#### *GOVERNMENTAL ACTIVITIES*

Governmental activities increased the city's net assets by \$477,815, compared to a gain of \$420,420 the previous year. A reduction in governmental expenses (-0.46%) helped offset a reduction of program revenue and general revenue of (\$138,490) or (-3.44%). Capital grants and contributions rose substantially from \$22,258 in 2009 to \$192,267 in 2010. This highlights a focus on using grants and other form of state & federal aid to fund governmental activities.

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

Business-type activities decreased the city's net assets by \$135,659. The previous year this category of assets also decreased by \$84,770. The 2010 decrease is primarily a result of a reduction in capital grants and contributions which decreased by \$132,632 and a reduction in interest income. Business-type revenue increased by \$470,347 (+9.43%) and business-type expenses increased \$380,503 (+7.61%). The impact of rate increases aided revenue gains.

---

### 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, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of December 31, 2010, the city's governmental funds reported combined fund balances of \$2,448,111 which is a 2.41% decrease from the previous year. Forty-one percent or \$1,005,645 of the \$2,448,111 constitutes a balance defined as unreserved and undesignated, which is available to meet the city's current and future needs. The remainder is reserved for noncurrent asset balances or dedicated for specific projects or expenditures.

# CITY OF WATERLOO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2010

---

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

---

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

##### *General Fund*

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund is \$1,257,115 a decrease of \$215,324 (- 14.62%). In 2009 this percentage increased by 4.06%.

The city evaluates the general fund balance by measuring the undesignated general fund balance as a percentage of the following year's general fund budget. For 2010, the undesignated general fund balance is \$589,889 and the 2011 general fund expenditure budget is \$2,580,969, resulting in an undesignated fund balance of 22.85%. In 2009 this percentage was 23.80%. Effective October 11, 2007 the Council adopted a policy requiring a fund balance of between 25% and 33%.

##### *Debt Service Fund*

The city's 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 \$52,965. Any fund balance from this fund is reserved for future debt service.

##### *Capital Projects Fund*

The fund balance for this fund shows a deficit. In 2009 the fund balance amount was \$59,913. In 2010 the deficit amount was \$229,729.

##### *Active Fire – Operating Fund*

The fund balance as of December 31, 2010 was \$124,478. This is a decline from the prior year in the amount of \$77,074.

##### *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)  
December 31, 2010

---

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

---

Actual General Fund revenues in excess of expense were \$192,027. This was a \$131,119 variance from the final budgeted amount.

---

## **CAPITAL ASSETS**

---

At the end of 2010, the city had invested a total of \$20,138,436 in net capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure and represents less than a 1% decrease from the prior year.

---

## **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, 2010, was \$10,105,380. Total general obligation debt outstanding at year-end was \$5,447,403. Therefore, the city was at 53.90% of the legal debt limit. The previous year the city was at 56.86% of the legal debt limit.

---

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

---

All currently known facts and economic conditions were considered in preparing the 2010 city 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, contact Mo Hansen, Clerk/Treasurer.

# CITY OF WATERLOO

## STATEMENT OF NET ASSETS December 31, 2010

	Governmental Activities	Business-type Activities	Totals	600 Community Development Authority
<b>ASSETS</b>				
Cash and investments	\$ 2,181,159	\$ 80,193	\$ 2,261,352	\$ 83,887
Receivables (net)				
Taxes	1,981,783	-	1,981,783	-
Accounts	128,027	584,944	712,971	-
Special assessments	2,530	328,874	331,404	-
Loans	17,407	-	17,407	-
Internal balances	192,615	(192,615)	-	-
Prepaid items and inventories	26,263	95,439	121,702	-
Other assets	79,727	126,397	206,124	-
Restricted cash and investments	16,068	1,031,444	1,047,512	-
Restricted assets	-	1,980	1,980	-
Capital assets (net of accumulated depreciation)				
Land	869,699	186,606	1,056,305	-
Construction in progress	35,812	14,457	50,269	16,113
Other capital assets, net of depreciation	9,398,714	9,633,148	19,031,862	-
Total Assets	<u>14,929,804</u>	<u>11,890,867</u>	<u>26,820,671</u>	<u>100,000</u>
<b>LIABILITIES</b>				
Accounts payable	54,016	356,757	410,773	-
Accrued liabilities	60,942	67,618	128,560	-
Unearned revenue	1,952,971	328,874	2,281,845	-
Other accrued liabilities	6,535	-	6,535	-
Noncurrent liabilities				
Due within one year	520,353	273,432	793,785	-
Due in more than one year	5,164,926	3,810,384	8,975,310	-
Total Liabilities	<u>7,759,743</u>	<u>4,837,065</u>	<u>12,596,808</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,053,998	5,926,408	10,780,906	16,113
Restricted for				
Cable TV	218,203	-	218,203	-
Library Memorial	61,823	-	61,823	-
Clark Memorial	88,842	-	88,842	-
Impact fees	16,068	-	16,068	-
Debt service	30,118	521,390	551,508	-
Replacement	-	483,698	483,698	-
Unrestricted	<u>1,701,009</u>	<u>122,306</u>	<u>2,022,815</u>	<u>83,887</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 7,170,061</u>	<u>\$ 7,053,802</u>	<u>\$ 14,223,863</u>	<u>\$ 100,000</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 411,679	\$ 29,765	\$ 3,707	\$ -
Public safety	1,705,260	184,920	4,528	12,945
Public works	850,417	202,531	276,241	5,680
Health and human services	10,965	150	-	-
Culture, education and recreation	469,266	45,336	62,928	173,642
Conservation and development	101,867	-	-	-
Interest and fiscal charges	267,868	-	-	-
Total Governmental Activities	<u>3,817,322</u>	<u>462,702</u>	<u>347,404</u>	<u>192,267</u>
Business-type Activities				
Electric	4,175,820	4,258,962	-	5,029
Water	428,120	471,083	-	866
Sewer	774,577	714,693	-	-
Total Business-type Activities	<u>5,378,517</u>	<u>5,444,738</u>	<u>-</u>	<u>5,895</u>
Total Primary Government	<u>\$ 9,195,839</u>	<u>\$ 5,907,440</u>	<u>\$ 347,404</u>	<u>\$ 198,162</u>
<b>Component Unit</b>				
600 Community Development Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

Total General Revenues

Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	600 Community Development Authority
\$ (378,207)	\$ -	\$ (378,207)	\$ -
(1,502,867)	-	(1,502,867)	-
(365,965)	-	(365,965)	-
(10,815)	-	(10,815)	-
(187,360)	-	(187,360)	-
(101,867)	-	(101,867)	-
<u>(267,868)</u>	<u>-</u>	<u>(267,868)</u>	<u>-</u>
<u>(2,814,949)</u>	<u>-</u>	<u>(2,814,949)</u>	<u>-</u>
-	88,171	88,171	-
-	43,829	43,829	-
-	<u>(59,884)</u>	<u>(59,884)</u>	-
-	<u>72,116</u>	<u>72,116</u>	-
<u>(2,814,949)</u>	<u>72,116</u>	<u>(2,742,833)</u>	<u>-</u>
-	-	-	100,000
1,326,218	-	1,326,218	-
317,277	-	317,277	-
286,500	-	286,500	-
50,685	-	50,685	-
1,053,040	-	1,053,040	-
6,939	-	6,939	-
6,391	13,652	20,043	-
<u>24,287</u>	<u>-</u>	<u>24,287</u>	<u>-</u>
<u>3,071,337</u>	<u>13,652</u>	<u>3,084,989</u>	<u>-</u>
<u>221,427</u>	<u>(221,427)</u>	<u>-</u>	<u>-</u>
477,815	(135,659)	342,156	100,000
<u>6,692,246</u>	<u>7,189,461</u>	<u>13,881,707</u>	<u>-</u>
<u>\$ 7,170,061</u>	<u>\$ 7,053,802</u>	<u>\$ 14,223,863</u>	<u>\$ 100,000</u>

See accompanying notes to financial statements.

