

Annual Comprehensive Financial Report



FISCAL YEAR ENDED
JUNE 30, 2023
CITY OF WATERLOO, IOWA

City of Waterloo, Iowa
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

Prepared by:
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INTRODUCTORY SECTION



CITY OF WATERLOO

Finance Office

February 13, 2024

Mayor
QUENTIN
HART

Members of the City Council
and Citizens of the City of Waterloo, Iowa

COUNCIL
MEMBERS

JOHN
CHILES
Ward 1

We are pleased to present the Annual Comprehensive Financial Report of the City of Waterloo, Iowa (City) for the year ended June 30, 2023, in accordance with the provisions of Chapter 11 of the *Code of Iowa*. This report is published to provide the City Council and citizens with detailed information concerning the financial condition of the City. It has also been audited by an independent certified public accounting firm in accordance with generally accepted auditing standards and the federal single audit act requirements, including the provisions of Title 2 of the U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). BerganKDV issued an unmodified ("clean") opinion on the financial statements for the year ended June 30, 2023.

JONATHAN
GRIEDER
Ward 2

NIA
WILDER
Ward 3

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BELINDA
CREIGHTON
-SMITH,
Ward 4

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

RAY
FEUSS
Ward 5

THE CITY'S BACKGROUND AND SERVICES

ROB
NICHOLS
At-Large

Waterloo is the 8th largest and historically one of the most diverse cities in the State of Iowa with a population of 67,314, according to the 2020 U.S. Census. The City was incorporated in 1868 and is the county seat of Black Hawk County. Waterloo and the neighboring City of Cedar Falls are the primary urban centers in the area, serving as a retail and healthcare hub for the region. The City is empowered to levy a property tax on real property located within its boundaries. The City operates under a Mayor – Council form of government, with the mayor as the elected chief executive. The City Council is comprised of seven members, five of whom are elected from separate wards and two who are elected at-large. The Mayor is elected to two-year terms, and the City Council members are elected to four-year staggered terms.

DAVE
BOESEN
At-Large

THE CITY'S BACKGROUND AND SERVICES (CONTINUED)

The City of Waterloo provides a full range of municipal services to its citizens and is organized into a number of operating departments, the activities of which are directed by the Mayor. The public services provided by the employees of the City include police and fire protection, building inspections and animal control, a regional airport, construction and maintenance of highways, streets, and other infrastructure, and recreational and cultural and arts services. The City also provides solid waste collection and wastewater treatment services. Other human services are provided through the community development, housing, and human rights departments. The central garage provides vehicle maintenance services, and the human resources, management information systems, city attorney, city clerk and finance departments perform various administrative functions.

Funds, agencies, boards, commissions, trusts and authorities involved in the provision of municipal services must be included in the City's financial reporting as component units if the City is financially accountable. Although the Waterloo Water Works and the Waterloo Convention & Visitors Bureau, Inc. are operated as independent entities, they meet the requirements to be considered component units of the City and these entities are included in this report. The Waterloo Community School District and the Metropolitan Transit Authority do not meet the established criteria for component entities of the City and are not included in this report.

ECONOMIC OUTLOOK

The economy of Waterloo and the Cedar Valley area is seeing continued commercial and industrial activity. The largest employer in the City is Deere & Company through its Waterloo Works Drivetrain Operations, Engine Works, Foundry, Product Engineering and Assembly facilities. Other major employers include Tyson Foods, University of Northern Iowa, Mercy One, Unity Point Health, Hy-Vee and The VGM Group.

The area's regional economic development corporation, Grow Cedar Valley, works with the city to help create development in Waterloo as well as the entire metropolitan area. Total building permit valuation for Waterloo was over \$100 million for the tenth straight year, reaching over \$135 million for the fiscal year ending June 30, 2023. The City has averaged \$138.6 million during the past 5 years in permit activity. New housing starts were at 245 new units. Waterloo is a regional retail center for Black Hawk and surrounding counties. Retail sales were \$1,279.3 million in fiscal 2023, an increase of \$30.10 million from the prior year. Waterloo's population declined in the official 2020 census, although the City believes it has remained relatively stable during the past decade.

The overall city tax base has reflected an average annual growth of approximately -0.29% during the last five years. The City has developed a more diverse employment base in recent years, although Deere & Company continues to play a major role in the local economy. Deere (a Fortune 100 company) remains the city's largest employer and also its largest taxpayer. The company has invested over \$1.0 billion in its Waterloo facilities since 2010, including the Westfield advanced manufacturing facility and the Waterloo Foundry, the largest electric foundry in the state. The City's unemployment level as of September 30, 2023, was 3.0% compared to the state level of 3.0% and the federal level of 3.8%.

ECONOMIC OUTLOOK (CONTINUED)

Downtown/Cedar Valley Riverfront Renaissance

The Riverfront Renaissance project utilized state "Vision Iowa" funds, as well as private funds, local funds, and partnerships with other businesses to create three new major developments to revitalize the downtown area along the Cedar River:

- The RiverWalk Loop – a walking and recreational trail system along the banks of Cedar River from 1st Street to 18th Street in Downtown Waterloo.
- The Cedar River Dam improvements – an inflatable bladder dam system that improved recreational water depth upstream of the dam at 4th Street.
- The Riverfront Amphitheater – this space has become a popular destination for many activities and is bringing more residents and visitors to downtown Waterloo and the riverfront.

Downtown/Cedar Valley SportsPlex

The Cedar Valley SportsPlex is a 125,000 square-foot recreational facility with indoor soccer fields, gyms, a leisure pool and slide, fitness facility, running track and multi-purpose activity spaces. The facility opened in 2014 and now has approximately 7,678 members.

Downtown/Cedar Valley TechWorks Campus

At the other end of the Riverwalk Loop, the \$52 million Cedar Valley TechWorks Campus Project has transformed two former Deere and Co. 6-story industrial buildings into a Marriott Hotel, Deere Training center (Tech Two building) and a multi-tenant green technology and advanced manufacturing innovation center (Tech One building). The Marriot was the first project approved under the Iowa Reinvestment District (IRD) program. The Tech One Building contains advanced educational platforms for the University of Northern Iowa and their Metal Casting Center classes, Hawkeye Community College completed the renovation of the 2nd floor for their IGNITE (Introduction to Advanced Manufacturing) and smart automation and robotics classes in the spring of 2023. The City has entered into a lease agreement with Waterloo Development Corporation for a ground lease of 5.25 acres of land for the development of a hard court facility on campus. The City is currently completing site prep work and construction is set to begin in 2024.

Lincoln Savings Bank has recently renovated a 50-year old former Deere factory at a total project investment of \$18.3 million. LSB currently occupies two of the top three floors of the Tech One building to house their financial technology operation, which is projected to add over 300 new employees into the Downtown Waterloo area. LSB is now underway to renovate the 4th floor for expansion opportunities, at a cost of \$4.4 million.

The IRD development also includes the creation of a Marina along the Cedar River. This is a part of a water trail designation in Black Hawk County in partnership with the City of Cedar Falls. More than \$500,000 in federal enhancement funds have been programmed for this project, \$75,000 will come from a State of Iowa Great Places grant, and some other smaller and local funding support. Construction of a trail along the river and docks for kayaks and other boats was completed during the Summer of 2023. The City is also platting additional lots for commercial development in the area.

ECONOMIC OUTLOOK (CONTINUED)

Downtown/Other Developments

Other developments in the downtown area include the \$15 million Grand Crossing development. Phases I and II are complete with 108 condominium units and first floor retail and commercial space including a medical office, Jimmy John's restaurant, and coffee shop. Plans are being drawn up for Phase III of the development on former Department of Transportation land. The \$8 million urban campus developed by Hawkeye Community College is bringing additional educational and student services populations downtown.

The \$2.5 million renovation of the historic Friedl Bakery building is complete, with 3 commercial spaces on main floor and 12 new residential units above. The Art Bloc, a seven-story 72 unit residential tower on the riverfront near the RiverLoop Amphitheater, is now open as well, and leasing space to tenants. JSA completed \$3.0 million renovation at West 5th and Jefferson Street – mixed use building with commercial space and 7 new residential units.

Makenda LLC has completed a \$10 million interior and exterior renovation of the former Ramada Hotel in Downtown Waterloo, which has re-opened as a dual-branded Best Western Plus and Executive Residency Hotel. The City has hired Global Spectrum, L.P. to manage the Waterloo Convention Center, located directly across the street from this hotel. The Convention Center is currently undergoing a \$13 million renovation, including interior renovations on both floors with new equipment, signage, and an addition at the main entrance.

Lincoln Park, a popular downtown destination, was recently improved with a \$1 million facelift including improved infrastructure, new seating, lighting, and walkways.

North Crossing

North Crossing, the former Logan Plaza Shopping Center in the northern part of the City, was acquired by a developer and completely demolished, with plans to replace it with several new medical and retail buildings. All five phases of the project are now complete with over \$10 million in new taxable value. The project includes multiple medical buildings, a new Burger King restaurant, Kwik Star convenience store and strip mall renovations. Over 40 acres of land are available for additional development in this area. The public-private partnership for the redevelopment has been created from:

- The \$30 million Highway 63 redevelopment project which created green space, aesthetics, recreational trails, and economic opportunity along the corridor, as well as improving traffic movements with turning lanes
- The continued investment by Unity Point Health (formerly Allen Hospital) with over \$40 million in improvements and expansions to the hospital campus, and over \$8 million in the Nursing College campus.
- The new Carver Academy middle school built on the former Logan School site, offering a more aesthetically pleasing campus setup for students with a greenhouse, and partnerships with other entities.

ECONOMIC OUTLOOK (CONTINUED)

North Crossing (Continued)

An additional \$10 million investment is under design for the buildout of the North Crossing medical-retail campus, including a new senior center in partnership with Unity Point, 180-unit multi-family residential campus, and a day care center, also in partnership with Unity Point Hospital, as well as new streets, improvements for drainage, and 14 new lots for retail, restaurant, and office development.

Midport

The City completed the construction of the majority of the infrastructure needed to open over 400 acres for commercial and industrial development in the Waterloo Air & Rail Park (WARP) located near the Waterloo Regional Airport. The City received a State of Iowa RISE award for construction of WARP Drive, which serves 38 acres of land and is now complete. The City received a second RISE award for the construction of Hyper Drive to serve an additional 32 acres, including the entrance to serve the new \$8 million CPM manufacturing plant. The City has three other smaller projects working to start construction in the new area. With only two lots available in the area the City is currently working on plans to extend Warp Drive to open an additional 28 acres for development.

A number of developers have plans for smaller infill construction projects in the Airport area, comprising 14 lots with a projected \$8 million investment.

There has been over \$3.0 million in private investment in new hangars at the Waterloo Regional Airport.

The City has a Development Agreement with a new infill 50,000 sq. ft. \$2.5 million industrial building on the former Schultz Manufacturing site. This infill site works to create better industrial density of the area and will help to develop smaller lots along David Street as well.

Hydrite Chemical continues its plans for expansions, with its 4th expansion in 12 years, with a new office, warehousing, and further roadway investments and rail expansions at its site on WCF and N Drive. This expansion, like the others before it, will add employees, aimed at 13 for this expansion.

Other New Development Projects

The Lost Island Theme Park, a \$104 million investment by the Bertch family to create a new theme park near the #2 nationally ranked Lost Island Waterpark on the city's southeast side opened during the summer of 2022. The City has received a State of Iowa \$3.2 million RISE award for the construction of Shaulis Road directly in front of the Theme Park. The project will add lanes for increased traffic, as well as work to improve drainage conditions in the corridor, and is currently in progress. The City completed a roundabout at the corner of Hess Road and Shaulis Road to allow for better traffic flow to the Theme Park, Water Park, and Casino.

ECONOMIC OUTLOOK (CONTINUED)

Other New Development Projects (Continued)

The former Greyhound Park has been demolished, creating new development land near the U.S. Highways 20 and 63 interchange. A Love's Travel Center and a new Casey's convenience store are now open. Warren Transport is under construction for their \$8.6 million new headquarters and vehicle maintenance facility. Cedar Valley Crossing has built roadways and platted lots for a new 10-lot industrial park, with the first building at 50,000 sq. ft. now occupied, a 30,000 sq. ft. building was completed in 2023 along Marnie Drive and an additional building is planned to be constructed in 2024. Around the intersection of Highway 63 and West Ridgeway Avenue we also have Cardinal Construction with multiple new buildings on their site, two new 8,400 sq. ft. commercial buildings to the south of them, as well as an expansion of the Kwik Star fuel blending facility.

Crystal Distribution completed construction of a new \$21.0 million cold storage facility in the former Rath Packing plant area in 2023. This brownfield redevelopment will create an additional 23 acres in lots for continued infill projects. The City received a \$1.7 million RISE grant to aid with the 11th Street Bridge replacement project, for the industrial reinvestment.

Con-trol has completed their new \$12 million cross-docking facility in the Northeast Industrial Park. The City has received a State of Iowa RISE award for the reconstruction of a portion of Newell Street, to add turning lanes and flatten out for sight visibility, to facilitate the Con-trol project. The City has two other smaller buildings projects as well, with A and T Trucking building their new \$300,000 site in the area, and Gray Transportation expanding with a \$1.6 million new building.

The Boys & Girls Club has finished construction of a \$5.0 million Teen Center in the Walnut Historic Neighborhood near downtown. Within this neighborhood, All-In Grocers completed construction on a \$2.5 million grocery store and there has been \$2.8 million of residential construction and rehabilitation work completed in partnership with Iowa Heartland Habitat for Humanity and private developers.

The San Marnan corridor continues to see new development, including the \$1.5 million Cedar Valley Hospice office, a \$1.6 million addition by Locke Funeral Home, and a new \$1.1 million facility for Club Car Wash. The South Waterloo Business Park, a State of Iowa Certified Site (which is an intense process of acquiring a full plat layout, archeological, historical, soil surveys, etc.) is 183 acres of land acquired by the City for business park development. The City entered into a development agreement for developers from Des Moines to begin construction of light industrial buildings on 60 acres of the South Waterloo Business Park, with an option on the remaining 123 acres.

The City is also working on several projects in the University corridor, with recent projects completed of: the \$9.6 million Greenhill apartment project, the \$3.4 million Maple Lanes renovation, \$2.9 million in renovations completed by Digestive Healthcare, a new \$2.8 million facility for Tommy Car Wash, the \$1.8 million renovation/rebuild of the Papa John's strip center to include a Family Dollar and other tenant space.

The former Schoitz Hospital, at the northeast corner of Kimball Avenue and West Ridgeway Avenue, has been demolished and will be redeveloped into three commercial lots and one residential lot. Planned projects announced include a Scooter's restaurant, a new Kwik Star food market, and a new multi-family residential 8-plex.

ECONOMIC OUTLOOK (CONTINUED)

Housing Projects

The City has recently worked with Waterloo Schools for more land for infill – one project will create 32 new residential units on a former school (Edison School) site. The City is also working for a new project for the former Orange School site, and around the new Orange school site. Paradise estates began construction on their first phase of development of approximately 130 acres for single family homes near the school.

The City also created the Infill Housing Program, with over 100 new units as a part of the program to reinvest into older neighborhoods in the community. The CLURA, a tax abatement program, is also raising the number of the housing units built per year on average. The City further partnered with Hawkeye Community College to have students build new homes on lots owned by the City of Waterloo (obtained through blight elimination program). The partnership built 4 homes and Hawkeye is now starting on a five-home development on the former Williston Field site.

Street Improvements

The one-cent local option tax was approved in 2013 for another ten years, to be used for street repairs and improvements. Other major construction initiatives that are primarily funded with Metropolitan Planning Organization (MPO) funds and grants and include the reconstruction of Highway 63 through the northern part of the City, which was completed in 2020, with pedestrian enhancements completed in 2022.

The City has been awarded \$12.5 million in federal competitive bridge funds and a \$1.7 million State of Iowa RISE grant to assist with the reconstruction of the Park Avenue and 11th St. bridges in the downtown area. Construction of the bridge project is underway.

Design is underway for the La Porte Road corridor to improve streets and bike trails near the new Lost Worlds Theme Park and the Crossroads Shopping Center area. The La Porte Road segments include over \$8.5 million in federal roadway (MPO) funding, and the City was awarded a \$340,000 RISE grant for improvements to the adjoining Shaulis Road area for additional improvements to turning lanes, flood control, and intersection improvements to accommodate anticipated theme park traffic. The City of Waterloo just received a \$20.5 million RAISE grant from the federal government, matching that with the MPO funds, we will work to complete the \$30 million project over the next 3 years.

Infrastructure Improvements

The City of Waterloo started construction of a fiber system backbone and to home program throughout the City – working with Magellan Advisors for a plan and design, conducting a consumer survey, passing a local referendum vote for bonding over \$20 million for fiber installation. Receiving an EDA grant for fiber design, applying for a Middle Mile grant for over \$20 million in fiber backbone funds, and moving ahead with this tremendous Smart City initiative to work towards the future of Waterloo for its own utility operations, improving the environment for its business and residential communities, and improving our future ability to draw both new business and new homeowners to the area. The first users were connected in December of 2023.

ECONOMIC OUTLOOK (CONTINUED)

Recreational Facilities

The City is also continuing to develop its extensive system of bike trails, which are being connected to countywide and regional trail networks, creating a system of more than 117 miles of trails. The Riverwalk Loop trail in downtown Waterloo has been completed and a new trail has been constructed along the newly constructed Shaulis Road connection from Highway 63 to the Isle of Capri Boulevard. This trail system connects directly into the American Discovery Trail. Major trail facilities have been added as part of the University Avenue reconstruction project, including a new 10 ft. wide concrete recreational trail from the West Waterloo city limits to U.S. Highway 63. A new trailhead, parking lot, and trail underpass has been constructed at the University Avenue and Highway 63 intersection. A recreational area for all-terrain vehicle trails has also been developed in the Riverview neighborhood. The City recently built a new Riverfront Skateboard park near MidAmerican Energy Company. The City has received a grant for the construction of the Shaulis Road Recreational Trail in the southeast part of the City, which was completed in 2023. The new La Porte Road redevelopment will also work to link into the Downtown Waterloo trail system at its northeast-most point.

Phase 1 of the Greenbelt Lake Improvements Project has been completed with a REAP grant for a \$200,000 investment in a new accessible fishing pier with several shoreline fishing points and a large pollinator planting.

Construction is currently underway for the redevelopment of Waterloo's aquatic facilities at Byrnes Park and Gates Park.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waterloo, Iowa for its Annual Comprehensive Financial Report (ACFR) for fiscal year 2022. This is the nineteenth year that the City received this award, which is a prestigious national award, recognizing conformance with the highest standards for the preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the current report continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

FINANCIAL MANAGEMENT INFORMATION

Budgetary Controls - The City's management staff is responsible and is actively involved in the financial planning and management of the City's daily operations and long-range strategic planning. The objective of budgetary controls is to ensure compliance with the annual budget approved by the City Council, as well as budget control procedures mandated by the State of Iowa.

FINANCIAL MANAGEMENT INFORMATION (CONTINUED)

Management control policies adopted by the City Council require that departmental and activity budgets comply with departmental appropriations. Amendments exceeding de minimus guidelines require the specific approval of the City Council Finance Committee. These policies also require certain non-routine expenditures exceeding \$2,500 to be pre-authorized by the City Council Finance Committee.

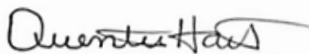
Long-term financial and capital improvement planning are crucial strategic functions of the City. The City's management staff, coordinated by the Planning Department, prepares, and presents the five-year Capital Improvement Program (CIP) to the Mayor and City Council for their review and approval annually. The CIP outlines the City's planned schedule of capital project construction over the next five-year cycle. The CIP provides an analysis of the financial funding impact and capital debt impact of the planned construction project program.

The City met the minimum fund balance requirement for the General Fund and adhered to all other financial policies approved by the City Council.


ACKNOWLEDGMENTS

This report could not have been completed without the dedicated service of the entire Finance department and other City staff in addition to the BerganKDV audit team. We want to thank all of the City departments for their assistance in providing data necessary for this report. Special thanks go to Emily Graham, Brent Bohlen, and Kimberly Bahr in the Finance Department and also the City Clerk staff. Each of you has our appreciation and respect for your contributions to this report. We also want to thank the members of the City Council for their support of our efforts to conduct the financial operations of the City in a responsible and progressive manner.

Sincerely,



Quentin Hart
Mayor



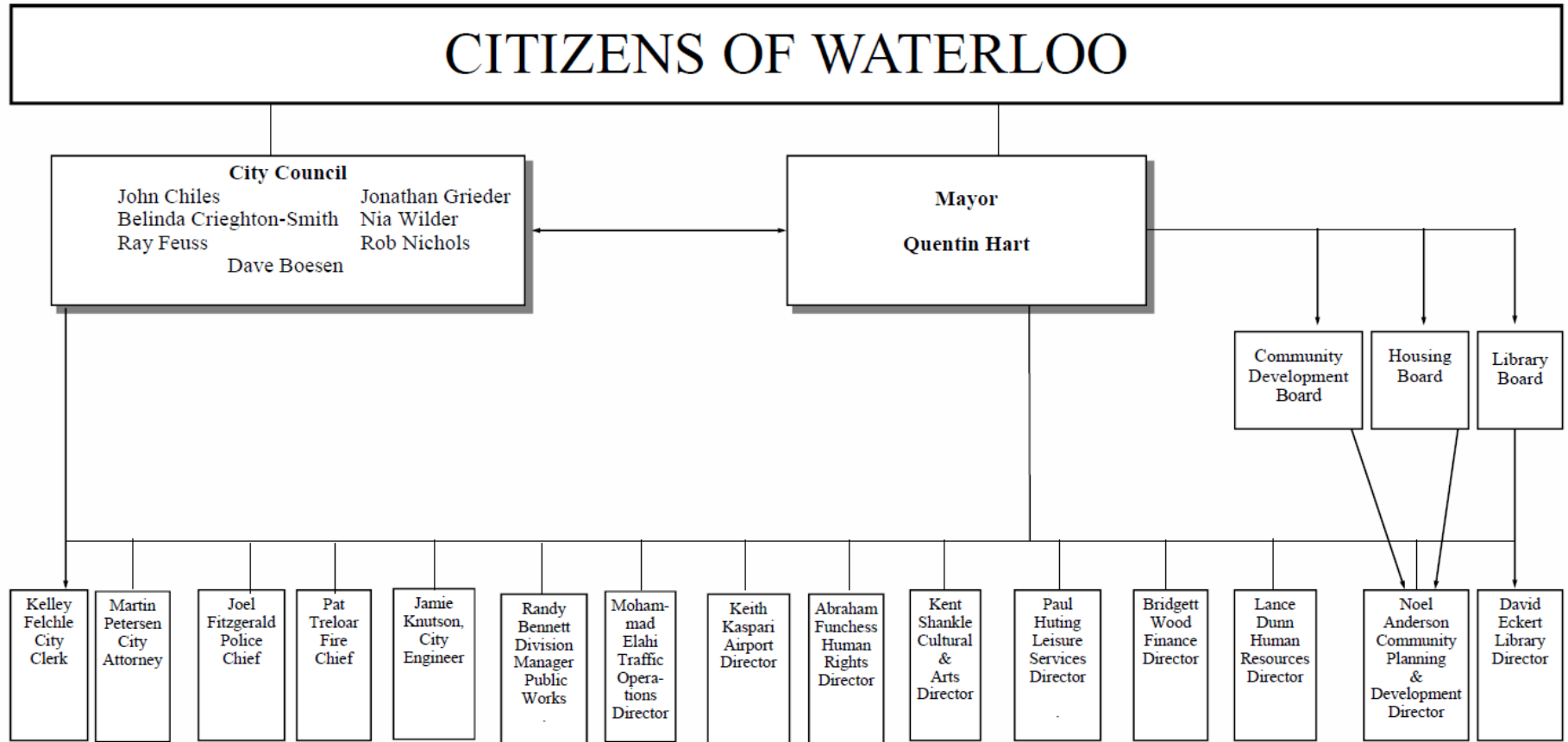
Bridgett Wood
Finance Director

**City of Waterloo
Elected Officials and Administration
June 30, 2023**

Elected Officials		
Name	Title	Term Expires
Quentin Hart	Mayor	January, 2024
John Chiles	Council Member - 1st Ward	January, 2025
Jonathan Grieder	Council Member - 2nd Ward	January, 2024
Nia Wilder	Council Member - 3rd Ward	January, 2025
Belinda Creighton-Smith	Council Member - 4th Ward	January, 2024
Ray Feuss	Council Member - 5th Ward	January, 2025
Rob Nichols	Council Member - At-Large	January, 2025
Dave Boesen	Council Member - At-Large	January, 2024
Appointed Officials		
Bridgett Wood, MBA	Chief Financial Officer	Indefinite
Kelley Felche, CMC	City Clerk	Indefinite
Jamie Knutson, PE	City Engineer	Indefinite
Martin Petersen	City Attorney	Indefinite
Joel Fitzgerald, Sr, Phd.	Chief of Waterloo Police Department	Indefinite
Pat Treloar	Chief of Fire Services	Indefinite

City of Waterloo Organizational Chart

CITY OF WATERLOO, IOWA — ORGANIZATIONAL STRUCTURE



City of Waterloo
Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Waterloo
Iowa**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Waterloo
Waterloo, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa, as of June 30, 2023, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, Waterloo Water Works and Waterloo Convention and Visitors Bureau, Inc. which collectively represent 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waterloo and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

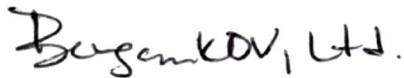
Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



St. Cloud, Minnesota
February 13, 2024

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

As management of the City of Waterloo, we offer readers of the City of Waterloo's financial statements this narrative overview and analysis of the financial activities of the City of Waterloo for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at page 1 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Waterloo exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$498,656,607 (net position). Of this amount, the City's unrestricted net position is 4,713,635.
- The City's total net position increased by \$24,213,009 compared to the 2022 ending net position of \$474,443,598.
- As of the close of this current fiscal year, the City of Waterloo's governmental funds reported combined ending fund balances of \$98,628,959, an increase of \$10,259,500 in comparison with the prior year. Approximately 15.3% of this total amount, \$15,057,207, is available for spending at the City's discretion (unassigned fund balance), although some funds are legally limited for specified purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,891,195, or 28.3% of total General Fund expenditures.
- The City of Waterloo's total long-term liabilities increased by \$24,515,040 or 14.0% during the current fiscal year, due to increased general obligation bonds and state revolving fund capital loans issued for construction projects as well as increased net pension liability to do changes in actuarial assumptions.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waterloo's basic financial statements. The City of Waterloo's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waterloo's finances in a manner similar to a private-sector business.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Overview of the Financial Statements (Continued)

Government-wide financial statements. (Continued) The statement of net position presents information about all of the City of Waterloo's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Waterloo is improving or deteriorating.

The statement of activities presents information illustrating how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Waterloo that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waterloo include public safety, public works, health and social services, culture and recreation, community and economic development and general government. In addition, the convention bureau provides marketing services for tourism operated as a separate discretely presented component unit of the City. The business-type activities of the City of Waterloo include the sanitary sewer system and the solid waste system. The water utility is operated as a separate discretely presented component unit of the City. For detailed information about the Waterloo Convention & Visitors Bureau, Inc., or the Waterloo Water Works, please see their separate audited financial statements.

The government-wide financial statements include only the City of Waterloo itself (known as the primary government) and its discretely presented component units, the Waterloo Water Works and Waterloo Convention and Visitors Bureau, Inc. The Waterloo Community School District and the Metropolitan Transit Authority provide services to the citizens of Waterloo but do not meet established criteria as component units of the City and thus are not included in this report.

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 of Waterloo, 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 of Waterloo can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023**

Overview of the Financial Statements (Continued)

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 financial 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.

The City of Waterloo maintains 19 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, Trust and Agency Fund, Tax Increment Financing Fund, Local Option Sales Tax and Road Use Tax Fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City of Waterloo maintains two proprietary funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer fund and the sanitation fund. The sanitary sewer fund is considered to be a major fund of the City of Waterloo.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 of Waterloo's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund, a custodial fund.

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.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Overview of the Financial Statements (Continued)

Other information. The City's budgetary comparison schedule pension schedules and the other postemployment benefit plan schedule of funding progress are presented as required supplementary information immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Waterloo, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$498,656,607 at the close of the fiscal year ended June 30, 2023.

By far the largest portion of the City of Waterloo's net position (88%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure and vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Waterloo uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Waterloo's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

A condensed version of the Statement of Net Position as of June 30, 2023, and 2022 follows:

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Current and other assets	\$ 200,882,640	\$ 189,772,275	\$ 34,992,267	\$ 31,631,454	\$ 235,874,907	\$ 221,403,729
Capital assets	437,063,016	441,952,813	140,911,323	134,284,928	577,974,339	576,237,741
Total assets	<u>637,945,656</u>	<u>631,725,088</u>	<u>175,903,590</u>	<u>165,916,382</u>	<u>813,849,246</u>	<u>797,641,470</u>
Total deferred outflows of resources	<u>10,262,106</u>	<u>10,541,268</u>	<u>816,631</u>	<u>877,362</u>	<u>11,078,737</u>	<u>11,418,630</u>
Current liabilities	53,330,843	57,406,528	6,835,437	7,321,254	60,166,280	64,727,782
Long-term liabilities	153,428,253	133,763,749	46,571,466	41,720,930	199,999,719	175,484,679
Total liabilities	<u>206,759,096</u>	<u>191,170,277</u>	<u>53,406,903</u>	<u>49,042,184</u>	<u>260,165,999</u>	<u>240,212,461</u>
Total deferred inflows of resources	<u>65,267,249</u>	<u>91,217,739</u>	<u>838,128</u>	<u>3,186,302</u>	<u>66,105,377</u>	<u>94,404,041</u>
Net Position						
Net Investment in capital assets	343,619,558	349,086,033	95,173,776	91,180,224	438,793,334	440,266,257
Restricted	54,929,606	49,258,884	220,032	201,439	55,149,638	49,460,323
Unrestricted	<u>(22,367,747)</u>	<u>(38,466,577)</u>	<u>27,081,382</u>	<u>23,183,595</u>	<u>4,713,635</u>	<u>(15,282,982)</u>
Total net position	<u>\$ 376,181,417</u>	<u>\$ 359,878,340</u>	<u>\$ 122,475,190</u>	<u>\$ 114,565,258</u>	<u>\$ 498,656,607</u>	<u>\$ 474,443,598</u>

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Statement of Net Position (Continued)

\$55,149,638 of the City of Waterloo's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$4,713,635 (1%) is available for spending.

The separate governmental activities had positive balances in the net investment in capital assets and fund balances restricted for specific purposes. Business-type activities also reported positive balances in all categories. The same situation held true for the prior fiscal year.

The City's total net position increased compared to the 2022 ending net position. Governmental-type activities' net position increased by \$16,303,077, from the 2022 net position of \$359,878,340. This increase was largely related to capital invested in City infrastructure projects and a reduction in pension liabilities. See page 24 for a reconciliation of this increase. The total business-type activities' net position increased by \$7,909,932 from the 2022 net position of \$114,565,258, due to capital invested in City infrastructure projects and debt retirement payments.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2023, and 2022 follows:

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Revenues						
Program revenues						
Charges for services	\$ 20,488,282	\$ 18,508,752	\$ 26,046,341	\$ 24,238,004	\$ 46,534,623	\$ 42,746,756
Operating grants & contributions	24,727,309	13,687,016	336,570	273,624	25,063,879	13,960,640
Capital grants & contributions	16,209,450	12,557,843	-	1,996,216	16,209,450	14,554,059
General revenues:						
Property taxes	57,605,557	53,380,778	-	-	57,605,557	53,380,778
Other taxes	22,960,875	22,207,901	-	-	22,960,875	22,207,901
Other	5,395,194	5,741,453	513,233	47,218	5,908,427	5,788,671
Total Revenues	<u>147,386,667</u>	<u>126,083,743</u>	<u>26,896,144</u>	<u>26,555,062</u>	<u>174,282,811</u>	<u>152,638,805</u>
Expenses						
General government	9,683,416	8,221,016	-	-	9,683,416	8,221,016
Public safety	37,740,508	35,225,720	-	-	37,740,508	35,225,720
Public works	32,206,124	40,090,235	-	-	32,206,124	40,090,235
Culture & recreation	13,116,095	12,776,096	-	-	13,116,095	12,776,096
Economic development	17,480,977	17,995,941	-	-	17,480,977	17,995,941
Health & social services	319,103	270,849	-	-	319,103	270,849
Interest on long-term debt	3,130,041	2,432,132	-	-	3,130,041	2,432,132
Sanitary sewer	-	-	12,961,526	13,240,601	12,961,526	13,240,601
Sanitation	-	-	5,969,686	5,945,909	5,969,686	5,945,909
Total Expenses	<u>113,676,264</u>	<u>117,011,989</u>	<u>18,931,212</u>	<u>19,186,510</u>	<u>132,607,476</u>	<u>136,198,499</u>
Change in net position before transfers and contributions	33,710,403	9,071,754	7,964,932	7,368,552	41,675,335	16,440,306
Transfers and contributions	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	33,765,403	9,071,754	7,909,932	7,368,552	41,675,335	16,440,306
Net position - beginning	359,878,340	350,806,586	114,565,258	107,196,706	474,443,598	458,003,292
Prior Period Adjustment	<u>(17,462,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,462,326)</u>	<u>-</u>
Net position - ending	<u>\$ 376,181,417</u>	<u>\$ 359,878,340</u>	<u>\$ 122,475,190</u>	<u>\$ 114,565,258</u>	<u>\$ 498,656,607</u>	<u>\$ 474,443,598</u>

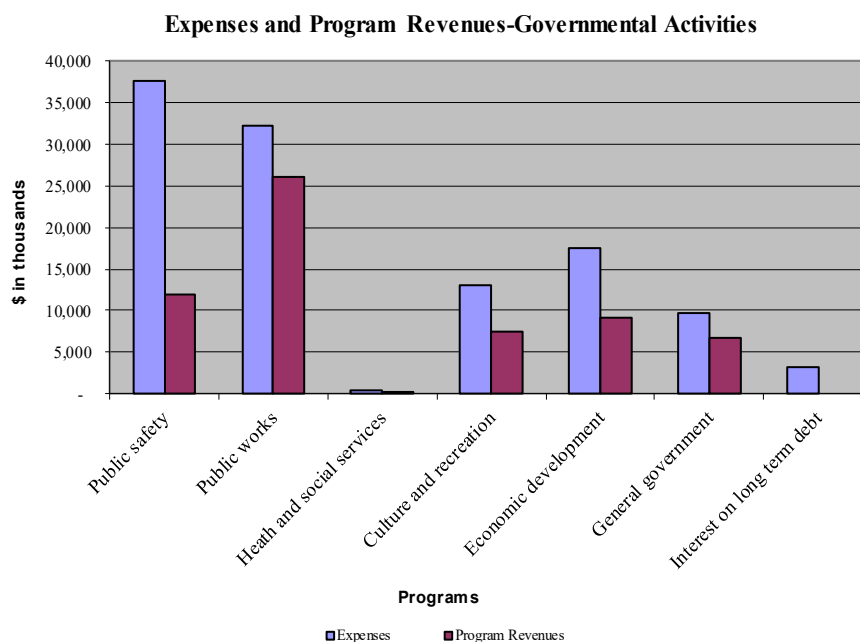
Total governmental activities revenue for the current fiscal year was \$147,386,667. The largest single revenue source for the City was property taxes of \$57,605,557. Property taxes increased by \$4,224,779 (7.9%) during the year. This increase is a result of a combination of factors, including an increase of 1.82% in the levy rate as well as changing how property taxes that are passed through to other governmental entities are accounted for. Operating grants and contributions increased \$11,040,293 due to increased grants received during the year.

City of Waterloo, Iowa

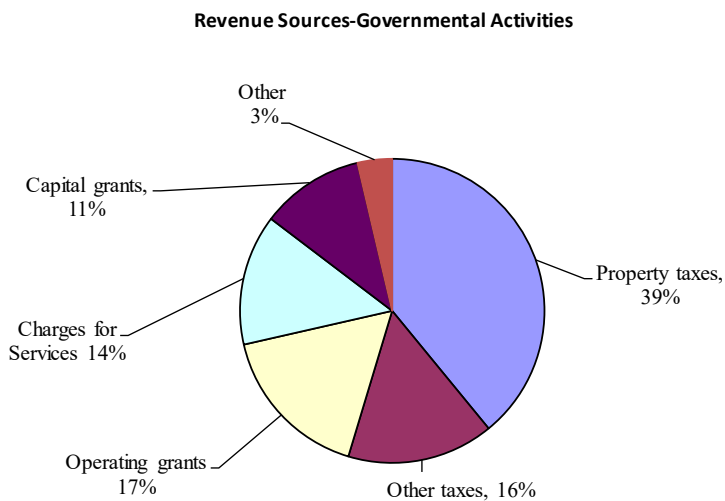
Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Statement of Activities (Continued)

Certain revenues are generated that are specific to governmental program activities. These totaled \$61,425,041 during the fiscal year ended June 30, 2023. The graph below illustrates the comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.



The graph below shows the percentage of the total governmental revenues allocated by each revenue type.

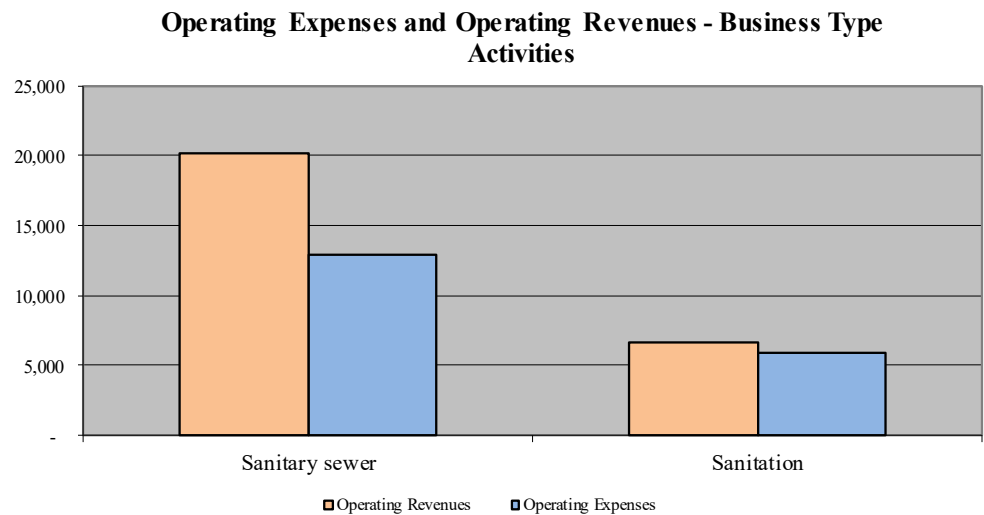


City of Waterloo, Iowa

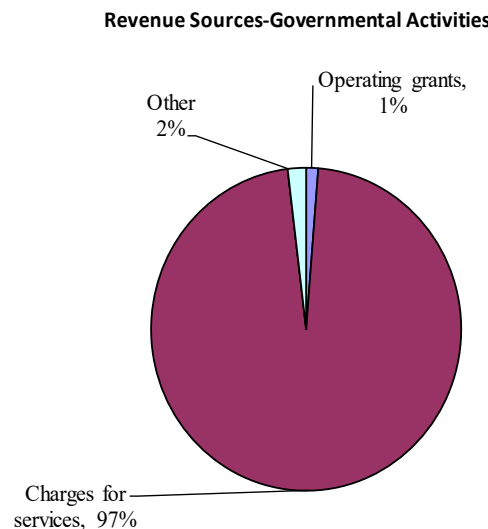
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

Statement of Activities (Continued)

Total business-type activities' revenue for the fiscal year was \$26,896,144. \$26,382,911 of this revenue was generated for specific business-type activity expenses. The graph below shows a comparison between the business-type activity expenses and program revenues.



The graph below shows the breakdown of revenues by source for the business-type activities.



Business-type activities. Business-type activities increased the City of Waterloo's net position by \$7,909,932 from the 2022 net position of \$114,565,258, accounting for 19.0% of the increase in the City's net position.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Financial Analysis of the Government's Funds

As noted earlier, the City of Waterloo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 of Waterloo's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Waterloo's governmental funds reported combined ending fund balances of \$98,628,959, an increase of \$8,806,763 in comparison with the prior year. Fund balance in the amount of \$83,571,751 is not available for new spending because it represents amounts previously paid for items that were not exhausted at year-end (nonspendable) or has already been restricted, committed, or assigned to be used for a variety of purposes. Approximately 15.3% of total fund balance or \$15,057,207, constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City of Waterloo. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,891,195, while total fund balance was \$36,094,271. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.3% of total General Fund expenditures, while total fund balance represents 54.0% of that same amount.

Net general fund operations resulted in an increase in total general fund balance of \$6,760,816, and an increase in unassigned fund balance of \$6,543,764 for the year. There were also prior period adjustments to correct errors that increased beginning fund balance for \$2,336,510.

A significant source of increased revenue was due to better market conditions resulting in increased interest revenue. There was also increased revenue from increased speed camera fines collected.

Trust and Agency Fund – The net increase in fund balance of \$286,978 during the current year is due primarily to property taxes collected for prior years.

TIF Fund – The net decrease in fund balance during the current year was \$4,604,940 and is the result of timing differences between revenue collections and the payment of TIF obligations. Included in that net decrease was a prior period adjustment to correct an error that decreased beginning fund balance by \$197,000.

Road Use Tax Fund – The net decrease in fund balance in the road use tax fund of \$1,021,035 is due primarily to the increased expenses for chemicals and gas. Included in that net decrease was a prior period adjustment to correct an error that decreased beginning fund balance by \$686,773.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Financial Analysis of the Government's Funds (Continued)

Governmental funds. (Continued)

Local Option Sales Tax Fund – The net increase in fund balance of \$5,256,924 is due to budgeting conservatively for both revenues and expenses.

Proprietary funds. The City of Waterloo's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the sanitary sewer fund at the end of the year was \$116,277,112, an increase of \$7,202,092 from the 2022 net position of \$109,075,020. This increase was due primarily to investments in the construction of mandated sewer infrastructure projects.

Other factors concerning the finances of the sanitary sewer fund have already been addressed in the discussion of the City of Waterloo's business-type activities.

Budgetary Highlights

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type, and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. These budget amendments are reflected in the final budgeted amounts.

Differences between the original budget and the final amended budget for the City of Waterloo are summarized below.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Budgetary Highlights (Continued)

The total original expenditure budget of \$213,159,089, excluding transfers out, was increased to \$228,766,354 (an increase of \$15,607,265).

- In the Public Safety program category, expenses and related revenue for various law enforcement grants and non-property tax funded projects were increased (\$.5 million).
- In the Public Works category, additional expenses relating to airport grant revenue awarded during the year that was not originally budgeted was added (\$6.1 million).
- The Culture & Recreation program category was increased to reflect a number of additional grants and donations received by the Cultural and Arts department, the Library and Leisure Services. Revenue and expenses were increased for Young Arena to more closely match operations (\$.4 million).
- Additional federal revenue and expense expected to be completed using Block Grant and Housing funds were added to the Community and Economic Development category (\$1.6 million).
- Amendments reflecting the use of restricted health insurance reserves and insurance refunds to fund additional claims were made in the General Government category (\$.3 million).
- In the Capital Projects program, additional expenses relating to grant revenue awarded during the year that was not originally budgeted were added. Several construction project budgets were adjusted to more accurately reflect the work expected to be completed by June 30, 2023 (\$3.4 million).
- In the Business Type/Enterprises activity, which accounts for the activities of the sewer and garbage funds, line item adjustments were made to more accurately reflect the amount that will be spent for capital improvement projects and the use of fund balance was increased for Sanitation equipment purchases by June 30, 2023 (\$1.2 million).
- Transfers Out were increased to more accurately reflect the portion of capital projects paid by the TIF Fund (\$2.1 million).

The total original revenue budget, excluding other financing sources, of \$170,749,193 was increased to \$179,054,159 (an increase of \$8,304,966).

- State and federal grant revenue was increased to reflect additional grants awarded after the original budget certification for a variety of programs, including community development block grants, public safety projects, airport and traffic improvements, and storm water lift stations (\$6.6 million).
- Amendments were made to various charges for services to reflect higher revenues than originally anticipated with the certified budget (\$1.3 million).

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Budgetary Highlights (Continued)

- Miscellaneous revenue was increased to reflect additional donations received for various City projects, insurance and other refunds received that exceeded original budget projections (\$.2 million).
- Other increases included use of money and property and other city taxes to reflect revenue not anticipated with the certified budget (\$.2 million).

See pages 112 through 115 for the Budgetary Comparison Schedule - Budget and Actual (Modified Cash Basis) – All Governmental Funds and Proprietary Funds.