**CITY OF WATERLOO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2010

	<u>100 General</u>	<u>220 Active Fire - Operating</u>	<u>300 General Debt Service</u>
<b>ASSETS</b>			
Cash and investments	\$ 829,126	\$ 131,593	\$ 52,965
Restricted cash and investments	-	-	-
Receivables (net)			
Taxes	1,221,898	-	487,565
Accounts	27,175	47,301	-
Special assessments	-	-	-
Loans	-	-	-
Due from other funds	447,860	-	-
Prepaid items	26,263	-	-
Advances to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,552,322</u>	<u>\$ 178,894</u>	<u>\$ 540,530</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 34,214	\$ 5,287	\$ -
Accrued liabilities	39,095	5,535	-
Due to other funds	28,812	-	-
Deferred revenues	1,193,086	43,594	487,565
Deferred special assessments	-	-	-
Advances from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,295,207</u>	<u>54,416</u>	<u>487,565</u>
Fund Balances			
Reserved			
Loans	-	-	-
Non-current interfunds	225,763	-	-
Prepaid items	26,263	-	-
Advances	-	-	-
Tax equivalent	221,427	-	-
Debt service	-	-	52,965
Endowments	-	-	-
Impact fees	-	-	-
Unreserved, reported in:			
General fund designated	193,773	-	-
General fund undesignated	589,889	-	-
Special revenue funds designated	-	124,478	-
Capital project funds undesignated (deficit)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,257,115</u>	<u>124,478</u>	<u>52,965</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,552,322</u>	<u>\$ 178,894</u>	<u>\$ 540,530</u>

See accompanying notes to financial statements.

---

400 Capital Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ 1,167,475	\$ 2,181,159
-	16,068	16,068
131,239	141,081	1,981,783
31,691	21,860	128,027
-	2,530	2,530
17,407	-	17,407
-	-	447,860
-	-	26,263
-	41,000	41,000
<u>\$ 180,337</u>	<u>\$ 1,390,014</u>	<u>\$ 4,842,097</u>

\$ 12,064	\$ 2,451	\$ 54,016
-	-	44,630
225,763	670	255,245
131,239	141,081	1,996,565
-	2,530	2,530
41,000	-	41,000
<u>410,066</u>	<u>146,732</u>	<u>2,393,986</u>

17,407	-	17,407
-	-	225,763
-	-	26,263
-	41,000	41,000
-	-	221,427
-	-	52,965
-	150,665	150,665
-	15,398	15,398
-	-	193,773
-	-	589,889
-	373,327	497,805
(247,136)	662,892	415,756
<u>(229,729)</u>	<u>1,243,282</u>	<u>2,448,111</u>
<u>\$ 180,337</u>	<u>\$ 1,390,014</u>	<u>\$ 4,842,097</u>

See accompanying notes to financial statements.

## CITY OF WATERLOO

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2010

---

Total Fund Balances - Governmental Funds	\$ 2,448,111
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	10,304,225
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.	46,124
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>(5,628,399)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 7,170,061</u></u></b>

## CITY OF WATERLOO

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

For the Year Ended December 31, 2010

	<u>100 General</u>	<u>220 Active Fire - Operating</u>	<u>300 General Debt Service</u>
<b>REVENUES</b>			
Taxes	\$ 1,238,421	\$ -	\$ 317,277
Intergovernmental	841,250	172,143	-
Licenses and permits	46,158	-	-
Fines, forfeitures and penalties	19,420	-	-
Public charges for services	207,333	131,488	-
Investment income	4,154	539	-
Miscellaneous	<u>53,083</u>	<u>13,058</u>	<u>67,253</u>
Total Revenues	<u>2,409,819</u>	<u>317,228</u>	<u>384,530</u>
<b>EXPENDITURES</b>			
Current			
General government	365,918	413	-
Public safety	847,924	404,738	-
Public works	652,204	-	-
Health and human services	10,965	-	-
Culture, education and recreation	338,914	-	-
Conservation and development	1,867	-	-
Capital Outlay	-	232,295	-
Debt Service			
Principal	-	-	580,263
Interest and fiscal charges	-	-	240,993
Total Expenditures	<u>2,217,792</u>	<u>637,446</u>	<u>821,256</u>
Excess (deficiency) of revenues over expenditures	<u>192,027</u>	<u>(320,218)</u>	<u>(436,726)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	-	-	-
Refunding bonds issued	-	-	1,835,000
Payment to refunded bond escrow agent	-	-	(1,185,899)
Principal refunded	-	-	(617,395)
Transfers in	221,427	243,144	468,332
Transfers out	<u>(628,778)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(407,351)</u>	<u>243,144</u>	<u>500,038</u>
<b>Net Change in Fund Balances</b>	<b>(215,324)</b>	<b>(77,074)</b>	<b>63,312</b>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,472,439</u>	<u>201,552</u>	<u>(10,347)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b><u>\$ 1,257,115</u></b>	<b><u>\$ 124,478</u></b>	<b><u>\$ 52,965</u></b>

See accompanying notes to financial statements.

---

400 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 286,500	\$ 138,482	\$ 1,980,680
15,791	138,745	1,167,929
-	34,380	80,538
-	-	19,420
-	15,426	354,247
341	1,064	6,098
<u>4,820</u>	<u>79,599</u>	<u>217,813</u>
<u>307,452</u>	<u>407,696</u>	<u>3,826,725</u>
-	4,051	370,382
-	67,354	1,320,016
-	-	652,204
-	-	10,965
-	44,228	383,142
-	100,000	101,867
383,639	-	615,934
-	-	580,263
-	-	<u>240,993</u>
<u>383,639</u>	<u>215,633</u>	<u>4,275,766</u>
<u>(76,187)</u>	<u>192,063</u>	<u>(449,041)</u>
135,430	-	135,430
-	-	1,835,000
-	-	(1,185,899)
-	-	(617,395)
670	49,119	982,692
-	<u>(132,487)</u>	<u>(761,265)</u>
<u>136,100</u>	<u>(83,368)</u>	<u>388,563</u>
59,913	108,695	(60,478)
<u>(289,642)</u>	<u>1,134,587</u>	<u>2,508,589</u>
<u>\$ (229,729)</u>	<u>\$ 1,243,282</u>	<u>\$ 2,448,111</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, 2010

Net change in fund balances - total governmental funds	\$	(60,478)
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		615,934
Some items reported as capital outlay were not capitalized		(22,457)
Depreciation is reported in the government-wide financial statements		(428,283)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
		4,207
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets</p>		
Debt issued		(1,970,430)
Principal repaid on general obligation debt		2,307,349
<p>Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Debt issuance costs		44,588
Loss on refunding		(13,513)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		(17,360)
Accrued interest on debt		18,258
		18,258
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>477,815</u></b>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF NET ASSETS PROPRIETARY FUND December 31, 2010

---

	<u>Water &amp; Light Commission</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 44,881
Receivables	
Accounts	584,944
Due from other funds	28,812
Inventories	95,439
Designated sewer collection account	35,312
Restricted Assets	
Redemption account - current	<u>72,023</u>
Total Current Assets	<u>861,411</u>
Noncurrent Assets	
Restricted Assets	
Reserve account	475,723
Replacement account	483,698
Interest receivable	1,980
Capital Assets	
Construction work in progress	14,457
Plant in service	17,942,382
Less: Accumulated depreciation	(8,122,628)
Other Assets	
Preliminary survey and investigation	29,189
Deferred special assessments receivable	328,874
Unamortized debt issuance expenses	77,197
Property held for future use	<u>20,011</u>
Total Noncurrent Assets	<u>11,250,883</u>
Total Assets	<u>12,112,294</u>

See accompanying notes to financial statements.