Capital Asset and Debt Administration

Capital assets. The City of Waterloo's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$577,974,339 (net of accumulated depreciation) as reflected in the following table. The total increase in the City of Waterloo's investment in capital assets for the current fiscal year was 0.3% (a 1.1% decrease for governmental activities and a 4.9% increase for business-type activities).

This investment in capital assets includes land, buildings and improvements, park facilities, vehicles and equipment, and roads, highways, and bridges (also referred to as infrastructure assets) placed in service since July 1, 1980.

	2023 Governmental Activities	2022 Governmental Activities	2023 Business- Type Activities	2022 Business- Type Activities	2023 Total	2022 Total
Land	\$ 46,205,167	\$ 46,106,167	\$ 759,233	\$ 759,233	\$ 46,964,400	\$ 46,865,400
Land held for redevelopment	-	19,014,063	-	-	-	19,014,063
Building and improvements	67,846,783	62,627,949	38,389,325	39,802,280	106,236,108	102,430,229
Other improvements	-	-	91,628,421	57,655,854	91,628,421	57,655,854
Software	7,450	14,900	-	-	7,450	14,900
Infrastructure	252,072,591	248,190,874	-	-	252,072,591	248,190,874
Machinery and Equipment	11,475,393	12,138,676	5,137,130	4,449,803	16,612,523	16,588,479
Construction in progress	59,455,632	53,860,184	4,997,214	31,617,758	64,452,846	85,477,942
Total assets	<u>\$ 437,063,016</u>	<u>\$ 441,952,813</u>	<u>\$ 140,911,323</u>	<u>\$ 134,284,928</u>	<u>\$ 577,974,339</u>	<u>\$ 576,237,741</u>

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

- A prior period adjustment to remove \$18.9 million of land held for redevelopment from capital assets.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Capital Asset and Debt Administration (Continued)

Capital assets. (Continued)

- New additions to buildings and improvements totaled \$8.4 million, including a remodel to the Convention Center, Traffic Control Center Remodel, and new parking lots at the Center for the Arts. Disposals included Gates Pool \$1 million.
- The City invested \$2 million in new vehicles, equipment, computers, and software for various city departments. The most significant of these included traffic cameras and fiber optics communications, and an excavator.
- New investments in infrastructure assets totaled \$14.7 million, including several street reconstruction projects such as University Avenue.
- The City invested \$2.5 million in a number of sewer reconstruction projects during the year and \$1.4 million in new vehicles and equipment for the sewer and sanitation departments, including a Komptech Crambo for the Yard Waste facility.
- There were a number of projects under construction that are included in Construction-in-progress. \$1.1 million was invested in renovations to the Convention Center. \$8.9 million was invested in new bridges, \$2.4 million for Shaulis Road, \$1.2 million for new marina. \$1.6 million was invested in designing a new Fiber project, \$1 million in Pool reconstruction, \$2.5 million was invested in economic development areas and \$10.9 million for improvements to existing roads.
- The City invested \$34.9 million in various sewer system projects, including \$1.9 million in reconstructed sewer lines. Significant projects include \$19 million that was invested in biosolids processing equipment and \$11.7 million in levee and interceptor repair. Numerous other sewer lines were lined as well as other treatment system improvements for \$2.3 million.

Additional information about the City of Waterloo's capital assets can be found in Note 7 of this report.

Long-term liabilities. At the end of the current fiscal year, the City of Waterloo had total bonded debt outstanding of \$112.9 million. This entire amount is comprised of debt backed by the full faith and credit of the government. This was a decrease of \$5.3 million from the prior year, net of premiums and discounts. The additional debt was issued for a variety of capital improvements, including city building renovations, La Porte Road construction and various department equipment.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Capital Asset and Debt Administration (Continued)

Long-term liabilities. (Continued) The long-term portion of the state revolving fund capital loans being issued for sewer improvements increased by \$5.8 million during the year. Funds were borrowed for the construction of the biosolids treatment system improvements, Highway 63 Interceptor, the construction of the Dry Run Creek Sewer interceptor, and the improvements in sanitary gatewells as well as for sewer pipe lining.

The amount of other loans, originally issued to purchase land in the City's industrial parks for economic development projects and to provide developer incentives, decreased by \$1.9 million. Debt retirement on outstanding loans totaled \$1.9 million. The City has obligations to employees for benefit time not used at fiscal year-end. During the current fiscal year, the balance due on these obligations decreased by \$26 thousand due to additional benefits accrued.

The City of Waterloo's total long-term liabilities increased by \$24.5 million (14.0%) during the current fiscal year, due to the items discussed above as well as an increase in the net pension liability.

The City of Waterloo maintains an Aa2 rating from Moody's Investor Services, Inc. for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the City of Waterloo is \$215,562,937 which is significantly greater than the City of Waterloo's outstanding general obligation debt (\$112,920,835) and other debt subject to debt limitation (\$8,060,288). The total debt subject to this limitation is \$120,981,123, resulting in available debt margin of \$94,581,814.

Additional information about the City of Waterloo's long-term liabilities can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

Property taxes provide 41% of General Fund revenues. Over the past five years, citywide assessed valuations have risen an average of 2% annually, while property tax regulations imposed by the State of Iowa resulted in taxable values increasing by an average of .4% over that same time period. The fiscal 2024 budget reflects an increase in total property tax and utility excise tax revenue of .83%. As discussed elsewhere in this report, the City budgeted to use \$2,000,000 in ARPA lost revenue funds for general operations for the year ended June 30, 2024.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Economic Factors and Next Year's Budgets and Rates (Continued)

Personnel costs comprise a significant portion of City operating costs. Wage increases identified in contractual bargaining agreements range from 3% to 5% for fiscal year 2024. The employer contribution rate required for the Municipal Fire and Police Retirement System will decrease by .92% to 22.98% of eligible compensation. Anticipated health care costs for the year ending June 30, 2024, are expected to stay stable. The City had been using excess health insurance reserves to reduce the rates for past several years.

Federal and state mandates for clean water continue to result in additional costs both for sewer system users and property taxpayers. Significant construction and revolving fund loan borrowing are anticipated during the next fiscal year. Sanitary and storm water rates are being evaluated to address these issues.

These factors were considered in preparing the City of Waterloo's budget for fiscal year 2024.

Requests for Information

This financial report is designed to provide a general overview of the City of Waterloo's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Bridgett Wood, MBA, Finance Director, City of Waterloo, 715 Mulberry Street, Waterloo, Iowa 50703.

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BASIC FINANCIAL STATEMENTS

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City of Waterloo
Statement of Net Position
June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Waterloo Water Works	Waterloo Convention and Visitors Bureau
Assets					
Cash and investments (including cash equivalents)	\$ 125,840,185	\$ 27,045,979	\$ 152,886,164	\$ 23,762,206	\$ 831,842
Restricted cash	-	-	-	190,248	-
Receivables					
Accounts receivable - net of allowance for uncollectible accounts	2,192,736	5,681,595	7,874,331	2,025,025	427,625
Interest receivable	127,111	-	127,111	290	-
Taxes receivable	630,355	-	630,355	-	-
Taxes receivable - succeeding year	58,548,584	-	58,548,584	-	-
Special assessments receivable	288,338	380,685	669,023	333,526	-
Lease receivable - current	797,534	-	797,534	129,080	59,078
Internal balances	(38,704)	38,704	-	-	-
Due from other governments	9,725,047	17,321	9,742,368	-	-
Due from component unit	-	1,662,444	1,662,444	-	-
Inventories	1,299,940	165,539	1,465,479	610,257	-
Prepaid items	111,684	-	111,684	196,959	21,580
Lease receivable - noncurrent	1,359,830	-	1,359,830	1,914,142	-
Capital assets not being depreciated	105,660,799	5,756,447	111,417,246	5,914,578	-
Capital assets, net of accumulated depreciation	331,402,217	135,154,876	466,557,093	31,366,833	115,855
Total assets	637,945,656	175,903,590	813,849,246	66,443,144	1,455,980
Deferred Outflows of Resources					
Deferred outflows of resources related to pensions	8,842,577	538,557	9,381,134	1,093,894	-
Deferred outflows of resources related to OPEB	1,419,529	278,074	1,697,603	-	-
Total deferred outflows of resources	10,262,106	816,631	11,078,737	1,093,894	-
Total assets and deferred outflows of resources	\$ 648,207,762	\$ 176,720,221	\$ 824,927,983	\$ 67,537,038	\$ 1,455,980
Liabilities					
Accounts and contracts payable	\$ 8,409,730	\$ 1,858,716	\$ 10,268,446	\$ 579,297	\$ 22,633
Interest payable	315,246	66,525	381,771	-	-
Salaries and benefits payable	2,400,962	103,300	2,504,262	139,541	17,127
Due to other governments	217,020	110,366	327,386	56,066	-
Due to primary government	-	-	-	1,598,785	-
Deposits payable	63,678	417,030	480,708	-	-
Unearned revenue	25,860,435	-	25,860,435	-	-
General obligation bonds payable, net					
Payable within one year	9,805,000	1,885,000	11,690,000	-	-
Payable after one year	94,547,451	6,671,320	101,218,771	-	-
Leases payable					
Payable within one year	-	-	-	-	37,963
Payable after one year	-	-	-	-	21,115
Financed purchases payable					
Payable within one year	402,724	-	402,724	-	-
Payable after one year	2,558,403	-	2,558,403	-	-
Loans and notes from direct borrowing payable					
Payable within one year	1,895,074	1,874,000	3,769,074	-	-
Payable after one year	3,204,087	35,307,227	38,511,314	-	-
Compensated absences payable					
Payable within one year	2,613,028	256,446	2,869,474	78,272	-
Payable after one year	2,388,868	68,226	2,457,094	-	-
Total other post employment benefits (OPEB) liability					
Payable within one year	1,347,946	264,054	1,612,000	-	-
Payable after one year	12,705,811	2,488,982	15,194,793	-	-
Payable after one year					
Net pension liability	38,023,633	2,035,711	40,059,344	2,444,263	-
Total liabilities	206,759,096	53,406,903	260,165,999	4,896,224	98,838
Deferred Inflows of Resources					
Deferred inflows of resources related to pensions	1,973,805	326,762	2,300,567	117,059	-
Deferred inflows of resources related to lease receivable	2,134,421	-	2,134,421	1,991,868	-
Taxes and assessments for subsequent years	58,548,584	-	58,548,584	-	-
Deferred inflows of resources related to OPEB	2,610,439	511,366	3,121,805	-	-
Total deferred inflows of resources	65,267,249	838,128	66,105,377	2,108,927	-
Net Position					
Net investment in capital assets	343,619,558	95,173,776	438,793,334	37,281,411	-
Restricted for					
Debt service	852,980	220,032	1,073,012	-	-
Health insurance	6,713,679	-	6,713,679	-	-
Donor specified	1,886,144	-	1,886,144	-	-
Housing	5,884,870	-	5,884,870	-	-
Library	628,245	-	628,245	-	-
Tourism	2,901,125	-	2,901,125	-	-
Tax increment	997,055	-	997,055	-	-
Street maintenance	10,436,037	-	10,436,037	-	-
Employee benefits	1,238,839	-	1,238,839	-	-
Improvements	23,390,632	-	23,390,632	-	-
Unrestricted	(22,367,747)	27,081,382	4,713,635	23,250,476	1,357,142
Total net position	376,181,417	122,475,190	498,656,607	60,531,887	1,357,142
Total liabilities, deferred inflows of resources, and net position	\$ 648,207,762	\$ 176,720,221	\$ 824,927,983	\$ 67,537,038	\$ 1,455,980

See notes to basic financial statements.

City of Waterloo
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 9,683,416	\$ 2,480,376	\$ 4,233,576	\$ 35,000
Public safety	37,740,508	10,258,544	1,710,118	-
Public works	32,206,124	3,291,285	9,553,806	13,209,617
Health and social services	319,103	-	31,255	-
Culture and recreation	13,116,095	4,088,721	422,380	2,964,833
Community and Economic development	17,480,977	369,356	8,776,174	-
Interest and fiscal charges	3,130,041	-	-	-
Total governmental activities	<u>113,676,264</u>	<u>20,488,282</u>	<u>24,727,309</u>	<u>16,209,450</u>
Business-type activities				
Sanitary Sewer	12,961,526	19,759,426	-	-
Sanitation	5,969,686	6,286,915	336,570	-
Total business-type activities	<u>18,931,212</u>	<u>26,046,341</u>	<u>336,570</u>	<u>-</u>
Total primary government	<u>\$ 132,607,476</u>	<u>\$ 46,534,623</u>	<u>\$ 25,063,879</u>	<u>\$ 16,209,450</u>
Component unit, Waterloo Water Works	<u>\$ 8,560,707</u>	<u>\$ 12,018,617</u>	<u>\$ -</u>	<u>\$ 59,889</u>
Component unit, Waterloo Convention & Visitor's Bureau	<u>\$ 970,021</u>	<u>\$ 171,732</u>	<u>\$ 774,239</u>	<u>\$ -</u>
General revenues				
Property taxes levied for general purposes				
Property taxes levied for debt service				
Tax increment financing				
Local option sales tax				
Other taxes and payments in lieu of taxes				
Unrestricted investment earnings				
Insurance recoveries				
Gain on sale of asset				
Miscellaneous				
Transfers - capital assets				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Prior period adjustment (Note 21)				
Net position - beginning, restated				
Net position - ending				

Primary Government			Component Units	
Net (Expense) Revenues and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Waterloo Water Works	Waterloo Convention and Visitor's Bureau
\$ (2,934,464)	\$ -	\$ (2,934,464)	\$ -	\$ -
(25,771,846)	-	(25,771,846)	-	-
(6,151,416)	-	(6,151,416)	-	-
(287,848)	-	(287,848)	-	-
(5,640,161)	-	(5,640,161)	-	-
(8,335,447)	-	(8,335,447)	-	-
(3,130,041)	-	(3,130,041)	-	-
<u>(52,251,223)</u>	<u>-</u>	<u>(52,251,223)</u>	<u>-</u>	<u>-</u>
-	6,797,900	6,797,900	-	-
-	653,799	653,799	-	-
-	<u>7,451,699</u>	<u>7,451,699</u>	<u>-</u>	<u>-</u>
<u>\$ (52,251,223)</u>	<u>\$ 7,451,699</u>	<u>\$ (44,799,524)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,517,799</u>	<u>\$ -</u>
-	-	-	-	(24,050)
38,520,302	-	38,520,302	-	-
7,839,333	-	7,839,333	-	-
11,245,922	-	11,245,922	-	-
12,700,706	-	12,700,706	-	-
10,260,169	-	10,260,169	-	-
3,277,970	501,186	3,779,156	338,657	9,726
2,117,224	-	2,117,224	-	-
-	12,047	12,047	-	-
-	-	-	276,886	3,967
55,000	(55,000)	-	-	-
<u>86,016,626</u>	<u>458,233</u>	<u>86,474,859</u>	<u>615,543</u>	<u>13,693</u>
33,765,403	7,909,932	41,675,335	4,133,342	(10,357)
359,878,340	114,565,258	474,443,598	56,398,545	1,367,499
<u>(17,462,326)</u>	<u>-</u>	<u>(17,462,326)</u>	<u>-</u>	<u>-</u>
<u>342,416,014</u>	<u>114,565,258</u>	<u>456,981,272</u>	<u>56,398,545</u>	<u>1,367,499</u>
<u>\$ 376,181,417</u>	<u>\$ 122,475,190</u>	<u>\$ 498,656,607</u>	<u>\$ 60,531,887</u>	<u>\$ 1,357,142</u>

City of Waterloo
Balance Sheet - Governmental Funds
June 30, 2023

		Special Revenue	
		Tax	
	General Fund	Increment	Road Use Tax
	(010)	Financing	(266)
	(010)	(101)	(266)
Assets			
Cash and investments	\$ 55,627,998	\$ 1,074,910	\$ 9,870,277
Interest receivable	87,579	2,257	-
Due from other governments	835,881	117,472	763,008
Accounts receivable	2,167,366	-	(4,793)
Due from other funds	5,166,912	-	108,189
Property taxes receivable			
Current year	142,461	320,238	-
Succeeding year	23,051,563	13,369,660	-
Special assessments receivable	288,338	-	-
Inventory	1,124,560	-	175,380
Prepaid items	78,634	-	-
Leases receivable	2,157,364	-	-
Total assets	<u>\$ 90,728,656</u>	<u>\$ 14,884,537</u>	<u>\$ 10,912,061</u>
Liabilities			
Accounts payable	\$ 859,172	\$ 197,584	\$ 387,263
Due to other governments	217,020	-	-
Deposits payable	-	-	-
Salaries and benefits payable	2,157,223	-	88,761
Due to other funds	-	-	-
Unearned revenues	25,589,009	-	-
Total liabilities	<u>28,822,424</u>	<u>197,584</u>	<u>476,024</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	23,482,867	13,689,898	-
Unavailable revenue - grants	194,673	-	-
Unavailable revenue - lease	2,134,421	-	-
Total deferred inflows of resources	<u>25,811,961</u>	<u>13,689,898</u>	<u>-</u>
Fund Balances			
Nonspendable	1,203,194	-	175,380
Restricted	9,721,618	997,055	10,260,657
Assigned	6,278,264	-	-
Unassigned	18,891,195	-	-
Total fund balances	<u>36,094,271</u>	<u>997,055</u>	<u>10,436,037</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 90,728,656</u>	<u>\$ 14,884,537</u>	<u>\$ 10,912,061</u>

Special Revenue			
Local Option Sales Tax (205)	Trust and Agency Fund (200)	Other Governmental Funds	Total Governmental Funds
\$ 23,394,247	\$ 3,047,394	\$ 32,825,359	\$ 125,840,185
24,822	3,385	9,068	127,111
1,120,503	122,285	6,765,898	9,725,047
-	-	30,163	2,192,736
13,598	-	7,825	5,296,524
-	90,979	76,677	630,355
-	14,177,377	7,949,984	58,548,584
-	-	-	288,338
-	-	-	1,299,940
-	-	33,050	111,684
-	-	-	2,157,364
<u>\$ 24,553,170</u>	<u>\$ 17,441,420</u>	<u>\$ 47,698,024</u>	<u>\$ 206,217,868</u>
\$ 1,140,800	\$ -	\$ 4,804,309	\$ 7,389,128
-	-	-	217,020
-	-	63,678	63,678
21,738	90,118	43,122	2,400,962
-	-	5,335,228	5,335,228
-	-	271,426	25,860,435
<u>1,162,538</u>	<u>90,118</u>	<u>10,517,763</u>	<u>41,266,451</u>
-	14,268,356	8,026,661	59,467,782
-	-	4,525,582	4,720,255
-	-	-	2,134,421
<u>-</u>	<u>14,268,356</u>	<u>12,552,243</u>	<u>66,322,458</u>
-	-	33,050	1,411,624
23,390,632	3,082,946	28,428,956	75,881,864
-	-	-	6,278,264
-	-	(3,833,988)	15,057,207
<u>23,390,632</u>	<u>3,082,946</u>	<u>24,628,018</u>	<u>98,628,959</u>
<u>\$ 24,553,170</u>	<u>\$ 17,441,420</u>	<u>\$ 47,698,024</u>	<u>\$ 206,217,868</u>

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City of Waterloo
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds	\$ 98,628,959
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	756,396,025
Less accumulated depreciation	(319,333,009)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bonds payable	(102,480,000)
Bond premium	(1,872,451)
Worker's compensation claims payable	(1,020,602)
Notes payable	(2,961,127)
Loan payable	(5,099,161)
Compensated absences payable	(5,001,896)
Total other post employment benefits liability	(14,053,757)
Net pension liability	(38,023,633)
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	
	5,639,453
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to other postemployment benefits	(2,610,439)
Deferred inflows of resources related to city pensions	(1,973,805)
Deferred outflows of resources related to other post employment benefits	1,419,529
Deferred outflows of resources related to city pensions	8,842,577
Governmental funds do not report a liability for accrued interest due and payable.	(315,246)
Total net position - governmental activities	<u>\$ 376,181,417</u>

City of Waterloo
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

		Special Revenue	
	General Fund (010)	Tax Increment Financing (101)	Road Use Tax (266)
Revenues			
General property taxes	\$ 23,323,545	\$ -	\$ -
Tax increment collections	-	11,245,922	-
Other city taxes	8,751,291	-	-
Licenses and permits	1,474,461	-	27,390
Intergovernmental	5,068,454	-	9,307,378
Special assessments	212,538	-	-
Charges for services	13,180,547	-	118,542
Fines and forfeitures	2,434,995	-	-
Interfund charges for services	2,378,522	-	50,000
Use of money and property	3,277,712	203,194	-
Contributions and donations	319,604	-	-
Miscellaneous	1,709,822	-	75,435
Total revenues	<u>62,131,491</u>	<u>11,449,116</u>	<u>9,578,745</u>
Expenditures			
Current			
General government	9,740,853	-	-
Public safety	34,363,108	-	-
Public works	3,545,110	-	8,941,696
Health and social services	344,645	-	-
Culture and recreation	13,032,615	-	-
Community and economic development	4,126,226	4,036,709	-
Debt service			
Principal	430,703	922,463	-
Interest and fiscal charges	-	42,537	-
Capital outlay			
Public safety	342,948	-	-
Public works	497,695	-	971,311
Culture and recreation	-	-	-
Community and economic development	304,012	-	-
Total expenditures	<u>66,727,915</u>	<u>5,001,709</u>	<u>9,913,007</u>
Excess of revenues over (under) expenditures	(4,596,424)	6,447,407	(334,262)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	236,936	-	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Proceeds from insurance	2,117,224	-	-
Transfers in	10,510,200	-	-
Transfers out	(1,507,120)	(10,855,347)	-
Total other financing sources (uses)	<u>11,357,240</u>	<u>(10,855,347)</u>	<u>-</u>
Net change in fund balances	6,760,816	(4,407,940)	(334,262)
Fund Balances			
Beginning of year	26,996,945	5,601,995	11,457,072
Prior period adjustment (Note 21)	2,336,510	(197,000)	(686,773)
Beginning of year, restated	<u>29,333,455</u>	<u>5,404,995</u>	<u>10,770,299</u>
End of year	<u>\$ 36,094,271</u>	<u>\$ 997,055</u>	<u>\$ 10,436,037</u>

See notes to basic financial statements.

Special Revenue			
Local Option Sales Tax (205)	Trust and Agency Fund (200)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 14,551,947	\$ 8,484,143	\$ 46,359,635
-	-	-	11,245,922
12,700,706	-	-	21,451,997
-	-	-	1,501,851
-	473,862	18,856,421	33,706,115
-	-	-	212,538
-	-	209,462	13,508,551
-	-	-	2,434,995
-	-	-	2,428,522
516,219	200,176	925,519	5,122,820
-	-	4,842,496	5,162,100
-	-	113,578	1,898,835
<u>13,216,925</u>	<u>15,225,985</u>	<u>33,431,619</u>	<u>145,033,881</u>
-	1,233	-	9,742,086
-	4,569,586	-	38,932,694
1,525,500	-	-	14,012,306
-	-	-	344,645
-	-	671,807	13,704,422
-	-	8,997,018	17,159,953
-	-	10,667,503	12,020,669
-	-	3,036,212	3,078,749
-	-	448,310	791,258
6,434,501	-	25,420,976	33,324,483
-	-	1,560,781	1,560,781
-	-	-	304,012
<u>7,960,001</u>	<u>4,570,819</u>	<u>50,802,607</u>	<u>144,976,058</u>
5,256,924	10,655,166	(17,370,988)	57,823
-	-	-	236,936
-	-	6,000,000	6,000,000
-	-	394,780	394,780
-	-	-	2,117,224
-	-	12,390,455	22,900,655
-	(10,368,188)	(170,000)	(22,900,655)
<u>-</u>	<u>(10,368,188)</u>	<u>18,615,235</u>	<u>8,748,940</u>
5,256,924	286,978	1,244,247	8,806,763
18,133,708	2,795,968	23,383,771	88,369,459
-	-	-	1,452,737
<u>18,133,708</u>	<u>2,795,968</u>	<u>23,383,771</u>	<u>89,822,196</u>
<u>\$ 23,390,632</u>	<u>\$ 3,082,946</u>	<u>\$ 24,628,018</u>	<u>\$ 98,628,959</u>

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City of Waterloo
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances - governmental funds	\$ 8,806,763
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	30,827,300
Depreciation expense	(16,783,434)
Disposal of capital assets	(73,600)
Assets contributed from Enterprise Funds	55,000
Unfunded OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	
	297,139
Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Change in workers' compensation claims payable	(456,052)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities	
	(92,907)
Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
Pension expense	4,022,063
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.	
Bonds payable	11,990,553
Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
	(392,201)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	(23,755)
Proceeds from long-term debt are recognized as an other financing source in the governmental funds but have no impact on net assets in the Statement of Activities.	
	(6,000,000)
Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
	1,588,534
Change in net position - governmental activities	<u>\$ 33,765,403</u>

City of Waterloo
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Funds		
		Nonmajor	
	Sanitary Sewer Fund (520, 521, 617)	Sanitation Fund (525)	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 22,924,057	\$ 4,121,922	\$ 27,045,979
Due from other funds	27,003	11,701	38,704
Due from other governments	4,806	12,515	17,321
Due from component unit	1,100,742	561,702	1,662,444
Accounts receivable - net	4,373,368	1,308,227	5,681,595
Special assessments receivable			
Delinquent	59,973	320,712	380,685
Inventories	165,539	-	165,539
Total current assets	<u>28,655,488</u>	<u>6,336,779</u>	<u>34,992,267</u>
Noncurrent assets			
Capital assets, not being depreciated	5,756,447	-	5,756,447
Capital assets, net of accumulated depreciation	132,596,355	2,558,521	135,154,876
Net capital assets	<u>138,352,802</u>	<u>2,558,521</u>	<u>140,911,323</u>
Total noncurrent assets	<u>138,352,802</u>	<u>2,558,521</u>	<u>140,911,323</u>
Total assets	<u>167,008,290</u>	<u>8,895,300</u>	<u>175,903,590</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	365,002	173,555	538,557
Deferred outflows of resources related to OPEB	139,037	139,037	278,074
Total deferred outflows of resources	<u>504,039</u>	<u>312,592</u>	<u>816,631</u>
 Total assets and deferred outflows of resources	<u>\$ 167,512,329</u>	<u>\$ 9,207,892</u>	<u>\$ 176,720,221</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 1,507,186	\$ 351,530	\$ 1,858,716
Due to other governments	110,009	357	110,366
Interest payable	66,525	-	66,525
Salaries payable	71,839	31,461	103,300
Deposits payable	287,200	129,830	417,030
Compensated absences	167,226	89,220	256,446
Total OPEB obligation - current portion	132,027	132,027	264,054
Notes from direct borrowing payable - current portion	1,874,000	-	1,874,000
Bonds payable - current portion	1,885,000	-	1,885,000
Total current liabilities	<u>6,101,012</u>	<u>734,425</u>	<u>6,835,437</u>
Noncurrent liabilities			
Compensated absences	44,267	23,959	68,226
Bonds payable, net	6,671,320	-	6,671,320
Notes from direct borrowing payable	35,307,227	-	35,307,227
Total OPEB liability	1,244,491	1,244,491	2,488,982
Net pension liability	1,388,364	647,347	2,035,711
Total noncurrent liabilities	<u>44,655,669</u>	<u>1,915,797</u>	<u>46,571,466</u>
Total liabilities	<u>50,756,681</u>	<u>2,650,222</u>	<u>53,406,903</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	222,853	103,909	326,762
Deferred inflows of resources related to OPEB	255,683	255,683	511,366
Total deferred inflows of resources	<u>478,536</u>	<u>359,592</u>	<u>838,128</u>
Net Position			
Net investment in capital assets	92,615,255	2,558,521	95,173,776
Restricted for debt service	220,032	-	220,032
Unrestricted	23,441,825	3,639,557	27,081,382
Total net position	<u>116,277,112</u>	<u>6,198,078</u>	<u>122,475,190</u>
 Total liabilities, deferred inflows of resources, and net position	<u>\$ 167,512,329</u>	<u>\$ 9,207,892</u>	<u>\$ 176,720,221</u>

See notes to basic financial statements.

City of Waterloo
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds		
		Nonmajor	
	Sanitary Sewer Fund (520, 521, 617)	Sanitation Fund (525)	Total
Operating revenues			
Charges for services	\$ 19,655,371	\$ 6,203,974	\$ 25,859,345
Other income	104,055	82,941	186,996
Total operating revenues	<u>19,759,426</u>	<u>6,286,915</u>	<u>26,046,341</u>
Operating expenses			
Personnel services	3,875,521	2,239,950	6,115,471
Supplies	2,876,850	395,511	3,272,361
Professional services	836,559	2,396,966	3,233,525
Repairs and maintenance	413,861	216,850	630,711
Intracity reimbursements	692,000	376,500	1,068,500
Depreciation	3,379,200	343,909	3,723,109
Total operating expenses	<u>12,073,991</u>	<u>5,969,686</u>	<u>18,043,677</u>
Operating income (loss)	7,685,435	317,229	8,002,664
Nonoperating revenues (expenses)			
Investment income	394,545	106,641	501,186
Intergovernmental	-	336,570	336,570
Gain (loss) on disposal of capital assets	9,647	2,400	12,047
Interest expense	(887,535)	-	(887,535)
Total nonoperating revenues (expenses)	<u>(483,343)</u>	<u>445,611</u>	<u>(37,732)</u>
Income (loss) before transfers	7,202,092	762,840	7,964,932
Transfers out - capital assets	<u>-</u>	<u>(55,000)</u>	<u>(55,000)</u>
Change in net position	7,202,092	707,840	7,909,932
Net position			
Beginning of year	<u>109,075,020</u>	<u>5,490,238</u>	<u>114,565,258</u>
End of year	<u>\$ 116,277,112</u>	<u>\$ 6,198,078</u>	<u>\$ 122,475,190</u>

City of Waterloo
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
		Nonmajor	
	Sanitary Sewer Fund (520, 521, 617)	Sanitation Fund (525)	Total
Cash Flows - Operating Activities			
Receipts from customers	\$ 19,172,448	\$ 6,022,948	\$ 25,195,396
Payments to suppliers for goods and services	(6,052,132)	(3,235,703)	(9,287,835)
Payments to employees for services	(4,585,799)	(2,239,786)	(6,825,585)
Other operating revenues	104,055	82,941	186,996
Net cash flows - operating activities	<u>8,638,572</u>	<u>630,400</u>	<u>9,268,972</u>
Cash Flows - Noncapital Financing Activities			
Intergovernmental receipts	-	336,570	336,570
Cash Flows - Capital and Related Financing Activities			
Principal paid on debt	(3,780,392)	-	(3,780,392)
Interest paid on debt	(886,308)	-	(886,308)
Note proceeds	7,589,069	-	7,589,069
Acquisition of capital assets	(9,110,368)	(1,298,936)	(10,409,304)
Proceeds from disposal of capital assets	9,647	7,200	16,847
Net cash flows - capital and related financing activities	<u>(6,178,352)</u>	<u>(1,291,736)</u>	<u>(7,470,088)</u>
Cash Flows - Investing Activities			
Investment income	<u>394,545</u>	<u>106,639</u>	<u>501,184</u>
Net change in cash and cash equivalents	2,854,765	(218,127)	2,636,638
Cash and Cash Equivalents			
January 1	<u>20,069,292</u>	<u>4,340,049</u>	<u>24,409,341</u>
December 31	<u>\$ 22,924,057</u>	<u>\$ 4,121,922</u>	<u>\$ 27,045,979</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 7,685,435	\$ 317,229	\$ 8,002,664
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation	3,379,200	343,909	3,723,109
Pension expense	(220,106)	(96,917)	(317,023)
Accounts receivable	(371,299)	(225,345)	(596,644)
Special assessments receivable	(27,806)	42,597	14,791
Due from other governments	(4,393)	19,971	15,578
Inventories	(60,226)	-	(60,226)
Accounts payable	(1,158,133)	150,358	(1,007,775)
Salaries payable	(131,679)	(60,273)	(191,952)
Deposits	(14,503)	(234)	(14,737)
Unearned revenue	(79,425)	(18,249)	(97,674)
OPEB obligation	(357,553)	155,381	(202,172)
Compensated absences payable	(940)	1,973	1,033
Total adjustments	<u>953,137</u>	<u>313,171</u>	<u>1,266,308</u>
Net cash flows - operating activities	<u>\$ 8,638,572</u>	<u>\$ 630,400</u>	<u>\$ 9,268,972</u>

See notes to basic financial statements.

City of Waterloo
Statement of Fiduciary Net Position
June 30, 2023

	<u>Custodial Fund</u>
Assets	
Cash and investments	\$ 14,813
Net Position	
Restricted for individuals, organizations and other governments	<u>\$ 14,813</u>

City of Waterloo
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	<u>Custodial Fund</u>
Additions	
Licenses and permits	\$ 159,139
Deductions	
General government	<u>144,326</u>
Change in net position	14,813
Beginning net position	<u>-</u>
Ending net position	<u>\$ 14,813</u>

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City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Waterloo, Iowa (City) is a political subdivision of the State of Iowa located in Black Hawk County. It was incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the full-time Mayor and seven part-time City Council members elected on a nonpartisan basis. The Mayor is elected for a two-year term. City Council members from five wards plus two at-large are elected for staggered four-year terms. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sanitary sewer and sanitation (garbage pickup) utilities for its citizens. Through its component unit, Waterloo Water Works, water utility services are also provided.

B. Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, authorities, and material component units and have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City. These financial statements present the City of Waterloo (the primary government) and its discretely presented component units, the Waterloo Water Works and Waterloo Convention & Visitors Bureau, Inc. Complete financial statements of the Waterloo Water Works component unit can be obtained from the Waterloo Water Works administrative office, 325 Sycamore Street, Waterloo, Iowa. Complete financial statements of the Waterloo Convention & Visitors Bureau, Inc. can be obtained from their office at 500 Jefferson Street, Waterloo, Iowa.

1. Blended Component Unit

The Waterloo Housing Authority (Authority) is governed by a board that includes all seven members of the City Council plus two members appointed by the Mayor, subject to approval of a majority of the City Council, for a total of nine members. Although the Authority is considered legally separate from the City, it has a financial benefit/burden relationship with the City. Due to the nature of its relationship with the City, the Authority is considered part of the primary government. The Authority is reported as a special revenue fund.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

2. Discretely Presented Component Units

Waterloo Water Works

The Waterloo Water Works is a component unit that is legally separate from the City but is financially accountable to the City. The Waterloo Water Works is governed by a three member board appointed by the City Council and its operating budget is subject to the review of the City Council. The Waterloo Water Works operates on a calendar year-end and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Due to the different year-end, the amount reported by the Waterloo Water Works as due to the primary government and the primary government's due from the Waterloo Water Works do not agree by \$63,659.

Waterloo Convention & Visitors Bureau, Inc.

The Waterloo Convention & Visitors Bureau, Inc. (the Organization) is a nonprofit corporation and a component unit of the City whose purpose is to strengthen the local economy by competitively marketing the area as a destination for conventions, tour groups, sporting events and individual travelers. The Organization's operations are funded primarily by an allocation of the local hotel/motel tax from the City's local transient guest tax. By ordinance, the City allocates 50% of the tax to the Organization. The Organization is governed by a 15-member Board of Directors. Five members are appointed by the City, and the other ten are elected by other members of the Organization's Board. Although the City does not appoint the voting majority of the Organization's Board of Directors, the Organization has been determined to be fiscally dependent on the City.

C. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate Waterloo Water Works and Waterloo Convention & Visitors Bureau, Inc. component units.

The statement of net position presents the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given program or function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program/function revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program/function and (2) grants, contributions and other resources that are restricted to meeting the operational or capital requirements of a particular program/function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Basic Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period.

Property tax, local option sales tax, intergovernmental revenue (shared revenue, grants, and reimbursements from other government) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment matures. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Separate basic financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Description of Funds:

Major Governmental Funds:

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Trust and Agency (Employee Benefits) Special Revenue Fund – This fund is required by the *Code of Iowa* to account for property taxes levied for employee benefits. This fund either pays benefits as expenditures (primarily police and fire pension costs) or transfers cash to the General Fund to reimburse allowable benefits paid from that fund.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Basic Financial Statement Presentation
(Continued)**

Description of Funds:

Major Governmental Funds: (Continued)

Tax Increment Financing Fund – This fund is a special revenue fund used to account for the accumulation of resources from tax increment financing projects, payment of contracted rebates and other obligations related to the projects and transfers to the GO Debt Service Fund and/or other funds to reimburse the other funds for expenditures on the projects.

Road Use Tax Fund – This fund is a special revenue fund required by the *Code of Iowa* to account for the City's share of fuel taxes collected and allocated by the State which is restricted for local street maintenance.

Local Option Sales Tax Fund – This fund is a special revenue fund required by the *Code of Iowa* to account for the City's share of 1% sales tax approved by the citizens of Waterloo collected and allocated by the State which is restricted for the construction, reconstruction, and repair of local streets.

Proprietary Fund:

Sewer Fund – This fund operates the sewage collection system and wastewater treatment plant.

Fiduciary Fund:

Custodial Fund – This is a custodial fund used to account for building permits passed through to Black Hawk County.

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

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Basic Financial Statement Presentation
(Continued)**

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenue. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then apply general revenue.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Pooled Investments

The cash balances of most City funds are pooled and deposited into interest-bearing demand deposit accounts, certificates of deposit and Iowa Public Agency Investment Trust (IPAIT). Interest earned on investments is allocated among funds in the ratio of cash provided by the fund unless otherwise provided by law. Interest earned by the Road Use Tax Fund is allocated to the General Fund. Investments consist of deposits in IPAIT money market accounts which are stated at amortized cost plus accrued interest.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

2. Receivables and Payables

Receivables are reported net of any allowance for uncollectible accounts. As of June 30, 2023, the General Fund and the enterprise funds had allowances for uncollectible customer accounts totaling \$547,852 and \$323,694, respectively.

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on first day of the year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

2. Receivables and Payables (Continued)

Property tax revenue became due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments, and is based on January 1, 2021, assessed property valuations, and is for the tax accrual period July 1, 2022, through June 30, 2023, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2022.

Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. Special assessments receivable consists of current assessments which are due within one year, delinquent assessments remaining unpaid after the due date, and deferred, uncollected assessments which have been levied, but are not due within one year.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared.

Loans and notes consist of amounts advanced to private individuals or organizations. Collections of principal and interest from loans and notes made from federal funds are program income of the federal program when received in cash.

Due from other governments represents amounts due from the State of Iowa, various shared revenue and grants and reimbursements from other governments.

3. Inventory and Prepaid Items

Inventories are valued at cost using the first-in, first-out method. The cost of inventory is recorded as an expenditure when consumed. Inventories and prepaids recorded in the governmental fund types to not reflect current appropriable resources; therefore, an equivalent portion of fund balance is recorded as nonspendable.

Prepaids consist primarily of property and liability insurance payments paid in advance. Prepaid items are recorded as an expenditure at the time of consumption.

4. Restricted Assets

Certain assets of the governmental funds are classified as restricted assets because their use is restricted by bond covenants, donors, contract or grant agreements or by law.

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. Capital assets, other than infrastructure, are defined by the City as assets with an initial, individual cost in excess of \$5,000 and estimated useful lives in excess of one year. Infrastructure is defined by the City as assets available for public use, other than buildings, and having a cost of \$50,000 or more.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Governmental Activities	
Buildings and improvements	10 - 40
Infrastructure	15 - 100
Furniture and equipment	3 - 20
Vehicles, machinery and equipment	3 - 25
Software	5
Business-type activities	
Buildings	15 - 50
Improvements other than buildings	50
Furniture and equipment	5 - 20
Vehicles, machinery and equipment	5 - 10
Software	5
Discretely Presented Component Unit	
Buildings and improvements	8 - 40
Water supply and distribution systems	10 - 99
Meters and equipment	5 - 63
Machinery and equipment	5 - 26
Leasehold improvements	5 - 39

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

6. Leases

Lessor: The City is a lessor in real estate leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary, and governmental fund financial statements. The City recognizes lease receivables with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- For leases where the City is a lessor, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

8. Compensated Absences

City ordinances and labor contracts with the City call for the accumulation of vacation, compensatory time, and sick leave for subsequent use or for payment upon termination or retirement. During 2001, the City began offering an early sick leave payout option for certain employees. Qualifying employees can elect to receive 60% of the time in their frozen sick leave bank over a five-year period prior to their retirement or termination of employment. Vacation and compensatory time are accrued when incurred in the government-wide and the proprietary funds statements and reported as a liability. Matured compensated absences, for example, as a result of employee retirements and resignations, are considered due and expected to be liquidated with expendable available financial resources and are reported as an expenditure and a fund liability of the respective governmental fund. Governmental fund liabilities for unmatured compensated absences are not reported in the fund financial statements.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Pensions

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

11. Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Waterloo GAAP City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

12. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements consist of property taxes receivable and other receivables not collected within 60 days after year end. Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, and unrecognized items not yet charged to pension expense and amounts related to OPEB for various estimate differences that will be amortized and recognized over future years.

13. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision-making authority) through resolution.
- **Assigned Fund Balance** – Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated by the City Council to the Chief Financial Officer in accordance with the City's Fund Balance and Reserve Policy.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

13. Fund Equity (Continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

14. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Amounts reported as net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

15. Estimates and Assumptions

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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 basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

16. Budgetary Information

In accordance with the *Code of Iowa*, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribe procedures. The City did not amend its budget during the year ended June 30, 2023.

The cash basis reports cash receipts and disbursements rather than revenue and expenditures/expenses. Receivables, payables, accruals, and deferrals do not apply to the cash basis budget. The Budgetary comparison and related disclosures are reported as required supplementary information.

City of Waterloo
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

16. Budgetary Information (Continued)

The City follows these procedures in the adoption of or amendment of the annual budget:

1. Department supervisors submit preliminary budget requests during October and November. These requests are reviewed by the City Administrator and City Finance Officer, who present a proposed budget to the City Council. The City Council prepares a proposed budget based on their recommendations.
2. The City Clerk provides the projected budget to interested citizens during February, and public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution and is submitted to the County Auditor and State of Iowa.
4. Amendments to the budget may be considered and reviewed throughout the fiscal year. Amendments are subject to council review and by justification to the City Administrator. The budget is formally amended by the City Council after the process of public hearings.

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. As of June 30, 2023, disbursements did not exceed the budgeted amounts.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

These deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following funds had a deficit fund balance at June 30, 2023:

Nonmajor Special Revenue

Grant funded projects	\$ 3,550,637
Community development block grant	283,351

NOTE 3 – CASH AND POOLED INVESTMENTS

Interest Rate Risk: The City's policy allows the operating funds to be invested in instruments authorized by the City's investment policy that mature within 397 days and funds not identified as operating funds to be invested with maturities longer than 397 days. However, all investments of the City shall have maturities that are consistent with the liquidity needs of the City.

City of Waterloo
Notes to Basic Financial Statements

NOTE 3 – CASH AND POOLED INVESTMENTS (CONTINUED)

As of June 30, 2023, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$20,637,676, pursuant to GASB Statement No. 79. IPAIT is registered with the Securities and Exchange Commission. The City's investment in IPAIT is not subject to interest rate risk.

As of December 31, 2022, the Waterloo Water Works component unit had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$1,619,004, pursuant to GASB Statement No. 79. IPAIT is registered with the Securities and Exchange Commission. The Waterloo Water Works component unit's investment in IPAIT is not subject to interest rate risk.

The discretely presented Waterloo Water Works component unit's certificates of deposit are restricted to comply with debt covenants and to secure customer deposits.

Credit Risk: In accordance with the City's investment policy, the City may invest in interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts at any bank, savings and loan associations or credit union in the State of Iowa, obligations of the United States government, its agencies and instrumentalities, certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions, IPAIT, prime bankers' acceptances that mature within 270 days of purchase and are eligible for purchase by a Federal Reserve Bank, commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the two highest classifications, as established by at least one of the standard rating services, repurchase agreements, open-end management investment company organized in trust form, registered with Securities & Exchanges Commission. The policy does not allow the City to invest in reverse repurchase agreements and futures and options contracts.

The investment in the Iowa Public Agency Investment Trust is rated AAAm by Standard & Poor's.

Concentration of Credit Risk: The City's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Accordingly, the policy limits the City from investing in prime bankers' acceptances or commercial paper of more than 10% of the investment portfolio and more than 5% of the investment portfolio with a single issuer at the time of purchase. In addition, no more than 5% of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification at the time of purchase. As of June 30, 2023, the City's investments were not subject to concentration of credit risk.

Custodial Credit Risk: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City and Waterloo Water Works' deposits as of June 30, 2023, and December 31, 2022, respectively, were entirely covered by federal depository insurance, National Credit Union insurance or by the State Sinking Fund in accordance with Chapter 12C of the *Code of Iowa*. This chapter provides for additional assessments against the depositories to ensure that there will be no loss of public funds. In addition, the City had no investments subject to custodial credit risk since the City does not hold the underlying investments.