	<u>Water &amp; Light Commission</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 356,757
Accrued liabilities	4,814
Due to other funds	221,427
Compensated absences	18,432
Public benefits	24,291
Liabilities Payable from Restricted Assets	
Current portion of revenue bonds	255,000
Accrued interest	<u>28,336</u>
Total Current Liabilities	<u>909,057</u>
Noncurrent Liabilities	
Long-Term Debt	
Revenue bonds	3,730,000
Other Liabilities	
Customer advances for construction	10,177
Unearned revenue	328,874
Compensated absences	<u>80,384</u>
Total Noncurrent Liabilities	<u>4,149,435</u>
Total Liabilities	<u>5,058,492</u>
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	5,926,408
Restricted for	
Debt service	521,390
Replacement	483,698
Unrestricted net assets	<u>122,306</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 7,053,802</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND

For the Year Ended December 31, 2010

---

	<u>Water &amp; Light Commission</u>
<b>OPERATING REVENUES</b>	
Electric	\$ 4,258,962
Water	471,083
Sewer	<u>714,693</u>
Total Operating Revenues	<u>5,444,738</u>
<b>OPERATING EXPENSES</b>	
Operations and maintenance	4,657,715
Depreciation	<u>530,684</u>
Total Operating Expenses	<u>5,188,399</u>
 Operating Income	 <u>256,339</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	12,800
Income from merchandising and jobbing	852
Interest and amortization expense	(178,934)
Amortization of debt issuance costs	<u>(11,184)</u>
Total Nonoperating Revenues (Expenses)	<u>(176,466)</u>
 Income Before Contributions and Transfers	 <u>79,873</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>	
Capital contributions	5,895
Transfers - tax equivalent	<u>(221,427)</u>
Total Contributions and Transfers	<u>(215,532)</u>
 Change in net assets	 (135,659)
 NET ASSETS - Beginning of Year	 <u>7,189,461</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u><u>\$ 7,053,802</u></u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2010

---

	<u>Water &amp; Light Commission</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 5,379,285
Paid to suppliers for goods and services	(4,127,713)
Paid to employees for services	<u>(460,480)</u>
Net Cash Flows From Operating Activities	<u>791,092</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments purchased	(474,211)
Investments sold and matured	467,328
Investment income	<u>14,221</u>
Net Cash Flows From Investing Activities	<u>7,338</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Paid to municipality for tax equivalent	<u>(215,712)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(215,712)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt retired	(245,000)
Interest paid	(179,853)
Special assessments received	866
Acquisition and construction of capital assets	(408,698)
Contributions in aid of construction	5,783
Received from the sale of capital assets	<u>3,128</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(823,774)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(241,056)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>878,482</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 637,426</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	\$ 256,339
Nonoperating revenue	852
Adjustments to Reconcile Operating Income to Net Cash Flows	
From Operating Activities:	
Depreciation	530,684
Depreciation charged to other funds	12,084
Changes in assets and liabilities:	
Accounts receivable	(68,297)
Due from other funds	(6,520)
Inventories	6,955
Accounts payable	31,252
Accrued liabilities	(675)
Due to other funds	4,273
Compensated absences	15,633
Public benefits	<u>8,512</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 791,092</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>	
Cash and investments - statement of net assets	\$ 44,881
Sewer collection account	35,312
Redemption account	72,023
Reserve account	475,723
Replacement account	<u>483,698</u>
Total Cash and Investments	1,111,637
Less: Noncash equivalents	<u>(474,211)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 637,426</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	

See accompanying notes to financial statements.

# CITY OF WATERLOO

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND December 31, 2010

---

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,405,813
Receivables	
Taxes	<u>613,943</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,019,756</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 454
Due to other governments	<u>3,019,302</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 3,019,756</u>

See accompanying notes to financial statements.

# CITY OF WATERLOO

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

NOTE	Page
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, Liabilities, and Net Assets or Equity	22
1. Deposits and Investments	22
2. Receivables	24
3. Inventories and Prepaid Items	24
4. Restricted Assets	25
5. Capital Assets	25
6. Other Assets	26
7. Compensated Absences	26
8. Long-Term Obligations/Conduit Debt	26
9. Claims and Judgments	27
10. Equity Classifications	27
11. Basis for Existing Rates	28
II Reconciliation of Government-Wide and Fund Financial Statements	28
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	28
III Stewardship, Compliance, and Accountability	29
A. Budgetary Information	29
B. Excess Expenditures and Other Financing Uses Over Appropriations	30
C. Deficit Balances	30
D. Limitations on the City's Tax Levy	30
IV Detailed Notes on All Funds	30
A. Deposits and Investments	30
B. Receivables	32
C. Restricted Assets	32
D. Capital Assets	33
E. Interfund Receivables/Payables, Advances and Transfers	38
F. Long-Term Obligations	41
G. Net Assets/Fund Balances	45
H. Component Unit	48
V Other Information	48
A. Employees' Retirement System	48
B. Risk Management	49
C. Commitments and Contingencies	49
D. Economic Dependency	50
E. Effect of New Accounting Standards on Current-Period Financial Statements	51
F. Competitive Local Exchange Carrier (CLEC)	51
G. Segment Information	51

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

### **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 of Waterloo except for the honorary fire department special revenue fund. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

#### ***Discretely Presented Component Unit***

##### *Waterloo Community Development Authority*

The government-wide financial statements include the Waterloo Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note IV.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. The CDA does not issue separate financial statements.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

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

The statement of net assets 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 reporting entity 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, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

### **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, liabilities, 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 and 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 all financial resources except those required to be accounted for in another fund.
- 220 Active Fire - Operating Special Revenue Fund - accounts for resources used to supporting expenditures for the program.
- 300 General Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- 400 Capital Projects Fund - accounts for resources legally restricted to supporting expenditures for various capital projects.

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 December 31, 2010

---

### **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 the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

200 Cable TV	204 Sanitary Sewer Impact Fees
820 Active Fire Department - Held by City	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

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

410 TIF District No. 1  
402 Sidewalk

In addition, the city reports the following fund types:

Agency fund is used to account for 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 assets 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 unearned revenue. 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 December 31, 2010

---

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

---

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

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

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***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 revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 deferred revenues. Delinquent special assessments being held by the county are reported as receivables and deferred revenue.

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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

---

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

---

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

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

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. 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, LIABILITIES, AND NET ASSETS 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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

- 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.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

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

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

No policy exists for the following risks:

Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. 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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***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 agency fund statement of fiduciary net assets.

Property tax calendar - 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale - 2010 delinquent real estate taxes	October 2013

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 assets. 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 fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

##### ***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 December 31, 2010

---

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

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS 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 assets.

##### ***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 \$5,000 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 assets. 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	5-100 Years
Infrastructure	25-60 Years

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

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

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

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

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

##### **7. Compensated Absences**

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

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

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retirees being employed for a minimum of 15 years by the city. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 1080 hours of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis. As of December 31, 2010 all premiums have been paid and there are no participants currently eligible to receive benefits. The city does not provide other postemployment benefits subject to GASB 45.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2010 are determined on the basis of current salary rates and include salary related payments.

##### **8. Long-Term Obligations/Conduit Debt**

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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***8. Long-Term Obligations/Conduit Debt (cont.)***

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$456,000, made up of 1 issue.

##### ***9. Claims and Judgments***

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. There were no significant claims or judgments at year end.

##### ***10. Equity Classifications***

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

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

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

The net asset 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 "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column.

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

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***10. Equity Classifications (cont.)***

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

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

##### ***11. Basis for Existing Rates***

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

Current water rates were approved by the Public Service Commission of Wisconsin effective April 1, 2010 and are designed to provide a 3% return on rate base.

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

Current sewer rates were approved by the utility commission effective February 1, 2010.

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

Current electric rates were approved by the Public Service Commission of Wisconsin effective September 2009 and are designed to provide a 7% return on rate base.

---

### **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 ASSETS***

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

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

---

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

---

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

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

Bonds and notes payable	\$	5,447,403
Compensated absences		305,439
Unamortized loss on refunding		(67,563)
Unamortized issuance costs		(79,727)
Accrued interest		<u>22,847</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>5,628,399</u></u>

---

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

---

#### **A. 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.

A budget has been adopted for all funds except the 402 Sidewalk - Capital Projects Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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 council action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$193,657. Budgets are adopted at the department level of expenditure.

**CITY OF WATERLOO**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010

---

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

---

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

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
300 General Debt Service	\$ 1,401,331	\$ 2,624,550	\$ 1,223,219
820 Active Fire Department - Held by City	-	48,119	48,119
410 TIF District No. 1	106,343	164,893	58,550

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

***C. DEFICIT BALANCES***

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

As of December 31, 2010, no non-major individual funds held a deficit balance.

***D. LIMITATIONS ON THE CITY'S TAX LEVY***

As part of Wisconsin's Act 28 (2009), legislation was passed that 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 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

---

**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 assets and balance sheet as cash and investments.

## CITY OF WATERLOO

### NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

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

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,797,864	\$ 5,883,877	Custodial Credit Risk
Petty cash	700	-	N/A
Total Deposits and Investments	<u>\$ 5,798,564</u>	<u>\$ 5,883,877</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 2,261,352		
Unrestricted cash and investments - CDA	83,887		
Restricted cash and investments	1,047,512		
Per statement of net assets- fiduciary fund			
Agency Fund	2,405,813		
Total Deposits and Investments	<u>\$ 5,798,564</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing 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 relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, 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, 2010, the banks had pledged various government securities in the amount of \$3,323,939 to secure the city's deposits.

##### ***Custodial Credit Risk***

##### **Deposits**

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

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

##### ***Custodial Credit Risk*** (cont.)

##### **Deposits** (cont.)

As of December 31, 2010, \$995,027 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>995,027</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, except the loan receivable of \$17,407.

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 1,952,971	\$ 1,952,971
Special assessments not yet due	2,530	-	2,530
Accounts receivable - noncurrent	<u>43,594</u>	<u>-</u>	<u>43,594</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 46,124</u>	 <u>\$ 1,952,971</u>	 <u>\$ 1,999,095</u>

#### **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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

##### ***Equipment Replacement Account***

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

##### ***Impact Fee Account***

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

Following is a list of restricted assets at December 31, 2010:

Restricted Assets	
Redemption account	\$ 72,023
Reserve account	475,723
Replacement account	483,698
Impact fees account	16,068
Interest receivable	<u>1,980</u>
Total Restricted Assets	<u><u>\$ 1,049,492</u></u>

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 869,699	\$ -	\$ -	\$ 869,699
Construction in progress	<u>27,897</u>	<u>35,812</u>	<u>27,897</u>	<u>35,812</u>
Total Capital Assets Not Being Depreciated	<u>897,596</u>	<u>35,812</u>	<u>27,897</u>	<u>905,511</u>
Capital assets being depreciated				
Land improvements	616,225	-	-	616,225
Buildings	5,450,023	11,088	-	5,461,111
Machinery and equipment	3,890,345	252,008	64,898	4,077,455
Streets	1,844,548	216,878	-	2,061,426
Sanitary sewers	1,027,407	65,993	-	1,093,400
Storm sewers	<u>646,694</u>	<u>39,595</u>	<u>-</u>	<u>686,289</u>
Total Capital Assets Being Depreciated	<u>13,475,242</u>	<u>585,562</u>	<u>64,898</u>	<u>13,995,906</u>
Total Capital Assets	<u>14,372,838</u>	<u>621,374</u>	<u>92,795</u>	<u>14,901,417</u>

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation for				
Land improvements	\$ (88,502)	\$ (22,205)	\$ -	\$ (110,707)
Buildings	(1,390,900)	(117,083)	-	(1,507,983)
Machinery and equipment	(2,463,881)	(164,817)	64,898	(2,563,800)
Streets	(178,430)	(76,746)	-	(255,176)
Sanitary sewers	(62,508)	(28,819)	-	(91,327)
Storm sewers	(49,586)	(18,613)	-	(68,199)
Total Accumulated Depreciation	<u>(4,233,807)</u>	<u>(428,283)</u>	<u>64,898</u>	<u>(4,597,192)</u>
Net Capital Assets Being Depreciated	<u>9,241,435</u>	<u>157,279</u>	<u>-</u>	<u>9,398,714</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,139,031</u>	<u>\$ 193,091</u>	<u>\$ 27,897</u>	<u>\$ 10,304,225</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 38,443
Public safety	131,747
Public works, which includes the depreciation of infrastructure	189,390
Culture, education and recreation	<u>68,703</u>
Total Governmental Activities Depreciation Expense	<u>\$ 428,283</u>

**Business-type Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 151,730	\$ -	\$ -	\$ 151,730
Construction in progress	3,700	405	3,700	405
Total Capital Assets Not Being Depreciated	<u>155,430</u>	<u>405</u>	<u>3,700</u>	<u>152,135</u>

## CITY OF WATERLOO

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric (cont.)</u>				
Capital assets being depreciated				
Distribution	\$ 4,001,465	\$ 93,277	\$ 26,300	\$ 4,068,442
General	<u>2,258,417</u>	<u>1,179</u>	<u>11,783</u>	<u>2,247,813</u>
Total Capital Assets Being Depreciated	<u>6,259,882</u>	<u>94,456</u>	<u>38,083</u>	<u>6,316,255</u>
Total Capital Assets	<u>6,415,312</u>	<u>94,861</u>	<u>41,783</u>	<u>6,468,390</u>
Less: Accumulated depreciation for				
Distribution	(2,119,155)	(133,053)	31,907	(2,220,301)
General	<u>(663,644)</u>	<u>(57,908)</u>	<u>11,783</u>	<u>(709,769)</u>
Total Accumulated Depreciation	<u>(2,782,799)</u>	<u>(190,961)</u>	<u>43,690</u>	<u>(2,930,070)</u>
Net Capital Assets Being Depreciated	<u>3,477,083</u>	<u>(96,505)</u>	<u>(5,607)</u>	<u>3,386,185</u>
Net Electric Plant	<u>\$ 3,632,513</u>	<u>\$ (96,100)</u>	<u>\$ (1,907)</u>	<u>\$ 3,538,320</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 13,113	\$ -	\$ -	\$ 13,113
Construction in progress	<u>6,358</u>	<u>6,199</u>	<u>6,358</u>	<u>6,199</u>
Total Capital Assets Not Being Depreciated	<u>19,471</u>	<u>6,199</u>	<u>6,358</u>	<u>19,312</u>
Capital assets being depreciated				
Source of supply	71,096	-	-	71,096
Pumping	878,588	10,945	-	889,533
Water treatment	28,296	-	-	28,296
Transmission and distribution	3,394,074	238,830	29,445	3,603,459
General	<u>805,063</u>	<u>531</u>	<u>935</u>	<u>804,659</u>
Total Capital Assets Being Depreciated	<u>5,177,117</u>	<u>250,306</u>	<u>30,380</u>	<u>5,397,043</u>
Total Capital Assets	<u>5,196,588</u>	<u>256,505</u>	<u>36,738</u>	<u>5,416,355</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water (cont.)</u>				
Less: Accumulated depreciation for				
Source of supply	\$ (16,592)	\$ (1,497)	\$ -	\$ (18,089)
Pumping	(304,806)	(30,805)	-	(335,611)
Water treatment	(2,768)	(1,698)	-	(4,466)
Transmission and distribution	(579,132)	(69,652)	29,445	(619,339)
General	(271,343)	(41,249)	935	(311,657)
Total Accumulated Depreciation	(1,174,641)	(144,901)	30,380	(1,289,162)
Net Capital Assets Being Depreciated	4,002,476	105,405	-	4,107,881
Net Water Plant	\$ 4,021,947	\$ 111,604	\$ 6,358	\$ 4,127,193
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 21,763	\$ -	\$ -	\$ 21,763
Construction in progress	-	7,853	-	7,853
Total Capital Assets Not Being Depreciated	21,763	7,853	-	29,616
Capital assets being depreciated				
Collecting system	22,722	-	-	22,722
Collecting system pumping	116,312	-	-	116,312
Treatment and disposal	4,907,707	25,017	13,271	4,919,453
General	985,397	601	2,007	983,991
Total Capital Assets Being Depreciated	6,032,138	25,618	15,278	6,042,478
Total Capital Assets	6,053,901	33,471	15,278	6,072,094

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer (cont.)</u>				
Less: Accumulated depreciation for				
Collecting system	\$ (443)	\$ (295)	\$ -	\$ (738)
Collecting system pumping	(68,889)	(5,201)	-	(74,090)
Treatment and disposal	(3,287,751)	(165,413)	13,271	(3,439,893)
General	(351,617)	(39,065)	2,007	(388,675)
Total Accumulated Depreciation	(3,708,700)	(209,974)	15,278	(3,903,396)
Net Capital Assets Being Depreciated	2,323,438	(184,356)	-	2,139,082
Net Sewer Plant	\$ 2,345,201	\$ (176,503)	\$ -	\$ 2,168,698
 Business-type Capital Assets, Net of Accumulated Depreciation	 \$ 9,999,661	 \$ (160,999)	 \$ 4,451	 \$ 9,834,211

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 185,101
Water	132,046
Sewer	213,537
 Total Business-type Activities Depreciation Expense	 \$ 530,684

Depreciation expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

*E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS*

***Interfund Receivables/Payables***

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

Receivable Fund	Payable Fund	Amount
100 General Fund	400 Capital Projects	\$ 225,763
100 General Fund	Water and Light Commission	221,427
100 General Fund	203 Park and Recreation Impact Fees	670
Water and Light Commission	100 General Fund	28,812
Total: Fund Financial Statements		476,672
Less: Fund eliminations		(284,057)
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 192,615
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 221,427
Business-type Activities	Governmental Activities	(28,812)
Total Government-Wide Financial Statements		\$ 192,615

All amounts are due within one year.