City of Waterloo
Notes to Basic Financial Statements

NOTE 4 – LEASE RECEIVABLE

The City has recognized a Lease Receivable of \$2,157,364 and Deferred Inflow of Resources of \$2,134,421. The leases have varied term lengths and interest rates. The most significant leases are for the use of City owned land. The City recognized lease revenue of \$3,101,285 during the fiscal year.

The Waterloo Water Works component unit owns several water towers from which it rents space to cellular, radio and telephone communications companies. The Waterloo Water Works component unit receives monthly payments ranging between \$651 and \$2,886 for the various leases through 2039. The leases have been discounted at a rate of 2.5%. The weighted average remaining lease term is 8.25 years. During the year ending December 31, 2022, the Utility earned principal of \$140,366 and interest of \$52,989. There were no variable lease payments.

NOTE 5 – LOANS RECEIVABLE

A. Community Development Block Grant (CDBG) Loans:

Low-income housing loans – The City has provided six loans for low-income housing projects, five of which have a below-market interest rate. All have minimal payments required each year until maturity. The balance of the six loans at June 30, 2023, was \$1,098,928. Maturities range from January 2024 to August 2031. Cash received is program income and considered to be charges for services. Given the nature and collection history of the loans, the City has determined these amounts are uncollectible and have not been recorded as assets on the balance sheet.

Forgivable loans – The City, through its CDBG, HOME program, Economic Development Initiative program, Lead Paint Removal grant, federal and state Jumpstart funds, and Iowans Helping Iowans funds, provides forgivable rehabilitation loans to low-income households. The loans are forgiven on a sliding scale over a five-year period, provided the home is not sold or abandoned. If the home is sold or abandoned, the City's lien against the property prevents a clear title transfer unless the unforgiven portion of the note is satisfied. As of June 30, 2023, the City had made 1,807 such loans totaling \$37,322,952. The loan balances are considered forgivable and/or uncollectible by the City given the nature and terms of the loans and therefore, have not been recorded as assets on the balance sheet.

City of Waterloo
Notes to Basic Financial Statements

NOTE 6 – INTERFUND ACTIVITY

A. Transfers

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources or are for other legal purposes.

	Transfers out				Total
	General	Tax Increment Financing	Trust and Agency	Other Governmental Funds	
Transfers in					
General	\$ -	\$ 142,013	\$ 10,368,188	\$ -	\$ 10,510,201
Other governmental funds	1,507,120	10,713,334	-	170,000	12,390,454
Total	<u>\$ 1,507,120</u>	<u>\$ 10,855,347</u>	<u>\$ 10,368,188</u>	<u>\$ 170,000</u>	<u>\$ 22,900,655</u>

B. Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2023, is as follows:

	Interfund Receivables	Interfund Payable
General Fund	\$ 5,166,912	\$ -
Road use tax	108,189	-
Local option sales tax	13,598	-
Other governmental funds	7,825	5,335,228
Proprietary funds		
Sewer	27,003	-
Nonmajor, sanitation	11,701	-
Total	<u>\$ 5,335,228</u>	<u>\$ 5,335,228</u>

These balances result from projects and other uses which resulted in negative cash balances in certain funds at year end. Repayments will be made from future revenue (including grant revenue), debt proceeds and transfers.

City of Waterloo
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental activities						
Capital assets not being depreciated						
Land	\$ 46,205,167	\$ -	\$ 46,205,167	\$ -	\$ -	\$ 46,205,167
Land held for redevelopment	18,915,063	(18,915,063)	-	-	-	-
Construction in progress	53,860,184	-	53,860,184	29,624,898	24,029,450	59,455,632
Total capital assets not being depreciated	<u>118,980,414</u>	<u>(18,915,063)</u>	<u>100,065,351</u>	<u>29,624,898</u>	<u>24,029,450</u>	<u>105,660,799</u>
Capital assets being depreciated						
Buildings and improvements	141,503,628	-	141,503,628	8,401,860	1,003,781	148,901,707
Infrastructure	444,518,488	-	444,518,488	14,795,532	-	459,314,020
Vehicles, machinery, furniture and equipment	39,991,527	-	39,991,527	2,089,460	354,256	41,726,731
Software	817,293	-	817,293	-	24,525	792,768
Total capital assets being depreciated	<u>626,830,936</u>	<u>-</u>	<u>626,830,936</u>	<u>25,286,852</u>	<u>1,382,562</u>	<u>650,735,226</u>
Less accumulated depreciated for						
Buildings and improvements	78,875,678	-	78,875,678	3,118,130	938,884	81,054,924
Infrastructure	196,327,613	-	196,327,613	10,913,816	-	207,241,429
Vehicles, machinery, furniture and equipment	27,852,853	-	27,852,853	2,744,038	345,553	30,251,338
Software	802,393	-	802,393	7,450	24,525	785,318
Total accumulated depreciation	<u>303,858,537</u>	<u>-</u>	<u>303,858,537</u>	<u>16,783,434</u>	<u>1,308,962</u>	<u>319,333,009</u>
Governmental activities capital assets, being depreciated, net	<u>322,972,399</u>	<u>-</u>	<u>322,972,399</u>	<u>8,503,418</u>	<u>73,600</u>	<u>331,402,217</u>
Governmental activities capital assets, net	<u>\$ 441,952,813</u>	<u>\$ (18,915,063)</u>	<u>\$ 423,037,750</u>	<u>\$ 38,128,316</u>	<u>\$ 24,103,050</u>	<u>\$ 437,063,016</u>

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

Governmental activities	
Public safety	\$ 1,645,008
Public works	12,964,046
Culture and recreation	1,804,020
Community and economic development	137,117
General government	<u>233,243</u>
Total governmental activities depreciation expense	<u>\$ 16,783,434</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Capital assets not being depreciated				
Land	\$ 759,233	\$ -	\$ -	\$ 759,233
Construction in progress	31,617,758	9,020,701	35,641,245	4,997,214
Total capital assets not being depreciated	<u>32,376,991</u>	<u>9,020,701</u>	<u>35,641,245</u>	<u>5,756,447</u>
Capital assets being depreciated				
Buildings	71,699,336	-	-	71,699,336
Improvements other than buildings	81,246,861	35,597,506	-	116,844,367
Vehicles, machinery, furniture and equipment	14,795,098	1,432,344	108,994	16,118,448
Total capital assets being depreciated	<u>167,741,295</u>	<u>37,029,850</u>	<u>108,994</u>	<u>204,662,151</u>
Less accumulated depreciated for				
Buildings	31,897,057	1,412,954	-	33,310,011
Improvements other than buildings	23,591,007	1,624,939	-	25,215,946
Vehicles, machinery, furniture and equipment	10,345,295	685,216	49,193	10,981,318
Total accumulated depreciation	<u>65,833,359</u>	<u>3,723,109</u>	<u>49,193</u>	<u>69,507,275</u>
Business-type activities capital assets, being depreciated, net	<u>101,907,936</u>	<u>33,306,741</u>	<u>59,801</u>	<u>135,154,876</u>
Business-type activities capital assets, net	<u>\$ 134,284,927</u>	<u>\$ 42,327,442</u>	<u>\$ 35,701,046</u>	<u>\$ 140,911,323</u>

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

Business-type activities	
Sewer	\$ 3,379,200
Sanitation	<u>343,909</u>
Total business-type activities depreciation expense	<u>\$ 3,723,109</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely Presented Component Unit				
Waterloo Water Works				
Capital assets not being depreciated				
Land	\$ 472,362	\$ -	\$ -	\$ 472,362
Construction in progress	5,555,339	1,938,227	2,051,350	5,442,216
Total capital assets not being depreciated	6,027,701	1,938,227	2,051,350	5,914,578
Capital assets being depreciated				
Buildings and improvements	2,279,437	6,800	-	2,286,237
Water supply and distribution systems	38,124,843	2,894,349	-	41,019,192
Meters and equipment	1,242,713	-	-	1,242,713
Machinery and equipment	4,182,254	381,463	-	4,563,717
Total capital assets being depreciated	45,829,247	3,282,612	-	49,111,859
Less accumulated depreciated for				
Buildings and improvements	977,781	57,123	-	1,034,904
Water supply and distribution systems	11,825,628	1,024,947	-	12,850,575
Meters and equipment	836,784	17,738	-	854,522
Machinery and equipment	2,709,386	295,639	-	3,005,025
Total accumulated depreciation	16,349,579	1,395,447	-	17,745,026
Component unit capital assets, being depreciated, net	29,479,668	1,887,165	-	31,366,833
Component unit capital assets, net	<u>\$ 35,507,369</u>	<u>\$ 3,825,392</u>	<u>\$ 2,051,350</u>	<u>\$ 37,281,411</u>
Discretely Presented Component Unit				
Waterloo Convention and Visitor's Bureau				
Capital assets being depreciated				
Equipment	\$ 130,104	\$ 109,106	\$ -	\$ 239,210
Leasehold improvements	125,924	-	-	125,924
Total capital assets being depreciated	256,028	109,106	-	365,134
Less accumulated depreciation	233,904	15,375	-	249,279
Component unit capital assets, net	<u>\$ 22,124</u>	<u>\$ 93,731</u>	<u>\$ -</u>	<u>\$ 115,855</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 8 – COMPENSATED ABSENCES

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. A calendar year is primarily used for the calculation of vacation pay benefits while sick leave utilizes the City's fiscal year. Vacation days for most bargaining unit employees must be taken or paid during the calendar year with limited exceptions. Non bargaining unit employees may carry forward up to 10 days' vacation with proper approval. Upon termination, employees receive payment for unused vacation plus a payment for vacation hours accrued from January through the termination date. As of June 30, 2023, there was \$3,642,307 accrued for vacation.

Prior to July 1, 1984, sick leave was allowed to accumulate to a maximum of 240 days, except for police and fire personnel who could accumulate a maximum of 260 days. Any unused days as of July 1, 1984, were accumulated into a frozen sick leave bank. The days frozen in the bank are paid upon use, termination, or retirement (except for library employees who will only be paid upon use). If paid upon retirement, the amount due to employees is computed as the amount equal to 60% of the total accumulated hours times the employee's current pay rate paid to employees. Retirees have the option of receiving the payout immediately or receiving it as an annuity over 60 months. Active employees could elect to receive a payout of 60% of their frozen sick dollars beginning in July 2001. As of June 30, 2023, there was \$31,214 accrued for the frozen sick leave bank.

After July 1, 1984, sick leave is allowed to accumulate up to 12 days per year. At the end of the year, 25% of any unused sick leave is rolled over to the employee's casual leave bank and the balance of 75% of the unused sick leave is added to the employee's sick leave storage bank for future use. The days accumulated in the bank after July 1, 1984, are not payable upon termination or retirement. Certain Fire Department employees are eligible to roll 75% of their unused sick leave, with the balance added to their sick leave storage bank.

Certain employees can elect either to be paid overtime compensation or to accrue the hours as compensatory time, defined as additional time off from regular hours. Employees are required to be paid for these services upon termination of employment. Maximum hours eligible to be used later as compensatory time are limited by law and labor contracts. Governmental funds do not recognize these accumulations as expenditures until paid. As of June 30, 2023, there was \$1,650,452 accrued for unused compensatory time, which includes unused sick leave and frozen sick leave bank.

Employees are also eligible to receive pay-outs of a portion of unused casual leave. The accrued casual pay is reported as compensated absences in the applicable fund which includes \$168,502 in governmental funds, as the liabilities are considered matured and are expected to be liquidated with expendable available financial resources, and \$2,595 in an enterprise fund. Frozen sick leave, vacation pay, and compensatory time liabilities are accrued when incurred in the government-wide and proprietary fund statements and reported as a liability.

City of Waterloo
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2023.

	Beginning Balance	Additions	Maturities	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 106,200,000	\$ 6,000,000	\$ 9,720,000	\$ 102,480,000	\$ 9,805,000
Loans and notes (direct borrowing)	6,969,126	-	1,869,965	5,099,161	1,895,074
Financed purchases	3,361,715	-	400,588	2,961,127	402,724
Unamortized premium /discounts	1,480,250	394,780	2,579	1,872,451	-
Compensated absences	5,029,244	2,825,001	2,852,349	5,001,896	2,613,028
Total long-term liabilities, governmental activities	<u>\$ 123,040,335</u>	<u>\$ 9,219,781</u>	<u>\$ 14,845,481</u>	<u>\$ 117,414,635</u>	<u>\$ 14,715,826</u>
Business-type activities					
General obligation bonds	\$ 10,350,000	\$ -	\$ 1,930,000	\$ 8,420,000	\$ 1,885,000
State revolving fund capital loans (direct borrowing)	31,422,503	7,589,069	1,830,345	37,181,227	1,874,000
Compensated absences	323,639	462,294	461,261	324,672	256,446
Unamortized premium /discounts	156,367	-	20,047	136,320	-
Total long-term liabilities, business - type activities	<u>\$ 42,252,509</u>	<u>\$ 8,051,363</u>	<u>\$ 4,241,653</u>	<u>\$ 46,062,219</u>	<u>\$ 4,015,446</u>

Compensated absences and net pension and OPEB liabilities attributable to governmental activities are generally liquidated by the General Fund.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the City. Bonds are generally issued for the purpose of financing the acquisition and construction of major capital facilities or infrastructure.

Debt indentures require that certain covenants relating to the maintenance and efficiency of the operating system, the rate structure, restrictions on borrowings, leasing or disposition of assets and minimum insurance coverage be adhered to. These covenants are: (a) the interest on the tax-exempt bonds are to be excludable from gross income for federal income tax purposes, (b) the annual report must be submitted within 270 days after year-end, and (c) the City must give notice of significant events including those events causing delinquency of payment, bond calls, defeasances of bonds, or rating changes of bonds no later than ten business days after the event.

City of Waterloo
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT(CONTINUED)

B. Governmental Activities

1. General Obligation Bonds

On June 1, 2023, the City issued \$6,000,000 of tax-exempt General Obligation Urban Renewal Bond series 2023A, maturing June 1, 2023, through June 1, 2041, at stated interest rate of 4.00 percent.

Reasons for issuances were to finance a variety of capital improvements, vehicle and equipment acquisitions and urban renewal projects.

The general obligation bonds mature as follows:

Year Ending June 30,	General Obligation Bonds		Total
	Principal	Interest	
2024	\$ 9,805,000	\$ 2,751,113	\$ 12,556,113
2025	9,765,000	2,519,526	12,284,526
2026	10,485,000	2,279,933	12,764,933
2027	9,660,000	2,026,244	11,686,244
2028	9,410,000	1,779,041	11,189,041
2029-2033	33,945,000	5,489,204	39,434,204
2034-2038	16,860,000	1,669,553	18,529,553
2039-2041	2,550,000	131,695	2,681,695
	<u>102,480,000</u>	<u>18,646,309</u>	<u>121,126,309</u>
Net unamortized bond premium/(discount)	<u>1,872,451</u>	<u>-</u>	<u>1,872,451</u>
Total	<u><u>\$ 104,352,451</u></u>	<u><u>\$ 18,646,309</u></u>	<u><u>\$ 122,998,760</u></u>

2. Loans and Notes Payable – Direct Borrowing

The City has entered into development agreements including rebates of property taxes paid by other parties to the agreements. Most agreements include a set percentage of taxes paid for a specified number of years. The following agreements require a guaranteed amount of principal plus interest to be paid to the developer. As of June 30, 2023, the outstanding balance of these loans was \$5,099,161.

Deer Creek Development, LLC, original loan amount of \$1,896,017 plus interest at 7% through March 31, 2011, then at 4.75%, compounded semiannually. In fiscal year 2014, there were additions to the agreement of \$6,130. Payable at \$300,000 in fiscal year 2011 and semiannual payments of \$100,000 are due beginning November 2011 until principal plus interest have been paid. The loan balance was \$643,356 at June 30, 2023.

City of Waterloo
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT(CONTINUED)

B. Governmental Activities (Continued)

2. Loans and Notes Payable – Direct Borrowing (Continued)

North Crossing Development, LLC, original loan amount of \$7,000,000 plus interest at 1.81% through September 1, 2025. Payable in annual payments of \$1,000,000 are due beginning August 29, 2019, until principal plus interest have been paid. The loan balance was \$1,952,888 at June 30, 2023.

Fusion Investments, LLC, original loan amount of \$1,155,453 plus interest at 0.56%. Payable in annual payments of \$40,000 are due beginning in fiscal year 2021, not to exceed a total of \$1,200,000. The loan balance was \$1,048,278 at June 30, 2023.

Crystal Distribution, LLC, original loan amount of \$2,900,000 at 0.00% interest. Payable in annual payments of \$725,000 are due beginning in fiscal year 2022. The loan balance was \$1,454,639 at June 30, 2023.

The loans and notes from direct borrowing payable purchases mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,895,074	\$ 69,926	\$ 1,965,000
2025	1,925,538	44,101	1,969,639
2026	353,391	17,569	370,960
2027	79,863	5,405	85,268
2028	264,382	4,958	269,340
2029-2031	580,913	5,956	586,869
Total	<u>\$ 5,099,161</u>	<u>\$ 147,915</u>	<u>\$ 5,247,076</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

B. Governmental Activities (Continued)

3. Financed Purchases

April 12, 2021, the City entered into a 10-year financed purchase agreement for police equipment, including body cameras and tasers. The lease bears interest at 0.56% and annual payments of principal and interest are due through the expiration of the lease term in April 2031. The financed purchases mature as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 402,724	\$ 17,213	\$ 419,937
2025	404,980	14,958	419,938
2027	428,273	10,305	438,578
2028	430,671	7,907	438,578
2029-2030	868,591	8,565	877,156
Total	<u>\$ 2,961,127</u>	<u>\$ 71,638</u>	<u>\$ 3,032,765</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

C. Business Type Activities

1. State Revolving Capital Loan Notes – Direct Borrowing

During fiscal years 2018, 2019, 2021 and 2022, the City entered into eight agreements with the Iowa Finance Authority for Clean Water Revolving Loans with an approved loan amount totaling \$41,844,314. During fiscal year 2023, the City entered into one additional agreement with a total approved loan amount of \$1,068,000. During fiscal year 2023, the City made draws on these loans of \$7,589,069. As of June 30, 2023, the notes had an outstanding balance of \$37,181,227. The notes bear interest at 1.75%, with annual principal and interest payments through 2042. The amortization schedule below includes undrawn amounts that are expected to be drawn in 2024. The amortization schedules are estimates based on anticipated construction completed and may be adjusted in future years.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,874,000	\$ 777,563	\$ 2,651,563
2025	1,911,000	793,923	2,704,923
2026	1,947,000	701,893	2,648,893
2027	1,986,000	663,145	2,649,145
2028	2,024,000	623,623	2,647,623
2029-2033	10,739,000	2,317,005	13,056,005
2034-2038	11,099,000	685,451	11,784,451
2039-2042	7,429,000	170,820	7,599,820
Total	<u>\$ 39,009,000</u>	<u>\$ 6,733,423</u>	<u>\$ 45,742,423</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 9 – LONG-TERM DEBT (CONTINUED)

C. Business Type Activities (Continued)

2. Revenue Bonds

The sewer revenue bonds mature as follows:

Year Ending June 30,	Revenue Bonds		Total
	Principal	Interest	
2024	\$ 1,885,000	\$ 193,596	\$ 2,078,596
2025	1,805,000	153,821	1,958,821
2026	1,485,000	115,734	1,600,734
2027	1,170,000	86,246	1,256,246
2028	845,000	62,046	907,046
2029-2032	1,230,000	71,356	1,301,356
	8,420,000	682,799	9,102,799
Net unamortized bond premium/(discount)	136,320	-	136,320
Total	\$ 8,556,320	\$ 682,799	\$ 9,239,119

NOTE 10 – PENSION PLAN

The City participates in various pension plans. Total pension expense for the year ended June 30, 2023, was \$2,683,975. The components of pension expense are noted in the following plan summaries. The General fund, Sewer Fund and Sanitation typically liquidate the liability related to pensions. The Waterloo Water Works component unit participates in the Iowa Public Employers Retirement Plan and a standalone pension plan. Total pension expense for the Waterloo Water Works year ended June 30, 2023, was \$40,834.

Iowa Public Employees Retirement Plan

A. Plan Description

IPERS membership is mandatory for employees of the City and Water Works component unit, except for those covered by another retirement system. Employees of the City and Water Works component unit are provided with pensions through a cost-sharing multiple employers defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under *Iowa Code* Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 10 – PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

B. Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefits payments.

C. Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

D. Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

D. Contributions (Continued)

In fiscal year 2023, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City and Water Works component unit contributed 9.44% of covered payroll for a total of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2023, totaled \$1,983,183. The Waterloo Water Works component unit contributions to IPERS for the year ended December 31, 2022, totaled \$187,341.

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$9,274,309, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.233663%, which was a decrease of 0.00019% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of (\$226,462). As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 411,129	\$ 127,040
Changes of assumptions	7,870	221
Net collective difference between projected and actual earnings on IPER's investments	-	992,784
Changes in proportion and differences between City contributions and proportionate share of contributions	63,823	368,618
City contributions subsequent to the measurement date	1,983,183	-
	<u>\$ 2,466,005</u>	<u>\$ 1,488,663</u>
Total		

The \$1,983,183 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the next page:

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Year Ending June 30,	Amount
2024	\$ (948,919)
2025	(768,027)
2026	(1,297,412)
2027	2,006,404
2028	2,143
Total	<u><u>\$ (1,005,811)</u></u>

At December 31, 2022, the Waterloo Water Works component unit reported a liability of \$905,279, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Waterloo Water Works component unit's proportion of the net pension liability was based on the Waterloo Water Works component unit's share of contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the Waterloo Water Works component unit's proportion was 0.023961%, which was an increase of 0.0032408% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Waterloo Water Works component unit recognized pension expense of (\$119,986). As of December 31, 2022, the Waterloo Water Works component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,131	\$ 12,400
Changes of assumptions	768	22
Net collective difference between projected and actual earnings on IPER's investments	-	96,907
Changes in proportion and differences between Utility contributions and proportionate share of contributions	251,090	7,730
Utility contributions subsequent to the measurement date	97,447	-
Total	<u><u>\$ 389,436</u></u>	<u><u>\$ 117,059</u></u>

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 10 – PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The \$97,447 reported as deferred outflows of resources related to pensions resulting from the Waterloo Water Works component unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (17,128)
2025	2,987
2026	(52,832)
2027	232,371
2028	9,532
Total	<u>\$ 174,930</u>

There were no non-employer contributing entities to IPERS.