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

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

***Advances***

410 TIF District No. 1 is advancing funds to the capital projects fund. No repayment schedule has been established.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

*Advances (cont.)*

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
410 TIF District No. 1	400 Capital Projects	\$ 41,000	\$ 41,000
Total - Fund Financial Statements		41,000	
Less: Fund eliminations		<u>(41,000)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Assets		<u>\$ -</u>	

The principal purpose of this advance is to cover additional expenses incurred in the capital projects fund.

For the statement of net assets, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**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	\$ 221,427	Tax equivalent
220 Active Fire - Operating	100 General Fund	242,778	Fire services and dues
	820 Honorary Fire Department - Board Designated	366	Move savings account
220 Active Fire - Operating	100 General Fund	385,000	Debt service
300 General Debt Service	812 Clark Memorial	20,089	Debt service
300 General Debt Service	410 TIF District No. 1	63,243	Debt service
300 General Debt Service	203 Park and Recreation Impact Fees	670	Cover capital projects related to impact fees
400 Capital Projects			
820 Honorary Fire Department - Board Designated	100 General Fund	1,000	Carousel appropriation
820 Honorary Fire Department - Board Designated	820 Active Fire Department - Held by City	<u>48,119</u>	Close out fund
Total - Fund Financial Statements		982,692	
Less: Fund eliminations		<u>(761,265)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 221,427</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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2010, 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	\$ 5,784,322	\$ 1,970,430	\$ 2,307,349	\$ 5,447,403	\$ 466,758
Add/(Subtract) Deferred Amounts For					
Refundings -					
Gains/(Losses)	<u>(81,076)</u>	<u>-</u>	<u>(13,513)</u>	<u>(67,563)</u>	<u>(13,513)</u>
Sub-totals	<u>5,703,246</u>	<u>1,970,430</u>	<u>2,293,836</u>	<u>5,379,840</u>	<u>453,245</u>
Other Liabilities					
Vested compensated absences	<u>288,079</u>	<u>78,515</u>	<u>61,155</u>	<u>305,439</u>	<u>67,108</u>
Total Other Liabilities	<u>288,079</u>	<u>78,515</u>	<u>61,155</u>	<u>305,439</u>	<u>67,108</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 5,991,325</u>	<u>\$ 2,048,945</u>	<u>\$ 2,354,991</u>	<u>\$ 5,685,279</u>	<u>\$ 520,353</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
Revenue bonds	\$ 4,230,000	\$ -	\$ 245,000	\$ 3,985,000	\$ 255,000
Other Liabilities					
Vested compensated absences	<u>83,183</u>	<u>33,524</u>	<u>17,891</u>	<u>98,816</u>	<u>18,432</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 4,313,183</u>	<u>\$ 33,524</u>	<u>\$ 262,891</u>	<u>\$ 4,083,816</u>	<u>\$ 273,432</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2010, was \$10,105,380. Total general obligation debt outstanding at year end was \$5,447,403.

**General Obligation Debt**

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

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

*General Obligation Debt (cont.)*

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2010</u>
General Obligation Note	09/01/00	09/01/17	5.0%	\$ 2,000,000	\$ 110,000
General Obligation Note	12/15/01	12/01/11	4.8%	555,000	115,000
State Trust Fund Loan	09/30/04	05/15/19	5.25%	126,048	77,403
General Obligation Refunding Bond	04/15/05	12/01/17	3.35-4.15%	1,735,000	1,425,000
General Obligation Community Development Bonds	09/26/07	09/01/22	3.75-4.2%	760,000	665,000
State Trust Fund Loan - Build America Bonds	11/05/09	03/15/19	4.5%	1,084,570	1,084,570
State Trust Fund Loan	08/05/10	03/15/20	4.5%	135,430	135,430
General Obligation Refunding Bond	11/29/10	12/01/22	1.3-2.9%	1,835,000	<u>1,835,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 5,447,403</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 466,758	\$ 207,930
2012	546,469	179,316
2013	477,376	156,655
2014	433,402	137,554
2015	449,702	121,123
2016-2020	2,298,696	345,007
2021-2022	<u>775,000</u>	<u>36,000</u>
Totals	<u>\$ 5,447,403</u>	<u>\$ 1,183,585</u>

**Revenue Debt**

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

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Revenue Debt (cont.)**

The water utility has pledged future utility revenues, net of specified operating expenses, to repay \$4.0 million in water utility revenue bonds issued in 2002 and 2009. Proceeds from the bonds provided financing for the plant improvements. The bonds are payable solely from utility revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 55% of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,326,801. Principal and interest paid for the current year and total customer net revenues were \$424,853 and \$800,675, respectively.

Revenue debt payable at December 31, 2010, consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2010</u>
<u>Water Utility</u>					
2002 Revenue Bonds	09/26/02	11/01/22	4.25-5.15%	\$ 4,360,000	\$ 3,130,000
2009 Revenue Bonds	03/25/09	11/01/14	2.00-3.00%	1,140,000	<u>855,000</u>
Total Business-Type Activities Revenue Debt					<u>\$ 3,985,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 255,000	\$ 174,370
2012	260,000	167,890
2013	270,000	160,558
2014	280,000	152,068
2015	310,000	142,655
2016-2020	1,810,000	482,460
2021-2022	<u>800,000</u>	<u>61,800</u>
Totals	<u>\$ 3,985,000</u>	<u>\$ 1,341,801</u>

**Other Debt Information**

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

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### *Other Debt Information* (cont.)

A statutory mortgage lien upon the city's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The city's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

##### *Advance and Current Refunding*

On November 29, 2010, the city issued \$1,835,000 in general obligation refunding bonds with an average interest rate of 2.11% to advance refund \$1,110,000 of outstanding 2000 and 2001 notes with an average interest rate of 5% and to current refund \$617,395 of outstanding 2004 and 2008 notes with an average interest rate of 4.32%.

The net proceeds on the advance refunding of \$1,185,899 (after payment of \$45,485 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2000 and 2001 notes. As a result, the notes are considered to be defeased and the liability for those notes has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance and current refundings was \$2,076,614 from 2011 through 2018. The cash flow requirements on the 2010 refunding bonds are \$2,250,479 from 2011 through 2022. The advance and current refundings resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$63,609.

##### *Prior-Year Defeasance of Debt*

In prior years, the city defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the city's financial statements. At December 31, 2010, \$1,125,000 of bonds outstanding are considered defeased. The bonds are callable as follows:

<u>Call Date</u>	<u>Amount</u>
09/01/11	\$ 1,125,000

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

Net assets reported on the government wide statement of net assets at December 31, 2010, includes the following:

#### **Governmental Activities**

Invested in Capital Assets, Net of Related Debt	
Land	\$ 869,699
Construction in progress	35,812
Other capital assets, net of accumulated depreciation	9,398,714
Less: Long-term debt outstanding	(5,447,403)
Plus: Noncapital debt	276,903
Plus: Unamortized debt discount	(79,727)
Total Invested in Capital Assets, Net of Related Debt	<u>5,053,998</u>
Restricted	
200 Cable TV	218,203
810 Library Memorial	61,823
812 Clark Memorial	88,842
Impact fees	16,068
Debt service	30,118
Total Restricted	<u>415,054</u>
Unrestricted	<u>1,701,009</u>
Total Governmental Activities Net Assets	<u>\$ 7,170,061</u>

#### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2010, include the following:

<b>Reserved</b>	
Major Funds	
100 General Fund	
Non-current interfunds	\$ 225,763
Prepaid items	26,263
Tax equivalent	<u>221,427</u>
Total	<u>\$ 473,453</u>
300 General Debt Service Fund	
Debt service	<u>\$ 52,965</u>

**CITY OF WATERLOO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**G. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Funds (cont.)**

**Reserved (cont.)**

Major Funds (cont.)

400 Capital Projects Fund

Loans	\$ <u>17,407</u>
-------	------------------

Nonmajor Funds

Special Revenue Funds

810 Library Memorial	\$ 61,823
----------------------	-----------

812 Clark Memorial	88,842
--------------------	--------

204 Sanitary Sewer Impact Fees	5,429
--------------------------------	-------

203 Park and Recreation Impact Fees	1,634
-------------------------------------	-------

202 Public Works Impact Fees	3,331
------------------------------	-------

201 Stormwater Impact Fees	1,518
----------------------------	-------

205 Water Impact Fees	<u>3,486</u>
-----------------------	--------------

Sub-Total	<u>166,063</u>
-----------	----------------

Capital Project Fund

410 TIF District No. 1	<u>41,000</u>
------------------------	---------------

Total Nonmajor Funds	<u>\$ 207,063</u>
----------------------	-------------------

**Unreserved (designated)**

100 General Fund

Carryovers	\$ 193,657
------------	------------

Long-term liabilities	<u>116</u>
-----------------------	------------

Total	<u>\$ 193,773</u>
-------	-------------------

220 Active Fire - Operating

	<u>\$ 124,478</u>
--	-------------------

400 Capital Projects Fund

Carryovers	\$ 43,838
------------	-----------

Reduction to available funds	<u>(43,838)</u>
------------------------------	-----------------

Total	<u>\$ -</u>
-------	-------------

Nonmajor Funds

Special Revenue Funds

200 Cable TV	\$ 218,203
--------------	------------

820 Honorary Fire Department - Board Designated	<u>155,124</u>
---	----------------

Total	<u>\$ 373,327</u>
-------	-------------------

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### *Governmental Funds* (cont.)

##### **Unreserved (undesignated) (deficit)**

Major Funds	
100 General Fund	\$ 589,889
400 Capital Projects	<u>(247,136)</u>
Total	<u>\$ 342,753</u>
Nonmajor Funds	
Capital Projects Funds	
410 TIF District No. 1	\$ 653,985
402 Sidewalk	<u>8,907</u>
Total	<u>\$ 662,892</u>
 <b><i>Business-type Activities</i></b>	
Invested in capital assets, net of related debt	
Land	\$ 186,606
Construction in progress	14,457
Other capital assets, net of accumulated depreciation	9,633,148
Less: Long-term debt outstanding	<u>(3,985,000)</u>
Plus: Unamortized debt issuance costs	<u>77,197</u>
Total Invested in Capital Assets, Net of Related Debt	<u>5,926,408</u>
Restricted	
Debt service	521,390
Replacement	<u>483,698</u>
Total Restricted	<u>1,005,088</u>
Unrestricted	<u>122,306</u>
Total Business-type Activities Net Assets	<u>\$ 7,053,802</u>

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### *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 assets and 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 \$83,887 and is part of the city's commingled cash. See Note IV. A.

c. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Construction work in progress	\$ -	\$ 16,113	\$ -	\$ 16,113

---

### NOTE V - OTHER INFORMATION

---

#### *A. EMPLOYEES' RETIREMENT SYSTEM*

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

The payroll for city employees covered by the system for the year ended December 31, 2010 was \$1,452,437; the employer's total payroll was \$1,600,938. The total required contribution for the year ended December 31, 2010 was \$185,472 or 12.8% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009 and 2008 were \$173,284 and \$163,787, 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. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System 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, 2010 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**

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.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

Funding for the operating budget of the city comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the city. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the city.

#### ***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 \$414 million as of December 31, 2010.

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

##### *Water and Light Commission*

The Water and Light Commission had 1 significant customer who was responsible for 17% of operating revenues in 2010.

# CITY OF WATERLOO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

---

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

---

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

#### ***F. COMPETITIVE LOCAL EXCHANGE CARRIER (CLEC)***

On December 3, 2001, the Water and Light Commission received authorization from the Public Service Commission to form a CLEC. Operations have not yet commenced. There were some miscellaneous organization costs recorded as non-operating expenses in the amount of \$2,141 in 2001.

#### ***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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,235,457	\$ 1,235,457	\$ 1,238,421	\$ 2,964
Intergovernmental	837,150	839,245	841,250	2,005
Licenses and permits	22,469	26,062	46,158	20,096
Fines, forfeitures and penalties	16,500	16,500	19,420	2,920
Public charges for services	195,237	201,224	207,333	6,109
Investment income	16,000	16,000	4,154	(11,846)
Miscellaneous	41,806	43,548	53,083	9,535
Total Revenues	2,364,619	2,378,036	2,409,819	31,783
<b>EXPENDITURES</b>				
General government	369,249	372,016	365,918	6,098
Public safety	1,107,276	883,240	847,924	35,316
Public works	640,956	663,500	652,204	11,296
Health and human services	10,894	10,966	10,965	1
Culture, education and recreation	376,963	380,470	338,914	41,556
Conservation and development	6,719	6,936	1,867	5,069
Total Expenditures	2,512,057	2,317,128	2,217,792	99,336
Excess of revenues over expenditures	(147,438)	60,908	192,027	131,119
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	182,870	182,870	221,427	38,557
Transfers out	(420,432)	(628,778)	(628,778)	-
Surplus funds applied	385,000	385,000	-	(385,000)
Total Other Financing Sources (Uses)	147,438	(60,908)	(407,351)	(346,443)
<b>Net Change in Fund Balance</b>	-	-	(215,324)	(215,324)
FUND BALANCE - Beginning of Year	1,472,439	1,472,439	1,472,439	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,472,439</b>	<b>\$ 1,472,439</b>	<b>\$ 1,257,115</b>	<b>\$ (215,324)</b>

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

## CITY OF WATERLOO

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 220 ACTIVE FIRE - OPERATING For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Fire insurance tax (2% fire dues)	8,100	8,100	10,263	2,163
State aid - ambulance	4,000	4,000	8,235	4,235
Payments for municipal services	<u>153,645</u>	<u>153,645</u>	<u>153,645</u>	<u>-</u>
Total Intergovernmental Charges for Services	<u>165,745</u>	<u>165,745</u>	<u>172,143</u>	<u>6,398</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Public safety	<u>98,000</u>	<u>98,000</u>	<u>131,488</u>	<u>33,488</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>539</u>	<u>(461)</u>
<b>MISCELLANEOUS</b>				
Rent	300	300	225	(75)
Property sales	-	-	6,085	6,085
Donations, trusts and memorials	-	5,137	5,137	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,611</u>	<u>1,611</u>
Total Miscellaneous	<u>300</u>	<u>5,437</u>	<u>13,058</u>	<u>7,621</u>
Total Revenues	<u>265,045</u>	<u>270,182</u>	<u>317,228</u>	<u>47,046</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Other general government	<u>1,500</u>	<u>1,500</u>	<u>413</u>	<u>1,087</u>
<b>PUBLIC SAFETY</b>				
Fire suppression	<u>534,563</u>	<u>539,700</u>	<u>404,738</u>	<u>134,962</u>
<b>CAPITAL OUTLAY</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>232,295</u>	<u>(232,295)</u>
	<u>536,063</u>	<u>541,200</u>	<u>637,446</u>	<u>(96,246)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,018)</u>	<u>(271,018)</u>	<u>(320,218)</u>	<u>(49,200)</u>

See accompanying notes to required supplementary information.