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rate of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation Rates vary by membership group
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

F. Actuarial Assumptions (Continued)

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	3.57 %
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
	<hr/>	
Total	<u>100.0 %</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City and Water Works component unit will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

H. Sensitivity of the City's and Waterloo Water Works component unit Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's and Waterloo Water Works component unit's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's and Waterloo Water Works component unit's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

Proportionate share of the net pension liability	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City	\$ 17,279,152	\$ 9,274,309	\$ 2,219,841
Waterloo Water Works component unit	1,686,643	905,279	216,682

I. IPERS Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

J. Payables to the Pension Plan

All legally required City and Waterloo Water Works component unit contributions and legally required employee contributions which have been withheld from employee wages were remitted by the City and Waterloo Water Works component unit to IPERS by June 30, 2023.

Municipal Fire and Police Retirement System of Iowa

A. Plan Description

MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the *Code of Iowa*. Employees of the City are provided with pensions through a cost-sharing multiple employer-defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the *Code of Iowa* and the administrative rules thereunder. Chapter 411 of the *Code of Iowa* and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

B. Pension Benefits

Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

B. Pension Benefits (Continued)

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3-, 4- or 5-year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen, and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

C. Death Benefits

Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the *Code of Iowa*, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

D. Contributions

Member contribution rates are set by state statute. In accordance with Chapter 411 of the *Code of Iowa*, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2023.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the *Code of Iowa*. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the *Code of Iowa*, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023, totaled \$4,777,013.

If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a non-employer contributing entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the year ended June 30, 2023.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

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

At June 30, 2023, the City reported a liability of \$30,785,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2022, the City's proportion was 5.481954%, which was a decrease of 0.023677% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the City recognized pension expense of \$2,910,437. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,911,679	\$ 39,585
Changes of assumptions	86,356	-
Net collective difference between projected and actual earnings on IPER's investments	-	364,749
Changes in proportion and differences between City contributions and proportionate share of contributions	140,081	407,570
City contributions subsequent to the measurement date	4,777,013	-
Total	<u>\$ 6,915,129</u>	<u>\$ 811,904</u>

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 10 – PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

E. Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$4,777,013 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 7,323
2025	(715,668)
2026	(2,202,102)
2027	4,177,506
2028	59,153
Total	<u>\$ 1,326,212</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rate of salary increase	3.75% to 15.11%, including inflation
Investment rate of return	7.50% net of investment expense including inflation

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2020.

Mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

F. Actuarial Assumptions (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Broad fixed income	3.5 %
Broad U.S. Equity	6.7
Global equity	6.8
Broad Non-U.S. Equity	7.0
Managed futures	5.1
Emerging markets	7.2
Real estate - Core	6.4
Opportunistic real estate	11.0
Global infrastructure	6.8
Private credit	8.6
Private equity	12.0

G. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

Proportionate share of the net pension liability	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
City	\$ 55,715,175	\$ 30,785,035	\$ 10,130,075

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

I. MFPRSI's Fiduciary Net Position

Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

J. Payables to MFPRSI

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2023.

Waterloo Water Works Pension Plan

A. Plan Description

The Waterloo Water Works Pension Plan is a single-employer defined pension benefit plan administered by the Pension Committee of the Waterloo Water Works (Committee). The plan provides retirement benefits to plan members and beneficiaries. No new Plan members were allowed after December 31, 2007. The Plan does not issue a standalone financial report. The actuarial report on the Plan is held at the Waterloo Water Works office.

The following brief description is provided for general informational purposes only. Refer to the Plan documents for more information.

B. Pension Benefits

Retirement benefits are calculated using the highest three consecutive years of pensionable earnings during the last ten years of employment. The accrued benefit is determined to be 60% of average compensation, reduced if years of service is less than 30 years. Normal retirement age is 65. Married members may receive a benefit for life, however, members are required by law to receive a reduced qualified joint and survivor benefit, unless formally elected otherwise. In no event shall pensionable earnings exceed the limitation specified in Section 401(a)(17) of the Internal Revenue Code. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Committee.

At December 31, 2022, the following members were covered by the Plan:

Inactive plan members and beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	10
	<hr/>
Total members	50
	<hr/> <hr/>

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 10 – PENSION PLAN (CONTINUED)

Waterloo Water Works Pension Plan (Continued)

C. Contributions

The contribution requirements of the Plan members and the Waterloo Water Works component unit are established and may be amended by the Waterloo Water Works component unit. Mandatory contributions to the Plan by Plan members are equal to the IPERS rate effective January 1 of the previous year, 6.29% for 2022. Prior to 2010, Plan member contributions were not required and the Waterloo Water Works component unit made all the required contributions. Beginning January 1, 2010, Plan members were required to contribute one-third of the full contribution rate of 4.1% and the Waterloo Water Works component unit paid the rest of the required contribution. Beginning January 1, 2011, Plan members were required to contribute two-thirds of the full contribution rate of 4.3% and beginning January 1, 2012, Plan members were required to contribute all of the mandatory contributions. The Waterloo Water Works component unit Board of Trustees has approved Utility contributions to the Plan in excess of the amount determined annually by the actuary in an effort to eliminate over time the net pension liability as computed by the actuary.

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

At December 31, 2022, the Waterloo Water Works component unit reported a liability of \$1,538,984 for its proportionate share of the net pension liability. For the year ended December 31, 2022, the Waterloo Water Works component unit recognized pension expense of \$160,820. At December 31, 2022, the Waterloo Water Works component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 704,458	\$ -

**City of Waterloo
Notes to Basic Financial Statements**

NOTE 10 – PENSION PLAN (CONTINUED)

Waterloo Water Works Pension Plan (Continued)

D. Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2023	\$ (107,161)
2024	119,610
2025	256,571
2026	435,438
2027	-
Total	<u>\$ 704,458</u>

E. Actuarial Assumptions

The Waterloo Water Works component unit net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability as of December 31, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	2.50% per annum
Rate of salary increase	3.00% per annum, including inflation
Investment rate of return	7.00% compounded annually net of investment expense including inflation

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of an actuarial experience study for the periods of January 1, 2022 through December 31, 2022. In addition, mortality rates were based on 2023 Dataset Mortality Tables with Scale, as appropriate.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Waterloo Water Works Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on Plan investments was determined using a building-block method in which expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Cash and fixed income	28.0 %	2.70 %
Equity large cap	60.0	7.20
Equity small cap	12.0	7.70
Total	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2022. The projections of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Waterloo Water Works Pension Plan (Continued)

G. Sensitivity of the Waterloo Water Work component unit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Waterloo Water Works component unit's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Waterloo Water Works component unit's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
<u> </u>	<u> </u>	<u> </u>
\$ 2,336,674	\$ 1,538,984	\$ 846,884

H. Changes in Net Pension (Asset) Liability

Changes in the Waterloo Water Works net pension (asset) liability for the year ended December 31, 2022, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u> </u>	<u> </u>	<u> </u>
Balances at January 1, 2022	<u>\$ 9,319,314</u>	<u>\$ 9,632,233</u>	<u>\$ (312,919)</u>
Changes for the year			
Service cost	34,615	-	34,615
Interest	624,396	-	624,396
Differences between expected and actual economic experience	109,603	-	109,603
Employer contributions	-	400,000	(400,000)
Employee contributions	-	39,670	(39,670)
Net investment income	-	(1,522,959)	1,522,959
Benefit payments	<u>(702,668)</u>	<u>(702,668)</u>	<u>-</u>
Net changes	<u>65,946</u>	<u>(1,785,957)</u>	<u>1,851,903</u>
Balances at December 31, 2022	<u><u>\$ 9,385,260</u></u>	<u><u>\$ 7,846,276</u></u>	<u><u>\$ 1,538,984</u></u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 10 – PENSION PLAN (CONTINUED)

Waterloo Water Works Pension Plan (Continued)

I. Payables to the Plan

All legally required Waterloo Water Works component unit's contributions and legally required employee contributions which had been withheld from employee wages were remitted to the Plan by December 31, 2022.

NOTE 11 – COMMITMENTS

A. Construction

The City is involved in construction of capital assets, mainly streets, riverfront improvements and Brownfields reconstruction. Much of the construction is partially funded through federal, state, and local grants and donations. City participation in the programs is generally funded through proceeds of debt issues and local option taxes. As of June 30, 2023, the City was committed to approximately \$38 million of construction contracts.

At December 31, 2023, the Waterloo Water Works component unit was committed to approximately \$1.7 million of construction contracts.

B. Property tax rebates

The City has entered into a number of development agreements with various businesses located in City tax increment financing districts. The agreements generally offer rebates of portions of taxes paid for up to 10 years, depending on each individual agreement. The amount of the rebates are a percentage of the actual taxes paid by the business. Rebates are reported at the time property taxes are received. See Note 19 for additional information.

C. Loan guarantee

The City has guaranteed a bank loan of Cedar Skyline Corporation d/b/a Main Street Waterloo, a not-for-profit corporation. Main Street Waterloo and the City are not part of the same reporting entity. In 1999, Main Street Waterloo entered into a loan agreement with a financial institution, which was amended in 2006, 2010, 2016 and 2021. The note matures monthly through August 17, 2025. When the loan was entered into, the City voted to extend a nonexchange financial guarantee on the Main Street Waterloo loan. In the event that Main Street Waterloo is unable to repay the loan, the City would be required to make the payment, with no requirements for Main Street Waterloo to repay the City if the City has to pay any amount on the loan. As of June 30, 2023, the loan balance was \$161,141. Based on City management's assessment of the qualitative factors and historical data, the City has not recorded a liability for this nonexchange financial guarantee.

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, spouses, and their dependents. Group insurance benefits are established under *Iowa Code* Chapter 509A.13. As of June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

City of Waterloo
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

B. Benefits Provided

Individuals who are employed by the City are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. As required by state law, employees who retire from service with the City prior to age 65 are eligible for coverage in the plan. Police and fire employees must have completed four years of service, be age 55 and vested in the Municipal Fire and Police Retirement System. All other employees must have completed four years of service (seven years of service after July 1, 2012), be age 55 and be vested in IPERS to participate in the plan. Retirees are allowed to be covered by the plan until they are Medicare eligible at 65. Spouses of retirees are eligible to be covered on the plan for an additional eight years or until they reach age 65.

C. Contributions

The current funding policy of the City is to pay health claims as they occur. Contributions are required for both retiree and dependent coverage. Retirees are required to pay the current premium equivalent amounts less a contribution subsidy provided by the City for those employees hired prior to July 1, 1990.

The contribution subsidy available to retirees and their eligible dependents is determined by years of service and the date of retirement. The subsidy is available until a retiree reaches age 65. Once the retiree reaches age 65, the dependent may continue coverage at a 100% subsidy, grading down 20% each year thereafter. This benefit is available only to those hired before July 1, 1990. The percentage of the monthly contribution that the City subsidizes is detailed in the table as follows.

Criteria	Employer Subsidy Percentage
Retire prior to September 1, 1990	
All employees	100 %
Retire on or after September 1, 1990	
Hired prior to July 1, 1990	
28+ continuous years of service	100
20-27 continuous years of service	80
15-19 continuous years of service	60
10-14 continuous years of service	40
< 10 continuous years of service	-
Hired on or after July 1, 1990	
All employees	-

Disabled retirees follow a contribution schedule that is slightly different from regular retirees. Work related incidents allow disabled retirees and their dependents a 100% subsidy until age 65. Nonwork related incidents allow a 75% subsidy until age 65. Once the retiree reaches age 65, dependents of disabled retirees receive a 75% subsidy, grading down 20% each year thereafter.

City of Waterloo
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Members

As of June 30, 2022, the following were covered by the benefit terms:

Retirees receiving payments	113
Active employees	<u>522</u>
Total	<u><u>635</u></u>

E. Total OPEB Liability

The City's total OPEB liability of \$16,806,793 was measured as of June 30, 2023, and was determined by an actuarial valuation dated June 30, 2022.

F. Actuarial Assumptions

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Salary increases	3.25% per annum
Discount rate	3.65%
Health care cost trend rates	
Pre-Medicare	6.75% reduced 0.25% per annum to ultimate of 4.00%
Post-Medicare	5.75% reduced 0.25% per annum to ultimate of 4.00%
Mortality rates	Pub-2010 projected generationally using Scale MP-2021

The discount rate was based on Bond Buyer 20-Bond GO index.

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of actuarial experiences studies with dates corresponding to those listed above.

	Total OPEB Liability
Balances at July 1, 2022	<u>\$ 17,338,714</u>
Changes for the year	
Service cost	707,557
Interest	608,138
Changes of assumptions	(113,156)
Benefit payments	<u>(1,734,460)</u>
Net changes	<u>(531,921)</u>
Balances at June 30, 2023	<u><u>\$ 16,806,793</u></u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Actuarial Assumptions (Continued)

The General Fund, Sewer Utility Fund and Sanitation Utility Fund typically liquidate the liability related to OPEB.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.65% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (2.65%)	Current Discount Rate (3.65%)	1% Increase in Discount Rate (4.65%)
\$ 17,864,000	\$ 16,806,793	\$ 15,824,000

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
\$ 15,450,000	\$ 16,806,793	\$ 18,358,000

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,235,151. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,136,681	\$ 2,776,125
Changes of assumptions	560,922	345,680
Total	<u>\$ 1,697,603</u>	<u>\$ 3,121,805</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 12 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

The amount reported as deferred inflows and outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2024	\$ (80,544)
2025	(80,544)
2026	(80,544)
2027	(43,679)
2028	(85,035)
Thereafter	(1,053,856)
Total	<u>\$ (1,424,202)</u>

NOTE 13 – EMPLOYEE HEALTH CARE PLAN

The City provides health care, including dental, vision and prescription coverages, to its employees and certain former employees through a self-funded health insurance plan. Administration is provided by contracted providers. The City accounts for the plan in the General Fund, City Clerk and Finance Department, Health/Life Insurance Activity. Other funds, departments and activities are assessed for costs based on current and former employees within the activity. General Fund costs of these activities are funded by an employee benefits levy in the Trust and Agency Fund. The City is allowed to levy amounts needed to provide benefits.

The City purchases stop-loss insurance, \$100,000 specific and 125% aggregate of expected claims.

The City's estimated unpaid claims as of June 30 and its needed reserves for claim fluctuation were determined by an actuarial study performed as of June 30. All outstanding claims are considered matured and expected to be paid in fiscal year 2024, with current available financial resources, and accordingly, a liability payable from restricted resources is reported within the General Fund. Changes and balances are as follows:

	2023	2022
Estimated unpaid claims, beginning of year	\$ 945,340	\$ 835,947
Estimated claims incurred	11,525,526	10,335,897
Claims payments	<u>(11,693,291)</u>	<u>(10,326,504)</u>
Estimated unpaid claims, end of year	<u>\$ 777,575</u>	<u>\$ 845,340</u>

City of Waterloo
Notes to Basic Financial Statements

NOTE 14 – WORKER'S COMPENSATION PLAN

The City provides worker's compensation benefits through a self-funded plan. Administration is provided by a contracted provider. The City accounts for the plan in the General Fund, City Clerk and Finance Department, Self-Funded Worker's Compensation Activity. Costs are funded by an employee benefits levy in the Trust and Agency Fund. The City is allowed to levy amounts needed to provide benefits.

The City's estimated unpaid claims as of June 30 are based on projected costs of future payments for injuries incurred prior to June 30, 2023, and is recorded as a liability in the government-wide statement of net position. \$204,461 is considered matured and is recorded in the General Fund and governmental activities with accrued liabilities. Changes and balances are as follows:

	2023	2022
Estimated unpaid claims, beginning of year	\$ 616,692	\$ 712,521
Estimated claims incurred	1,681,839	1,364,904
Claims payments	<u>(1,073,468)</u>	<u>(1,460,733)</u>
Estimated unpaid claims, end of year	<u>\$ 1,225,063</u>	<u>\$ 616,692</u>

NOTE 15 – JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The City is a participating member of several organizations including the Black Hawk County Criminal Justice Information System (CJIS), the Consolidated Dispatch Center (Center), the Black Hawk County Solid Waste Management Commission (SWMC) and the Metropolitan Transit Authority (MET). In addition, the City pays its share of costs for CJIS, including debt service, pays its share of costs of the Center, pays landfill fees to SWMC, and levies and collects property taxes from Black Hawk County and remits them to MET (\$3,622,801 during the year ended June 30, 2023). Also, during the year ended June 30, 2023, the Sanitation Fund received an operating grant of \$336,570 from SWMC. This grant was used to offset recycling costs.

The Center's financial information is reported within the Black Hawk County annual financial report. CJIS, SWMC and MET issue their own annual reports. Reports are available on the Iowa Auditor of State's website <http://auditor.iowa.gov/reports>.

The City has no equity position in any of the organizations.

City of Waterloo
Notes to Basic Financial Statements

NOTE 16 – INDUSTRIAL DEVELOPMENT REVENUE BONDS – CONDUIT DEBT

The City has issued a total of \$160,401,000 of industrial development revenue bonds under the provisions of Chapter 419 of the *Code of Iowa*. The amount outstanding as of June 30, 2023, is not reported to the City by either the debtors or creditors. Therefore, outstanding balances are unknown. The bonds and related interest are payable solely from revenue of applicable projects. Bond principal and interest do not constitute liabilities of the City.

NOTE 17 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance and self-funded worker's compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City assumes the risks of loss of both mobile vehicles and equipment, except for certain pieces of equipment, such as fire and forestry equipment, with large per-unit costs which are insured against loss subject to deductibles.

As of June 30, 2023, the City has assigned \$1,043,394 of its General Fund, fund balance for insurable risks retained.

NOTE 18 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenue that results from an agreement between one or more governments and an individual entity in which (a) one or more governments promise to forego tax revenue to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the *Code of Iowa*. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2023, the City abated \$4,584,891 of property tax under the urban renewal and economic development projects.

City of Waterloo
Notes to Basic Financial Statements

NOTE 19 – FUND BALANCES

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the City's fund balances are as follows:

	General	Tax Increment Financing	Road Use Tax	Local Options Sales Tax	Trust and Agency	Other Governmental Funds	Total
Nonspendable							
Inventory	\$ 1,124,560	\$ -	\$ 175,380	\$ -	\$ -	\$ -	\$ 1,299,940
Prepaid	78,634	-	-	-	-	33,050	111,684
Total nonspendable	<u>1,203,194</u>	<u>-</u>	<u>175,380</u>	<u>-</u>	<u>-</u>	<u>33,050</u>	<u>1,411,624</u>
Restricted							
Self funded health insurance	4,869,572	-	-	-	2,131,085	-	7,000,657
Donor specified	1,560,747	-	-	-	-	-	1,560,747
Tax increment financing	-	997,055	-	-	-	-	997,055
Tourism	2,901,125	-	-	-	-	-	2,901,125
Public access television	226,273	-	-	-	-	-	226,273
Housing	64,777	-	-	-	-	5,787,043	5,851,820
Street maintenance	-	-	10,260,657	-	-	-	10,260,657
Improvements	-	-	-	23,390,632	-	-	23,390,632
Employee benefits	-	-	-	-	951,861	-	951,861
Debt service	-	-	-	-	-	1,168,226	1,168,226
Library	-	-	-	-	-	628,245	628,245
Capital projects	-	-	-	-	-	20,845,442	20,845,442
Civil rights enforcement	99,124	-	-	-	-	-	99,124
Total restricted	<u>9,721,618</u>	<u>997,055</u>	<u>10,260,657</u>	<u>23,390,632</u>	<u>3,082,946</u>	<u>28,428,956</u>	<u>75,881,864</u>
Assigned							
Insurance	1,043,349	-	-	-	-	-	1,043,349
Other postemployment benefits	1,040,792	-	-	-	-	-	1,040,792
Other	2,194,123	-	-	-	-	-	2,194,123
Use of fund balance for future budget	2,000,000	-	-	-	-	-	2,000,000
Total assigned	<u>6,278,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,278,264</u>
Unassigned	<u>18,891,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,833,988)</u>	<u>15,057,207</u>
Total	<u>\$ 36,094,271</u>	<u>\$ 997,055</u>	<u>\$ 10,436,037</u>	<u>\$ 23,390,632</u>	<u>\$ 3,082,946</u>	<u>\$ 24,628,018</u>	<u>\$ 98,628,959</u>

NOTE 20 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

The GASB has issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 100, *Accounting Changes and Error Corrections*, issued in June 2022, will be effective beginning with fiscal year June 30, 2024. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.
- GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective beginning with fiscal year June 30, 2025. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

City of Waterloo
Notes to Basic Financial Statements

NOTE 20 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED (CONTINUED)

The City's management has not yet determined the effect these Statements will have on the City's financial statements, which may have a material effect on the financial statements.

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

A. Government-Wide Statements

The City corrected errors related to the governmental fund statements that increased beginning Governmental Net Position by \$1,452,737. The City corrected an error related to capital assets relating to the classification and valuation changes of Iowa River Landing Land that decreased beginning Governmental Net Position by \$18,915,063.

B. Fund Statements

The City corrected an error related to unearned revenue that increased beginning General Fund fund balance by \$2,139,510. The City corrected an error related to cash allocation that increased General Fund fund balance by \$197,000 and decreased beginning Tax Increment Fund fund balance by \$197,000. The City corrected an error related to due from other governments that decreased beginning fund balance for the Road Use Tax Fund by \$686,773.

NOTE 22 – SUBSEQUENT EVENTS

On December 22, 2023, the City approved a planning and design loan from the Iowa Finance Authority for \$1,014,000.

On October 23, 2023, the City approved \$4,045,000 of Sewer Revenue Capital Loan Notes, Series 2023B.

REQUIRED SUPPLEMENTARY INFORMATION

City of Waterloo
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	\$ 671,816	\$ 697,815	\$ 719,666	\$ 735,571
Interest	804,928	774,392	698,071	479,230
Changes of assumptions	(379,447)	474,740	2,428,145	183,252
Benefit payments	<u>(1,835,828)</u>	<u>(1,989,054)</u>	<u>(2,079,011)</u>	<u>(2,165,102)</u>
Net change in total OPEB liability	<u>(738,531)</u>	<u>(42,107)</u>	<u>1,766,871</u>	<u>(767,049)</u>
Beginning of year	<u>21,045,366</u>	<u>20,306,835</u>	<u>20,264,728</u>	<u>22,031,599</u>
Net OPEB liability	<u><u>\$ 20,306,835</u></u>	<u><u>\$ 20,264,728</u></u>	<u><u>\$ 22,031,599</u></u>	<u><u>\$ 21,264,550</u></u>
Covered-employee payroll	\$ 31,567,648	\$ 32,673,000	\$ 33,584,175	\$ 34,676,000
Net OPEB liability as a percentage of covered-employee payroll	64.33%	62.02%	65.60%	61.32%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Changes of Benefit Terms

There were no significant changes in benefit terms.