## CITY OF WATERLOO

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 220 ACTIVE FIRE - OPERATING For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 332,778	\$ 332,778	\$ 243,144	\$ (89,634)
Transfers out	(110,000)	(110,000)	-	110,000
Total Other Financing Sources (Uses)	<u>222,778</u>	<u>222,778</u>	<u>243,144</u>	<u>20,366</u>
<b>Net Change in Fund Balance</b>	(48,240)	(48,240)	(77,074)	(28,834)
FUND BALANCE - Beginning of Year	<u>201,552</u>	<u>201,552</u>	<u>201,552</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 153,312</u></u>	<u><u>\$ 153,312</u></u>	<u><u>\$ 124,478</u></u>	<u><u>\$ (28,834)</u></u>

See accompanying notes to required supplementary information.

# CITY OF WATERLOO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2010

---

### *BUDGETARY INFORMATION*

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>		<u>Expenditures</u>		<u>Excess</u>
<u>Active Fire - Operating</u>					
Capital outlay	\$	-	\$ 232,295	\$	232,295

**SUPPLEMENTARY INFORMATION**

## CITY OF WATERLOO

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property tax	\$ 1,187,736	\$ 1,187,736	\$ 1,187,736	\$ -
Occupational taxes	145	145	145	-
Mobile home parking permit fees	22,100	22,100	24,476	2,376
Payment in lieu of taxes - hospital	25,426	25,426	26,062	636
Interest on taxes	50	50	2	(48)
Total Taxes	<u>1,235,457</u>	<u>1,235,457</u>	<u>1,238,421</u>	<u>2,964</u>
<b>INTERGOVERNMENTAL</b>				
State shared revenues	503,169	503,169	502,204	(965)
State aid - connecting streets	206,731	206,731	206,798	67
State aid - exempt computers	5,617	5,617	5,168	(449)
State aid - recycling	18,218	18,218	19,167	949
State aid - taxi	38,500	38,500	34,485	(4,015)
State aid - law enforcement	2,000	4,082	3,922	(160)
County aid - library	62,915	62,928	62,928	-
Federal aid - library	-	-	6,578	6,578
Total Intergovernmental	<u>837,150</u>	<u>839,245</u>	<u>841,250</u>	<u>2,005</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	6,800	6,800	7,453	653
Operators' licenses	2,000	2,000	1,830	(170)
Cigarette licenses	500	500	500	-
Mobile home park licenses	174	174	174	-
Bicycle licenses	50	50	165	115
Dog and cat licenses	4,000	4,000	5,241	1,241
Soft drink licenses	170	170	165	(5)
Miscellaneous licenses	100	100	140	40
Building permits	4,000	7,593	9,544	1,951
Electrical permits	1,200	1,200	3,650	2,450
Plumbing permits	700	700	2,513	1,813
Heating and air conditioning permits	500	500	3,005	2,505
Erosion control permits	200	200	1,938	1,738
Sign permits	150	150	368	218
Wisconsin building seal	25	25	205	180
Other permits	1,000	1,000	3,573	2,573
Other	900	900	5,694	4,794
Total Licenses and Permits	<u>22,469</u>	<u>26,062</u>	<u>46,158</u>	<u>20,096</u>

## CITY OF WATERLOO

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

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	\$ 9,500	\$ 9,500	\$ 10,035	\$ 535
Parking violations	4,000	4,000	5,280	1,280
Library fees and fines	3,000	3,000	4,105	1,105
Total Fines, Forfeitures and Penalties	<u>16,500</u>	<u>16,500</u>	<u>19,420</u>	<u>2,920</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Sale of materials and supplies	100	100	14	(86)
Clerk's fees	4,300	4,300	4,536	236
Accident reports	200	200	1,786	1,586
Animal pound	50	50	150	100
Street maintenance and materials	1,200	1,200	2,089	889
Weed and nuisance control	100	100	50	(50)
Refuse and garbage collection	186,346	192,333	192,333	-
Recycling	500	500	828	328
Other library fees	1,675	1,675	2,308	633
Sewer connection charges	766	766	3,239	2,473
Total Public Charges for Services	<u>195,237</u>	<u>201,224</u>	<u>207,333</u>	<u>6,109</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>16,000</u>	<u>16,000</u>	<u>4,154</u>	<u>(11,846)</u>
<b>MISCELLANEOUS</b>				
Awards and damages	500	500	9,109	8,609
Rent	-	-	625	625
Donations, trusts and memorials	41,246	42,988	42,948	(40)
Miscellaneous	60	60	401	341
Total Miscellaneous	<u>41,806</u>	<u>43,548</u>	<u>53,083</u>	<u>9,535</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 2,364,619</u></u>	<u><u>\$ 2,378,036</u></u>	<u><u>\$ 2,409,819</u></u>	<u><u>\$ 31,783</u></u>

## CITY OF WATERLOO

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

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 12,807	\$ 12,807	\$ 12,039	\$ 768
Mayor	5,118	5,118	4,259	859
Clerk/treasurer	211,850	213,695	213,698	(3)
Legislative support	3,100	3,425	4,077	(652)
Elections	4,200	4,200	2,480	1,720
Assessment of property	15,715	15,715	14,153	1,562
Special accounting and auditing	25,750	35,106	35,106	-
City attorney	5,000	5,000	4,143	857
Municipal building	18,065	18,613	18,341	272
Contingency	8,084	1,500	1,500	-
Property and liability insurance	55,244	48,044	47,965	79
Other general government	4,316	8,793	8,157	636
Total General Government	<u>369,249</u>	<u>372,016</u>	<u>365,918</u>	<u>6,098</u>
<b>PUBLIC SAFETY</b>				
Police - administration	290,247	290,247	277,582	12,665
Police - patrol	557,901	537,618	516,953	20,665
Fire suppression	242,778	35,432	35,432	-
Inspection	9,600	13,193	13,192	1
Emergency government civil defense	6,750	6,750	4,765	1,985
Total Public Safety	<u>1,107,276</u>	<u>883,240</u>	<u>847,924</u>	<u>35,316</u>
<b>PUBLIC WORKS</b>				
Machinery equipment	32,485	40,175	37,005	3,170
Garages	10,450	11,355	10,947	408
Engineering	8,460	16,077	15,367	710
Street maintenance	20,200	23,217	23,027	190
Bridges and culverts	200	200	64	136
Snow and ice control	22,025	22,025	19,415	2,610
Traffic control	9,400	9,400	8,686	714
Street lighting	55,000	58,283	58,283	-
Storm sewers	3,650	2,706	-	2,706
Tree and brush control	5,800	7,542	7,545	(3)
Taxi program	45,500	45,500	46,460	(960)
Sanitary sewers	6,375	6,375	3,909	2,466
Garbage billing fee	186,497	196,008	195,958	50
Sanitary landfill	-	4,166	3,873	293
Public works/highway administration	234,914	220,471	221,665	(1,194)
Total Public Works	<u>640,956</u>	<u>663,500</u>	<u>652,204</u>	<u>11,296</u>

## CITY OF WATERLOO

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - 100 GENERAL FUND For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>HEALTH AND HUMAN SERVICES</b>				
Insect control	\$ -	\$ 72	\$ 71	\$ 1
Animal control	6,894	6,894	6,894	-
Cemetery	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total Health and Human Services	<u>10,894</u>	<u>10,966</u>	<u>10,965</u>	<u>1</u>
<b>CULTURE, EDUCATION AND RECREATION</b>				
Library	354,525	354,538	318,304	36,234
Summer recreation	5,200	5,200	5,200	-
Celebration and entertainment	6,500	5,739	5,628	111
Parks	1,500	5,359	5,277	82
Warming house	1,500	1,896	1,760	136
Community center	<u>7,738</u>	<u>7,738</u>	<u>2,745</u>	<u>4,993</u>
Total Culture, Education and Recreation	<u>376,963</u>	<u>380,470</u>	<u>338,914</u>	<u>41,556</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Weed control	1,000	1,218	1,142	76
Regional planning commission	<u>5,719</u>	<u>5,718</u>	<u>725</u>	<u>4,993</u>
Total Conservation and Development	<u>6,719</u>	<u>6,936</u>	<u>1,867</u>	<u>5,069</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,512,057</u>	<u>\$ 2,317,128</u>	<u>\$ 2,217,792</u>	<u>\$ 99,336</u>

**CITY OF WATERLOO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2010

	Special Revenue Funds			
	200 Cable TV	820 Active Fire Department - Held by City	820 Honorary Fire Department - Board Designated	810 Library Memorial
<b>ASSETS</b>				
Cash and investments	\$ 209,744	\$ -	\$ 155,124	\$ 61,823
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Accounts	8,510	-	-	-
Special assessments	-	-	-	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 218,254</u>	<u>\$ -</u>	<u>\$ 155,124</u>	<u>\$ 61,823</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 51	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Deferred special assessments	-	-	-	-
Total Liabilities	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Reserved				
Advances	-	-	-	-
Endowments	-	-	-	61,823
Impact fees	-	-	-	-
Unreserved, designated				
Special revenue funds	218,203	-	155,124	-
Unreserved, undesignated				
Capital project funds	-	-	-	-
Total Fund Balances	<u>218,203</u>	<u>-</u>	<u>155,124</u>	<u>61,823</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 218,254</u>	<u>\$ -</u>	<u>\$ 155,124</u>	<u>\$ 61,823</u>

Special Revenue Funds						Capital Project Funds
812 Clark Memorial	204 Sanitary Sewer Impact Fees	203 Park and Recreation Impact Fees	202 Public Works Impact Fees	201 Stormwater Impact Fees	205 Water Impact Fees	410 TIF District No. 1
\$ 77,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 653,985
-	5,429	2,304	3,331	1,518	3,486	-
-	-	-	-	-	-	141,081
10,950	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	41,000
<u>\$ 88,842</u>	<u>\$ 5,429</u>	<u>\$ 2,304</u>	<u>\$ 3,331</u>	<u>\$ 1,518</u>	<u>\$ 3,486</u>	<u>\$ 836,066</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	670	-	-	-	-
-	-	-	-	-	-	141,081
-	-	-	-	-	-	-
-	-	670	-	-	-	141,081
-	-	-	-	-	-	41,000
88,842	-	-	-	-	-	-
-	5,429	1,634	3,331	1,518	3,486	-
-	-	-	-	-	-	-
-	-	-	-	-	-	653,985
<u>88,842</u>	<u>5,429</u>	<u>1,634</u>	<u>3,331</u>	<u>1,518</u>	<u>3,486</u>	<u>694,985</u>
<u>\$ 88,842</u>	<u>\$ 5,429</u>	<u>\$ 2,304</u>	<u>\$ 3,331</u>	<u>\$ 1,518</u>	<u>\$ 3,486</u>	<u>\$ 836,066</u>

**CITY OF WATERLOO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2010

	<u>Capital Project Funds</u>	
	<u>402 Sidewalk</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>		
Cash and investments	\$ 8,907	\$ 1,167,475
Restricted cash and investments	-	16,068
Receivables		
Taxes	-	141,081
Accounts	2,400	21,860
Special assessments	2,530	2,530
Advances to other funds	-	41,000
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 13,837</u>	<u>\$ 1,390,014</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 2,400	\$ 2,451
Due to other funds	-	670
Deferred revenues	-	141,081
Deferred special assessments	2,530	2,530
Total Liabilities	<u>4,930</u>	<u>146,732</u>
Fund Balances		
Reserved		
Advances	-	41,000
Endowments	-	150,665
Impact fees	-	15,398
Unreserved, designated		
Special revenue funds	-	373,327
Unreserved, undesignated		
Capital project funds	8,907	662,892
Total Fund Balances	<u>8,907</u>	<u>1,243,282</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,837</u>	<u>\$ 1,390,014</u>

## CITY OF WATERLOO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2010

	Special Revenue Funds			
	200 Cable TV	820 Active Fire Department - Held by City	820 Honorary Fire Department - Board Designated	810 Library Memorial
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	34,380	-	-	-
Public charges for services	-	-	-	-
Investment income	432	-	494	119
Miscellaneous	1,411	-	12,945	20,200
<b>Total Revenues</b>	<u>36,223</u>	<u>-</u>	<u>13,439</u>	<u>20,319</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	67,354	-
Culture, education and recreation	30,382	-	-	1,268
Conservation and development	-	-	-	-
<b>Total Expenditures</b>	<u>30,382</u>	<u>-</u>	<u>67,354</u>	<u>1,268</u>
Excess (deficiency) of revenues over expenditures	<u>5,841</u>	<u>-</u>	<u>(53,915)</u>	<u>19,051</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	49,119	-
Transfers out	-	(48,119)	(366)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(48,119)</u>	<u>48,753</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	5,841	(48,119)	(5,162)	19,051
FUND BALANCES - Beginning of Year	<u>212,362</u>	<u>48,119</u>	<u>160,286</u>	<u>42,772</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 218,203</u>	<u>\$ -</u>	<u>\$ 155,124</u>	<u>\$ 61,823</u>

Special Revenue Funds						Capital Project Funds
812 Clark Memorial	204 Sanitary Sewer Impact Fees	203 Park and Recreation Impact Fees	202 Public Works Impact Fees	201 Stormwater Impact Fees	205 Water Impact Fees	410 TIF District No. 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,482
-	-	-	-	-	-	138,745
-	-	-	-	-	-	-
-	3,044	1,304	1,884	860	2,784	-
-	7	3	4	2	3	-
<u>45,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>45,043</u>	<u>3,051</u>	<u>1,307</u>	<u>1,888</u>	<u>862</u>	<u>2,787</u>	<u>277,227</u>
-	-	-	-	-	-	1,650
-	-	-	-	-	-	-
12,578	-	-	-	-	-	-
-	-	-	-	-	-	100,000
<u>12,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,650</u>
<u>32,465</u>	<u>3,051</u>	<u>1,307</u>	<u>1,888</u>	<u>862</u>	<u>2,787</u>	<u>175,577</u>
-	-	-	-	-	-	-
<u>(20,089)</u>	<u>-</u>	<u>(670)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,243)</u>
<u>(20,089)</u>	<u>-</u>	<u>(670)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,243)</u>
12,376	3,051	637	1,888	862	2,787	112,334
<u>76,466</u>	<u>2,378</u>	<u>997</u>	<u>1,443</u>	<u>656</u>	<u>699</u>	<u>582,651</u>
<u>\$ 88,842</u>	<u>\$ 5,429</u>	<u>\$ 1,634</u>	<u>\$ 3,331</u>	<u>\$ 1,518</u>	<u>\$ 3,486</u>	<u>\$ 694,985</u>

# CITY OF WATERLOO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	Capital Project Funds	Total Nonmajor Governmental Funds
	402 Sidewalk	Funds
<b>REVENUES</b>		
Taxes	\$ -	\$ 138,482
Intergovernmental	-	138,745
Licenses and permits	-	34,380
Public charges for services	5,550	15,426
Investment income	-	1,064
Miscellaneous	-	79,599
Total Revenues	5,550	407,696
<b>EXPENDITURES</b>		
Current		
General government	2,401	4,051
Public safety	-	67,354
Culture, education and recreation	-	44,228
Conservation and development	-	100,000
Total Expenditures	2,401	215,633
Excess (deficiency) of revenues over expenditures	3,149	192,063
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	49,119
Transfers out	-	(132,487)
Total Other Financing Sources (Uses)	-	(83,368)
<b>Net Change in Fund Balances</b>	3,149	108,695
FUND BALANCES - Beginning of Year	5,758	1,134,587
<b>FUND BALANCES - END OF YEAR</b>	\$ 8,907	\$ 1,243,282

**CITY OF WATERLOO**

STATEMENT OF CASH FLOWS  
COMPONENT UNIT  
For the Year Ended December 31, 2010

---

600  
Community  
Development  
Authority

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Contribution from TIF District No. 1 \$ 100,000  
Acquisition and construction of capital assets (16,113)

**Net Change in Cash and Cash Equivalents** 83,887

CASH AND CASH EQUIVALENTS - Beginning of Year -

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 83,887

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

None