There are no assets accumulated in a trust

June 30, 2022	June 30, 2023
\$ 862,931	\$ 707,557
460,398	608,138
(3,623,662)	(113,156)
<u>(1,625,503)</u>	<u>(1,734,460)</u>
<u>(3,925,836)</u>	<u>(531,921)</u>
 21,264,550	 17,338,714
 <u>\$ 17,338,714</u>	 <u>\$ 16,806,793</u>
 \$ 34,584,581	 \$ 35,709,000
 50.13%	 47.07%

City of Waterloo
Schedule of the City's Proportionate Share
of the Net Pension Liability
For the Last Nine Years*

Iowa Public Employees' Retirement System	Fiscal Year			
	2023	2022	2021	2020
City's Proportion of the net pension liability (asset)	0.233663%	0.233893%	0.238378%	0.244647%
City's Proportionate share of the net pension liability (asset)	\$ 9,274,309	\$ 327,898	\$ 16,628,664	\$ 14,261,854
City's Covered employee payroll	19,770,392	18,983,252	18,786,250	18,743,655
Proportionate share of the net pension liability (assets) as a percentage of covered payroll	46.91%	1.73%	88.52%	76.09%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.41%	100.81%	82.92%	85.45%
Municipal Fire and Police Retirement System of Iowa				
	2023	2022	2021	2020
City's Proportion of the net pension liability (asset)	5.481954%	5.471285%	5.471285%	5.582145%
City's Proportionate share of the net pension liability (asset)	\$ 30,785,035	\$ 12,364,223	\$ 43,638,986	\$ 36,614,772
City's Covered employee payroll	18,515,080	17,890,766	17,382,462	16,897,902
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	166.27%	69.11%	251.05%	216.68%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.41%	93.62%	76.47%	79.94%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the City will present information for those years for which information is available.

Fiscal Year				
2019	2018	2017	2016	2015
0.240601%	0.237917%	0.243859%	0.245267%	0.241550%
\$ 15,225,810	\$ 15,848,247	\$ 15,346,827	\$ 12,117,384	\$ 9,579,663
18,074,166	17,759,328	17,524,692	16,803,024	15,818,563
84.24%	89.24%	87.57%	72.11%	60.56%
83.62%	82.21%	81.82%	85.19%	87.61%
2019	2018	2017	2016	2015
5.600213%	5.703286%	5.688362%	5.724535%	5.720520%
\$ 33,343,863	\$ 33,448,350	\$ 46,723,287	\$ 36,408,843	\$ 26,777,406
16,277,613	16,060,031	15,365,276	15,012,368	14,607,107
204.84%	208.27%	304.08%	242.53%	183.32%
81.07%	80.60%	78.20%	83.04%	86.27%

City of Waterloo
Schedule of City Contributions
Last Ten Fiscal Years

Iowa Public Employees' Retirement System

	Fiscal Year			
	2023	2022	2021	2020
Primary government (city)				
Statutorily required contribution	\$ 1,983,183	\$ 1,866,325	\$ 1,792,019	\$ 1,773,422
Contributions in relation to the Statutorily required contribution	<u>(1,983,183)</u>	<u>(1,866,325)</u>	<u>(1,792,019)</u>	<u>(1,773,422)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,008,294	\$ 19,770,392	\$ 18,983,252	\$ 18,786,250
Contributions as a percentage of covered employee payroll	9.44%	9.44%	9.44%	9.44%

Municipal Fire and Police Retirement System of Iowa

	2023	2022	2021	2020
Primary government (city)				
Statutorily required contribution	\$ 4,777,013	\$ 4,847,248	\$ 4,528,153	\$ 4,243,059
Contributions in relation to the Statutorily required contribution	<u>(4,777,013)</u>	<u>(4,847,248)</u>	<u>(4,528,153)</u>	<u>(4,243,059)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 19,987,502	\$ 18,515,080	\$ 17,890,766	\$ 17,382,462
Contributions as a percentage of covered employee payroll	23.90%	26.18%	25.31%	24.41%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 1,769,401	\$ 1,614,023	\$ 1,585,908	\$ 1,564,955	\$ 1,500,510	\$ 1,420,507
(1,769,401)	(1,614,023)	(1,585,908)	(1,564,955)	(1,500,510)	(1,420,507)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 18,743,655	\$ 18,074,166	\$ 17,759,328	\$ 17,524,692	\$ 16,803,024	\$ 15,818,563
9.44%	8.93%	8.93%	8.93%	8.93%	8.98%

2019	2018	2017	2016	2015	2014
\$ 4,396,834	\$ 4,180,091	\$ 4,186,850	\$ 4,280,766	\$ 4,565,261	\$ 4,418,650
(4,396,834)	(4,180,091)	(4,186,850)	(4,280,766)	(4,565,261)	(4,418,650)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,897,902	\$ 16,277,613	\$ 16,060,031	\$ 15,365,276	\$ 15,012,368	\$ 14,607,107
26.02%	25.68%	26.07%	27.86%	30.41%	30.25%

City of Waterloo
Notes to Required Supplementary Information – IPERS

Changes of Benefit Terms

- There are no significant changes in benefit terms.

Changes of Assumptions

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the unfunded actuarial liability (UAL) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

City of Waterloo
Notes to Required Supplementary Information – MPFSRI

Changes of Benefit Terms

- There are no significant changes in benefit terms.

Changes of Assumptions

- The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.
- The 2017 valuation added five years projection of future mortality improvement with Scale BB.
- The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.
- The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.
- The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

City of Waterloo
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances-
Budget and Actual (Modified Cash basis) - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts			
Property tax	\$ 44,814,448	\$ -	\$ 44,814,448
Tax increment financing	11,230,764	-	11,230,764
Other city tax	23,171,151	-	23,171,151
Licenses and permits	1,419,872	11,686	1,431,558
Use of money and property	4,645,358	501,187	5,146,545
Intergovernmental	30,268,169	336,570	30,604,739
Charges for services	15,114,527	25,932,856	41,047,383
Special assessments	382,051	-	382,051
Miscellaneous	14,570,921	7,410	14,578,331
Total receipts	<u>145,617,261</u>	<u>26,789,709</u>	<u>172,406,970</u>
Disbursements			
General government	9,884,962	-	9,884,962
Public safety	40,585,272	-	40,585,272
Public works	25,158,868	-	25,158,868
Health and social services	349,862	-	349,862
Culture and recreation	11,877,904	-	11,877,904
Community and economic development	18,437,807	-	18,437,807
Debt service	14,698,412	-	14,698,412
Capital outlay	27,055,421	-	27,055,421
Business type activities	-	29,423,554	29,423,554
Total disbursements	<u>148,048,508</u>	<u>29,423,554</u>	<u>177,472,062</u>
Excess (deficiency) of receipts over (under) disbursements	(2,431,247)	(2,633,845)	(5,065,092)
Other financing sources (uses), net	8,738,711	5,435,220	14,173,931
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	6,307,464	2,801,375	9,108,839
Balances beginning of year	<u>119,694,483</u>	<u>24,588,073</u>	<u>144,282,556</u>
Balances end of year	<u>\$ 126,001,947</u>	<u>\$ 27,389,448</u>	<u>\$ 153,391,395</u>

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 44,829,472	\$ 44,829,472	\$ (15,024)
11,525,600	11,525,600	(294,836)
19,596,410	19,720,410	3,450,741
1,478,135	1,478,135	(46,577)
1,403,645	1,523,645	3,622,900
44,391,976	50,940,085	(20,335,346)
36,250,536	37,554,690	3,492,693
258,000	258,000	124,051
11,015,419	11,224,122	3,354,209
<u>170,749,193</u>	<u>179,054,159</u>	<u>(6,647,189)</u>
10,817,259	11,084,259	(1,199,297)
40,897,992	41,398,794	(813,522)
31,770,892	38,242,537	(13,083,669)
354,210	360,704	(10,842)
12,890,318	13,281,219	(1,403,315)
19,603,493	21,285,026	(2,847,219)
14,701,398	14,701,398	(2,986)
42,656,150	47,685,679	(20,630,258)
39,467,377	40,726,738	(11,303,184)
<u>213,159,089</u>	<u>228,766,354</u>	<u>(51,294,292)</u>
(42,409,896)	(49,712,195)	44,647,103
26,556,000	26,556,000	(12,382,069)
(15,853,896)	(23,156,195)	32,265,034
<u>107,239,844</u>	<u>107,239,844</u>	<u>37,042,712</u>
<u>\$ 91,385,948</u>	<u>\$ 84,083,649</u>	<u>\$ 69,307,746</u>

City of Waterloo
Budgetary Comparison Schedule
Budget (Modified Cash) Basis to GAAP Basis Reconciliation
Year Ended June 30, 2023

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenues	\$ 145,617,261	\$ (583,380)	\$ 145,033,881
Expenditures	148,048,508	(3,072,450)	144,976,058
Net	(2,431,247)	2,489,070	57,823
Other sources (uses)	8,738,711	10,229	8,748,940
Beginning fund balances	119,694,483	(31,325,024)	88,369,459
Prior period adjustment (Note 21)	-	1,452,737	1,452,737
Beginning fund balances, restated	119,694,483	(29,872,287)	89,822,196
Ending Fund Balances/Net Position	\$ 126,001,947	\$ (27,372,988)	\$ 98,628,959

	Proprietary Fund Types		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenues	\$ 26,789,709	\$ 106,435	\$ 26,896,144
Expenses	29,423,554	(10,492,342)	18,931,212
Net	(2,633,845)	10,598,777	7,964,932
Other sources (uses)	5,435,220	(5,490,220)	(55,000)
Beginning fund balances/net position	24,588,073	89,977,185	114,565,258
Ending Fund Balances/Net Position	\$ 27,389,448	\$ 95,085,742	\$ 122,475,190

City of Waterloo
Notes to Required Supplementary Information – Budgetary Reporting
Year Ended June 30, 2023

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

In accordance with the *Code of Iowa*, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget, and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted.

City of Waterloo
Schedule of Employer Contributions for Waterloo Water Works - Pension Plan
Last Ten Fiscal Years
Other Information

	Fiscal Year			
	2022	2021	2020	2019
Actuarially required contribution	\$ 514,096	\$ 568,760	\$ 587,599	\$ 563,701
Contributions in relation to the Actuarially required contribution	<u>(439,760)</u>	<u>(344,312)</u>	<u>(639,602)</u>	<u>(615,910)</u>
Contribution deficiency (excess)	<u>\$ 74,336</u>	<u>\$ 224,448</u>	<u>\$ (52,003)</u>	<u>\$ (52,209)</u>
Utility's covered payroll	\$ 676,566	\$ 744,456	\$ 810,194	\$ 979,376
Contributions as a percentage of covered employee payroll	65.00%	46.25%	78.94%	62.89%

Fiscal Year					
<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 529,242	\$ 505,125	\$ 489,448	\$ 475,911	\$ 481,861	\$ 480,199
<u>(577,408)</u>	<u>(565,374)</u>	<u>(550,161)</u>	<u>(540,043)</u>	<u>(570,419)</u>	<u>(538,658)</u>
<u>\$ (48,166)</u>	<u>\$ (60,249)</u>	<u>\$ (60,713)</u>	<u>\$ (64,132)</u>	<u>\$ (88,558)</u>	<u>\$ (58,459)</u>
\$ 943,430	\$ 1,047,371	\$ 1,004,723	\$ 1,045,603	\$ 1,064,651	\$ 1,100,185
61.20%	53.98%	54.76%	51.65%	53.58%	48.96%

City of Waterloo
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios for
Waterloo Water Works Pension Plan
For the Last Eight Years*

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total Pension Liability				
Service cost	\$ 34,615	\$ 49,151	\$ 55,720	\$ 42,951
Interest	624,396	618,695	645,354	672,982
Difference between expected and actual experience	109,603	141,919	(194,832)	(36,258)
Changes of assumptions	-	16,840	315,233	325,945
Benefit payments	(702,668)	(689,128)	(677,004)	(675,155)
Net change in total Pension liability	65,946	137,477	144,471	330,465
Beginning of year	9,319,314	9,181,837	9,037,366	8,706,901
End of Year	<u>\$ 9,385,260</u>	<u>\$ 9,319,314</u>	<u>\$ 9,181,837</u>	<u>\$ 9,037,366</u>
Plan Fiduciary Net Pension (FNP)				
Employer contributions	\$ 400,000	\$ 300,000	\$ 591,000	\$ 563,701
Employee contributions	39,670	44,312	48,602	52,209
Net investment income	(1,522,959)	1,473,975	1,221,397	1,594,221
Benefit payments	(702,667)	(689,128)	(677,004)	(675,155)
Net change in plan fiduciary net position	(1,785,956)	1,129,159	1,183,995	1,534,976
Beginning of year	9,632,233	8,503,074	7,319,079	5,784,103
End of year	<u>\$ 7,846,277</u>	<u>\$ 9,632,233</u>	<u>\$ 8,503,074</u>	<u>\$ 7,319,079</u>
Net Pension liability (asset)	<u>\$ 1,538,983</u>	<u>\$ (312,919)</u>	<u>\$ 678,763</u>	<u>\$ 1,718,287</u>
Plan FNP as a percentage of the total Pension liability (asset)	83.60%	103.36%	92.61%	80.99%
Covered-employee payroll	\$ 635,959	\$ 676,566	\$ 744,456	\$ 810,194
Net Pension liability as a percentage of covered-employee payroll	241.99%	-46.25%	91.18%	212.08%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
\$ 46,090	\$ 45,849	\$ 53,886	\$ 53,008
665,421	640,457	616,847	607,558
76,594	(45,362)	164,103	(28,037)
(72,427)	225,356	13,141	12,600
(560,887)	(548,118)	(541,494)	(518,306)
<u>154,791</u>	<u>318,182</u>	<u>306,483</u>	<u>126,823</u>
<u>8,552,110</u>	<u>8,233,928</u>	<u>7,927,445</u>	<u>7,800,622</u>
<u>\$ 8,706,901</u>	<u>\$ 8,552,110</u>	<u>\$ 8,233,928</u>	<u>\$ 7,927,445</u>
\$ 529,242	\$ 507,287	\$ 489,448	\$ 481,000
48,166	58,087	60,713	59,043
(466,923)	821,539	281,674	(157,690)
(560,887)	(548,118)	(541,494)	(518,306)
<u>(450,402)</u>	<u>838,795</u>	<u>290,341</u>	<u>(135,953)</u>
<u>6,234,505</u>	<u>5,395,710</u>	<u>5,105,369</u>	<u>5,241,322</u>
<u>\$ 5,784,103</u>	<u>\$ 6,234,505</u>	<u>\$ 5,395,710</u>	<u>\$ 5,105,369</u>
<u>\$ 2,922,798</u>	<u>\$ 2,317,605</u>	<u>\$ 2,838,218</u>	<u>\$ 2,822,076</u>
66.43%	72.90%	65.53%	64.40%
\$ 979,376	\$ 943,430	\$ 1,047,371	\$ 1,004,723
298.43%	245.66%	270.98%	280.88%

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City of Waterloo
Notes to Required Supplementary Information for Waterloo Water Works Pension Plan
For the Year ended December 31, 2022

NOTE 1 – VALUATION DATE

Valuation Date: Actuarially determined contributions rates are calculated as of December 31 of the current fiscal year.

NOTE 2 – METHODS AND ASSUMPTIONS

Methods and assumptions used to determine contribution rates.

Actuarial cost method	Entry age cost method
Amortization method	Level dollar
Remaining amortization period	20 years
Asset valuation method	Market value of assets
Inflation	2.50%
Annual pay increases	3.00%
Investment rate of return	7.0%
Retirement age	100% at age 62
Mortality rates	2020 Dataset mortality

City of Waterloo
Schedule of Waterloo Water Work's Share
of the Net Pension Liability
For the Last Nine Years*
Other Information

Iowa Public Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Utility's Proportion of the net pension liability (asset)	0.023961%	-0.008447%	0.017377%	0.016437%
Utility's Proportionate share of the net pension liability (asset)	\$ 905,279	\$ 29,161	\$ 1,220,674	\$ 951,791
Utility's Covered employee payroll	1,771,006	1,622,733	1,267,606	1,235,763
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	51.12%	1.80%	96.30%	77.02%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.41%	100.81%	82.92%	85.45%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is complied, the Utility will present information for those years for which information is available.

2018	2017	2016	2015	2014
0.016820%	0.015549%	0.014805%	0.142200%	0.012797%
\$ 1,064,406	\$ 1,035,776	\$ 923,262	\$ 706,956	\$ 524,011
1,251,971	1,079,261	1,018,040	885,398	786,849
85.02%	95.97%	90.69%	79.85%	66.60%
83.62%	82.21%	81.82%	85.19%	87.61%

City of Waterloo
Schedule of Waterloo Water Work's Contributions
Last Ten Fiscal Years
Other Information

Iowa Public Employees' Retirement System

	Fiscal Year			
	2022	2021	2020	2019
Statutorily required contribution	\$ 187,341	\$ 167,183	\$ 153,186	\$ 119,662
Contributions in relation to the Statutorily required contribution	<u>(187,341)</u>	<u>(167,183)</u>	<u>(153,186)</u>	<u>(119,662)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utility's covered payroll	\$ 1,984,544	\$ 1,771,006	\$ 1,622,733	\$ 1,267,606
Contributions as a percentage of covered employee payroll	9.44%	9.44%	9.44%	9.44%

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 116,656	\$ 111,801	\$ 96,378	\$ 90,911	\$ 79,066	\$ 70,659
(116,656)	(111,801)	(96,378)	(90,911)	(79,066)	(70,659)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,235,763	\$ 1,251,971	\$ 1,079,261	\$ 1,018,040	\$ 885,398	\$ 786,849
9.44%	8.93%	8.93%	8.93%	8.93%	8.98%

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SUPPLEMENTARY INFORMATION

City of Waterloo
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue	Capital Projects	Debt Service (100)	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 7,089,988	\$ 24,638,817	\$ 1,096,554	\$ 32,825,359
Interest receivable	7,940	-	1,128	9,068
Due from other governments	6,695,354	-	70,544	6,765,898
Accounts receivable	25,214	4,949	-	30,163
Due from other funds	7,825	-	-	7,825
Property taxes receivable				
Current year	4,219	-	72,458	76,677
Succeeding year	602,680	-	7,347,304	7,949,984
Prepaid items	33,050	-	-	33,050
Total assets	<u>\$ 14,466,270</u>	<u>\$ 24,643,766</u>	<u>\$ 8,587,988</u>	<u>\$ 47,698,024</u>
Liabilities				
Accounts payable	\$ 2,606,985	\$ 2,197,324	\$ -	\$ 4,804,309
Deposits payable	63,678	-	-	63,678
Salaries and benefits payable	43,122	-	-	43,122
Unearned revenue	271,426	-	-	271,426
Due to other funds	3,436,500	1,898,728	-	5,335,228
Total liabilities	<u>6,421,711</u>	<u>4,096,052</u>	<u>-</u>	<u>10,517,763</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	606,899	-	7,419,762	8,026,661
Unavailable revenue - grants	4,520,633	4,949	-	4,525,582
Total deferred inflows of resources	<u>5,127,532</u>	<u>4,949</u>	<u>7,419,762</u>	<u>12,552,243</u>
Fund Balances				
Nonspendable	33,050	-	-	33,050
Restricted	6,717,965	20,542,765	1,168,226	28,428,956
Unassigned	(3,833,988)	-	-	(3,833,988)
Total fund balances	<u>2,917,027</u>	<u>20,542,765</u>	<u>1,168,226</u>	<u>24,628,018</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,466,270</u>	<u>\$ 24,643,766</u>	<u>\$ 8,587,988</u>	<u>\$ 47,698,024</u>

City of Waterloo
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue	Capital Projects	Debt Service (100)	Total Nonmajor Governmental Funds
Revenues				
General property taxes	\$ 644,810	\$ -	\$ 7,839,333	\$ 8,484,143
Intergovernmental	18,587,498	13,150	255,773	18,856,421
Charges for services	209,462	-	-	209,462
Use of money and property	318,256	533,442	73,821	925,519
Contributions and donations	-	4,842,496	-	4,842,496
Miscellaneous	31,926	81,652	-	113,578
Total revenues	<u>19,791,952</u>	<u>5,470,740</u>	<u>8,168,927</u>	<u>33,431,619</u>
Expenditures				
Current				
Culture and recreation	671,807	-	-	671,807
Economic development	8,997,018	-	-	8,997,018
Debt service				
Principal	-	947,503	9,720,000	10,667,503
Interest and fiscal charges	-	221,681	2,814,531	3,036,212
Capital outlay				
Public safety	-	448,310	-	448,310
Public works	13,086,336	12,334,640	-	25,420,976
Culture and recreation	-	1,560,781	-	1,560,781
Total expenditures	<u>22,755,161</u>	<u>15,512,915</u>	<u>12,534,531</u>	<u>50,802,607</u>
Excess of revenues over expenditures	(2,963,209)	(10,042,175)	(4,365,604)	(17,370,988)
Other Financing Sources (Uses)				
Issuance of debt	-	6,000,000	-	6,000,000
Premium on debt issued	-	394,780	-	394,780
Transfers in	1,507,120	6,357,874	4,525,461	12,390,455
Transfers out	(170,000)	-	-	(170,000)
Total other financing sources (uses)	<u>1,337,120</u>	<u>12,752,654</u>	<u>4,525,461</u>	<u>18,615,235</u>
Net change in fund balances	(1,626,089)	2,710,479	159,857	1,244,247
Fund Balances				
Beginning of year	<u>4,543,116</u>	<u>17,832,286</u>	<u>1,008,369</u>	<u>23,383,771</u>
End of year	<u>\$ 2,917,027</u>	<u>\$ 20,542,765</u>	<u>\$ 1,168,226</u>	<u>\$ 24,628,018</u>

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City of Waterloo, Iowa
Nonmajor Special Revenue Funds
June 30, 2023

Special Revenue Funds account for the proceeds of specific revenue sources that are legally or contractually restricted for particular purposes. The proceeds are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes, as follows:

Library Tax Levy Fund: This fund is used to account for property taxes levied, as passed by local referendum, to be used to increase the hours of operation of the Waterloo Public Library.

Community Development Block Grant Fund: This fund accounts for revenue received under the Community Development Block Grant federal entitlement.

Housing Programs Fund: This fund is used to account for resources received to provide housing assistance, primarily Federal Section 8 and Ridgeway Towers.

Grants Fund: This fund is used to account for resources received for various federal and Iowa funded projects which are not accounted for elsewhere and are restricted to specific programs.

Federal Aviation Agency Projects Fund: This fund is used to account for resources from the Federal Aviation Agency and Passenger Facility Charges restricted for airport development.

Iowa Reinvestment District Fund: This fund is used to account for resources received from the State of Iowa to reinvest sales tax monies to improve the quality of life for the City of Waterloo's citizens and substantially benefit the community, region, and state.

City of Waterloo
Combining Balance Sheet -
Nonmajor Special Revenue Funds
June 30, 2023

	Special Revenue			
	Library Tax Levy (204)	Community Develop Block Grant (224)	Housing Programs (283)	Grant Funded Projects (290)
Assets				
Cash and investments	\$ 627,898	\$ 700	\$ 5,868,169	\$ 55,275
Interest receivable	1,128	-	6,812	-
Due from other governments	5,670	552,373	-	5,212,873
Accounts receivable	-	3,968	21,246	-
Due from other funds	7,825	-	-	-
Property taxes receivable				
Current year	4,219	-	-	-
Succeeding year	602,680	-	-	-
Prepaid items	-	-	33,050	-
Total assets	<u>\$ 1,249,420</u>	<u>\$ 557,041</u>	<u>\$ 5,929,277</u>	<u>\$ 5,268,148</u>
Liabilities				
Accounts payable	\$ -	\$ 69,093	\$ 23,530	\$ 2,418,531
Deposits payable	-	-	63,678	-
Salaries payable	14,276	12,653	16,193	-
Due to other funds	-	410,574	-	2,295,531
Unearned revenue	-	-	5,783	265,643
Total liabilities	<u>14,276</u>	<u>492,320</u>	<u>109,184</u>	<u>4,979,705</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	-	348,072	-	3,839,080
Unavailable revenue - taxes and assessments	606,899	-	-	-
Total deferred inflows of resources	<u>606,899</u>	<u>348,072</u>	<u>-</u>	<u>3,839,080</u>
Fund Balances				
Nonspendable	-	-	33,050	-
Restricted	628,245	-	5,787,043	-
Unassigned	-	(283,351)	-	(3,550,637)
Total fund balances	<u>628,245</u>	<u>(283,351)</u>	<u>5,820,093</u>	<u>(3,550,637)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,249,420</u>	<u>\$ 557,041</u>	<u>\$ 5,929,277</u>	<u>\$ 5,268,148</u>

Special Revenue		
Airport FAA Projects (291)	Iowa Reinvestment District Fund (207)	Total
\$ 438,913	\$ 99,033	\$ 7,089,988
-	-	7,940
882,360	42,078	6,695,354
-	-	25,214
-	-	7,825
-	-	4,219
-	-	602,680
-	-	33,050
<u>\$ 1,321,273</u>	<u>\$ 141,111</u>	<u>\$ 14,466,270</u>
\$ 95,831	\$ -	\$ 2,606,985
-	-	63,678
-	-	43,122
730,395	-	3,436,500
-	-	271,426
<u>826,226</u>	<u>-</u>	<u>6,421,711</u>
333,481	-	4,520,633
-	-	606,899
<u>333,481</u>	<u>-</u>	<u>5,127,532</u>
-	-	33,050
161,566	141,111	6,717,965
-	-	(3,833,988)
<u>161,566</u>	<u>141,111</u>	<u>2,917,027</u>
<u>\$ 1,321,273</u>	<u>\$ 141,111</u>	<u>\$ 14,466,270</u>

City of Waterloo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	Special Revenue			
	Library Tax Levy (204)	Community Develop Block Grant (224)	Housing Programs (283)	Grant Funded Projects (290)
Revenues				
General property taxes	\$ 644,810	\$ -	\$ -	\$ -
Intergovernmental	20,999	2,358,039	6,386,209	8,945,814
Charges for services	-	58,766	91,639	-
Use of money and property	16,415	-	284,761	-
Miscellaneous	-	27,339	4,587	-
Total revenues	<u>682,224</u>	<u>2,444,144</u>	<u>6,767,196</u>	<u>8,945,814</u>
Expenditures				
Current				
Culture and recreation	671,807	-	-	-
Economic development	-	2,609,487	6,387,531	-
Capital outlay				
Public works	-	137,838	7,788	12,080,923
Total expenditures	<u>671,807</u>	<u>2,747,325</u>	<u>6,395,319</u>	<u>12,080,923</u>
Excess of revenues over (under) expenditures	10,417	(303,181)	371,877	(3,135,109)
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,507,120
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,507,120</u>
Net change in fund balances	10,417	(303,181)	371,877	(1,627,989)
Fund Balances				
Beginning of year	<u>617,828</u>	<u>19,830</u>	<u>5,448,216</u>	<u>(1,922,648)</u>
End of year	<u>\$ 628,245</u>	<u>\$ (283,351)</u>	<u>\$ 5,820,093</u>	<u>\$ (3,550,637)</u>

Special Revenue		
Airport FAA Projects (291)	Iowa Reinvestment District Fund (207)	Total
\$ -	\$ -	\$ 644,810
618,964	257,473	18,587,498
59,057	-	209,462
12,705	4,375	318,256
-	-	31,926
<u>690,726</u>	<u>261,848</u>	<u>19,791,952</u>
-	-	671,807
-	-	8,997,018
<u>859,787</u>	<u>-</u>	<u>13,086,336</u>
<u>859,787</u>	<u>-</u>	<u>22,755,161</u>
(169,061)	261,848	(2,963,209)
-	-	1,507,120
<u>-</u>	<u>(170,000)</u>	<u>(170,000)</u>
<u>-</u>	<u>(170,000)</u>	<u>1,337,120</u>
(169,061)	91,848	(1,626,089)
<u>330,627</u>	<u>49,263</u>	<u>4,543,116</u>
<u>\$ 161,566</u>	<u>\$ 141,111</u>	<u>\$ 2,917,027</u>

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City of Waterloo, Iowa
Nonmajor Capital Projects Funds
June 30, 2023

Capital Projects Funds account for the City's financial resources used for the acquisition or construction of major nonproprietary capital facilities. The City of Waterloo has capital projects funds as follows:

June 2018 GO Bonds Fund: This fund is used to account for proceeds from the 2018 general obligation bond sale until expended for the restricted purposes.

June 2019 GO Bonds Fund: This fund is used to account for proceeds from the 2019 general obligation bond sale until expended for the restricted purposes.

June 2020 GO Bonds Fund: This fund is used to account for proceeds from the 2020 general obligation bond sale until expended for the restricted purposes.

June 2021 GO Bonds Fund: This fund is used to account for proceeds from the 2021 general obligation bond sale until expended for the restricted purposes.

June 2022 GO Bonds Fund: This fund is used to account for proceeds from the 2022 general obligation bond sale until expended for the restricted purposes.

Capital Improvements Funds: This fund is used to account for the use of resources on governmental capital projects not accounted for in other capital projects funds and are restricted for specific projects.

June 2023 GO Bonds Fund: This fund is used to account for proceeds from the 2023 general obligation bond sale until expended for the restricted purposes.

City of Waterloo
Combining Balance Sheet -
Nonmajor Capital Projects Funds
June 30, 2023

	Capital Project			
	June 2018 GO Bond (418)	June 2019 GO Bond (419)	June 2020 GO Bond (420)	June 2021 GO Bond (421)
Assets				
Cash and investments	\$ 21,708	\$ 190,810	\$ 676,046	\$ 7,168,843
Accounts receivable	-	-	-	-
Total assets	<u>\$ 21,708</u>	<u>\$ 190,810</u>	<u>\$ 676,046</u>	<u>\$ 7,168,843</u>
Liabilities				
Accounts payable	\$ -	\$ 12,042	\$ 227,239	\$ 1,223,869
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>12,042</u>	<u>227,239</u>	<u>1,223,869</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	<u>21,708</u>	<u>178,768</u>	<u>448,807</u>	<u>5,944,974</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,708</u>	<u>\$ 190,810</u>	<u>\$ 676,046</u>	<u>\$ 7,168,843</u>

Capital Projects			
June 2022 GO Bond (322)	Capital Improvements Fund (426)	June 2023 GO Bond (323)	Total
\$ 7,829,708	\$ 2,480,143	\$ 6,271,559	\$ 24,638,817
-	4,949	-	4,949
<u>\$ 7,829,708</u>	<u>\$ 2,485,092</u>	<u>\$ 6,271,559</u>	<u>\$ 24,643,766</u>
\$ 311,366	\$ 412,631	\$ 10,177	\$ 2,197,324
-	1,898,728	-	1,898,728
<u>311,366</u>	<u>2,311,359</u>	<u>10,177</u>	<u>4,096,052</u>
-	4,949	-	4,949
<u>7,518,342</u>	<u>168,784</u>	<u>6,261,382</u>	<u>20,542,765</u>
<u>\$ 7,829,708</u>	<u>\$ 2,485,092</u>	<u>\$ 6,271,559</u>	<u>\$ 24,643,766</u>

City of Waterloo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended June 30, 2023

	Capital Projects			
	June 2018 GO Bond (418)	June 2019 GO Bond (419)	June 2020 GO Bond (420)	June 2021 GO Bond (421)
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,019	10,229	47,333	263,519
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>2,019</u>	<u>10,229</u>	<u>47,333</u>	<u>263,519</u>
Expenditures				
Debt service				
Principal	-	-	-	-
Interest and other charges	-	3,500	-	-
Capital outlay				
Public safety	-	26,861	218,359	161,838
Public works	331,532	313,368	1,008,783	2,458,895
Culture and recreation	11,831	267,964	11,564	442,001
Total expenditures	<u>343,363</u>	<u>611,693</u>	<u>1,238,706</u>	<u>3,062,734</u>
Excess of revenues over (under) expenditures	(341,344)	(601,464)	(1,191,373)	(2,799,215)
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	-
Bond Premium	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(341,344)	(601,464)	(1,191,373)	(2,799,215)
Fund Balances				
Beginning of year	<u>363,052</u>	<u>780,232</u>	<u>1,640,180</u>	<u>8,744,189</u>
End of year	<u>\$ 21,708</u>	<u>\$ 178,768</u>	<u>\$ 448,807</u>	<u>\$ 5,944,974</u>

Capital Projects			
June 2022 GO Bond (322)	Capital Improvements Fund (426)	June 2023 GO Bond (323)	Total
\$ -	\$ 13,150	\$ -	\$ 13,150
187,617	-	22,725	533,442
-	4,842,496	-	4,842,496
-	81,652	-	81,652
<u>187,617</u>	<u>4,937,298</u>	<u>22,725</u>	<u>5,470,740</u>
-	947,503	-	947,503
19,738	52,497	145,946	221,681
41,252	-	-	448,310
1,638,537	6,573,348	10,177	12,334,640
130,089	697,332	-	1,560,781
<u>1,829,616</u>	<u>8,270,680</u>	<u>156,123</u>	<u>15,512,915</u>
(1,641,999)	(3,333,382)	(133,398)	(10,042,175)
-	-	6,000,000	6,000,000
-	-	394,780	394,780
<u>-</u>	<u>6,357,874</u>	<u>-</u>	<u>6,357,874</u>
<u>-</u>	<u>6,357,874</u>	<u>6,394,780</u>	<u>12,752,654</u>
(1,641,999)	3,024,492	6,261,382	2,710,479
<u>9,160,341</u>	<u>(2,855,708)</u>	<u>-</u>	<u>17,832,286</u>
<u>\$ 7,518,342</u>	<u>\$ 168,784</u>	<u>\$ 6,261,382</u>	<u>\$ 20,542,765</u>

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STATISTICAL SECTION

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City of Waterloo, Iowa Statistical Section

This part of the City of Waterloo's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146
Revenue Capacity These schedules contain information to help the reader assess the City's most Significant local revenue source, the property tax.	156
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	161
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader Understand the environment within which the City's financial activities take place.	167
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	170

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

City of Waterloo
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 273,871,470	\$ 307,415,275	\$ 316,701,068	\$ 306,360,558
Restricted	30,579,471	30,438,501	20,032,995	55,182,022
Unrestricted	8,998,045	(31,681,588)	(23,683,497)	(31,089,693)
	<u>\$ 313,448,986</u>	<u>\$ 306,172,188</u>	<u>\$ 313,050,566</u>	<u>\$ 330,452,887</u>
Total governmental activities net position				
Business-type activities:				
Net investment in capital assets	\$ 79,920,865	\$ 78,270,214	\$ 79,522,665	\$ 79,180,253
Restricted	1,310,099	727,235	672,515	672,515
Unrestricted	11,445,832	11,638,646	12,025,408	14,478,547
	<u>\$ 92,676,796</u>	<u>\$ 90,636,095</u>	<u>\$ 92,220,588</u>	<u>\$ 94,331,315</u>
Total business-type activities net position				
Primary government:				
Net investment in capital assets	\$ 353,792,335	\$ 385,685,489	\$ 396,223,733	\$ 385,540,811
Restricted	31,889,570	31,165,736	20,705,510	55,854,537
Unrestricted	20,443,877	(20,042,942)	(11,658,089)	(16,611,146)
	<u>\$ 406,125,782</u>	<u>\$ 396,808,283</u>	<u>\$ 405,271,154</u>	<u>\$ 424,784,202</u>
Total primary government net position				

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 313,405,227	\$ 320,748,412	\$ 338,162,674	\$ 357,396,168	\$ 349,086,033	\$ 343,619,558
52,436,491	53,863,633	44,923,907	39,925,625	49,258,884	54,929,606
(40,527,523)	(43,479,555)	(45,440,432)	(46,515,207)	(38,466,577)	(22,367,747)
<u>\$ 325,314,195</u>	<u>\$ 331,132,490</u>	<u>\$ 337,646,149</u>	<u>\$ 350,806,586</u>	<u>\$ 359,878,340</u>	<u>\$ 376,181,417</u>
\$ 82,504,631	\$ 81,369,121	\$ 87,857,186	\$ 92,076,757	\$ 91,180,224	\$ 95,173,776
672,515	47,826	19,491	138,467	201,439	220,032
9,375,653	14,702,034	13,571,612	14,981,482	23,183,595	27,081,382
<u>\$ 92,552,799</u>	<u>\$ 96,118,981</u>	<u>\$ 101,448,289</u>	<u>\$ 107,196,706</u>	<u>\$ 114,565,258</u>	<u>\$ 122,475,190</u>
\$ 395,909,858	\$ 402,117,533	\$ 426,019,860	\$ 449,472,925	\$ 440,266,257	\$ 438,793,334
53,109,006	53,911,459	44,943,398	40,064,092	49,460,323	55,149,638
(31,151,870)	(28,777,521)	(31,868,820)	(31,533,725)	(15,282,982)	4,713,635
<u>\$ 417,866,994</u>	<u>\$ 427,251,471</u>	<u>\$ 439,094,438</u>	<u>\$ 458,003,292</u>	<u>\$ 474,443,598</u>	<u>\$ 498,656,607</u>

City of Waterloo
Changes in Net Position (Page 1 of 2)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
Public Safety	\$ 31,773,269	\$ 25,988,767	\$ 34,120,160	\$ 33,735,948
Public Works	28,911,525	29,570,277	29,670,192	35,579,527
Health and Social Services	368,173	325,607	295,088	381,203
Culture and Recreation	11,315,704	11,676,287	11,950,688	15,012,599
Community and Economic Development	12,910,299	13,190,672	13,753,669	12,860,289
General government	2,749,672	4,869,696	5,247,593	10,421,434
Interest on long-term debt	2,349,054	2,208,744	2,048,517	2,175,284
Total governmental activities expenses	<u>90,377,696</u>	<u>87,830,050</u>	<u>97,085,907</u>	<u>110,166,284</u>
Business-type activities				
Sanitary Sewer	9,811,929	12,518,569	14,018,836	13,635,403
Sanitation	3,215,663	3,612,307	3,921,263	4,050,778
Total business-type activities expenses	<u>13,027,592</u>	<u>16,130,876</u>	<u>17,940,099</u>	<u>17,686,181</u>
Total primary government expenses	<u>\$ 103,405,288</u>	<u>\$ 103,960,926</u>	<u>\$ 115,026,006</u>	<u>\$ 127,852,465</u>
Program Revenues				
Governmental activities				
Charges for services				
Public Safety	\$ 3,800,273	\$ 4,018,731	\$ 4,325,957	\$ 4,231,224
Public Works	2,802,925	2,498,057	1,284,289	2,474,497
Culture and Recreation	3,010,899	3,361,891	3,645,647	3,538,243
Other activities	1,531,761	1,667,019	769,733	1,574,497
Operating grants and contributions	11,938,221	11,335,064	18,581,010	13,138,910
Capital grants and contributions	12,668,122	39,116,737	9,065,137	35,704,168
Total governmental activities program revenues	<u>35,752,201</u>	<u>61,997,499</u>	<u>37,671,773</u>	<u>60,661,539</u>
Business-type activities				
Charges for services				
Sanitation sewer	12,845,301	12,661,602	14,277,752	15,235,503
Sanitation	3,609,500	3,585,270	3,650,271	3,820,281
Operating grants and contributions				
Sanitation sewer	-	24,236	1,892	206,145
Sanitation	272,755	274,324	273,624	290,513
Capital grants and contributions				
Sanitation sewer	-	-	1,271,776	192,977
Sanitation	-	-	-	-
Total business-type activities program revenues	<u>16,727,556</u>	<u>16,545,432</u>	<u>19,475,315</u>	<u>19,745,419</u>
Total primary government program revenues	<u>\$ 52,479,757</u>	<u>\$ 78,542,931</u>	<u>\$ 57,147,088</u>	<u>\$ 80,406,958</u>
Net (Expense) Revenue				
Governmental activities	\$ (54,625,495)	\$ (25,832,551)	\$ (59,414,134)	\$ (49,504,745)
Business-type activities	3,699,964	414,556	1,535,216	2,059,238
Total primary government net (expense) revenue	<u>(50,925,531)</u>	<u>(25,417,995)</u>	<u>(57,878,918)</u>	<u>(47,445,507)</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 20,828,929	\$ 33,071,755	\$ 38,539,492	\$ 39,844,040	\$ 35,225,720	\$ 37,740,508
34,150,050	27,415,746	27,453,883	31,393,797	40,090,235	32,206,124
369,832	279,470	265,757	281,594	270,849	319,103
12,667,184	12,573,777	11,297,723	11,878,940	12,776,096	13,116,095
17,417,572	11,593,102	11,778,352	12,518,489	17,995,941	17,480,977
10,174,531	9,049,085	9,792,001	10,644,609	8,221,016	9,683,416
2,385,499	2,452,792	2,413,402	2,212,316	2,432,132	3,130,041
97,993,597	96,435,727	101,540,610	108,773,785	117,011,989	113,676,264
13,107,645	12,254,389	12,287,197	12,110,438	13,240,601	12,961,526
4,166,465	4,196,226	4,963,445	5,272,312	5,945,909	5,969,686
17,274,110	16,450,615	17,250,642	17,382,750	19,186,510	18,931,212
\$ 115,267,707	\$ 112,886,342	\$ 118,791,252	\$ 126,156,535	\$ 136,198,499	\$ 132,607,476
\$ 4,410,854	\$ 4,460,965	\$ 7,036,405	\$ 6,120,115	\$ 8,221,744	\$ 10,258,544
3,641,744	2,451,369	2,337,247	2,448,785	2,804,930	3,291,285
3,503,643	3,370,198	3,213,303	3,897,666	4,571,018	4,088,721
1,284,986	1,438,591	1,351,116	2,684,498	2,911,060	2,849,732
11,617,786	12,380,601	12,158,925	16,409,982	13,687,016	24,727,309
12,757,084	8,651,622	7,151,415	10,923,191	12,557,843	16,209,450
37,216,097	32,753,346	33,248,411	42,484,237	44,753,611	61,425,041
13,208,176	14,802,101	16,657,811	16,797,429	18,163,310	19,759,426
3,738,070	3,747,590	5,044,236	5,835,299	6,074,694	6,286,915
37,055	-	2,005	1,001	-	-
273,624	273,624	273,857	273,550	273,624	336,570
145,656	310,250	356,837	204,889	1,996,216	-
-	-	-	-	-	-
17,402,581	19,133,565	22,334,746	23,112,168	26,507,844	26,382,911
\$ 54,618,678	\$ 51,886,911	\$ 55,583,157	\$ 65,596,405	\$ 71,261,455	\$ 87,807,952
\$ (60,777,500)	\$ (63,682,381)	\$ (68,292,199)	\$ (66,289,548)	\$ (72,258,378)	\$ (52,251,223)
128,471	2,682,950	5,084,104	5,729,418	7,321,334	7,451,699
(60,649,029)	(60,999,431)	(63,208,095)	(60,560,130)	(64,937,044)	(44,799,524)

City of Waterloo
Changes in Net Position (Page 2 of 2)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 44,585,915	\$ 45,514,979	\$ 46,327,997	\$ 46,530,686
Other taxes	16,745,434	17,471,721	17,554,079	17,260,380
Investment earnings	117,515	180,123	187,046	339,895
Miscellaneous	2,748,468	1,108,633	2,034,957	2,741,240
Gain on sale of assets	-	-	188,433	34,865
Transfers	-	(2,035)	-	-
Total governmental activities	<u>64,197,332</u>	<u>64,273,421</u>	<u>66,292,512</u>	<u>66,907,066</u>
Business-type activities				
Investment earnings	25,122	39,714	49,277	51,489
Gain (loss) on sale of assets	-	1,711	-	-
Transfers	-	2,035	-	-
Total business-type activities	<u>25,122</u>	<u>43,460</u>	<u>49,277</u>	<u>51,489</u>
Total governmental activities	<u>\$ 64,222,454</u>	<u>\$ 64,316,881</u>	<u>\$ 66,341,789</u>	<u>\$ 66,958,555</u>
Change in Net Position				
Governmental activities	\$ 9,571,837	\$ 38,440,870	\$ 6,878,378	\$ 17,402,321
Business-type activities	<u>3,725,086</u>	<u>458,016</u>	<u>1,584,493</u>	<u>2,110,727</u>
Total primary government	<u>\$ 13,296,923</u>	<u>\$ 38,898,886</u>	<u>\$ 8,462,871</u>	<u>\$ 19,513,048</u>

Table 2 (Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 47,404,667	\$ 47,722,089	\$ 49,332,480	\$ 52,877,346	\$ 53,380,778	\$ 57,605,557
17,239,619	18,757,207	19,039,780	20,577,471	22,207,901	22,960,875
842,018	1,468,222	978,205	124,727	215,140	3,277,970
4,592,600	2,186,481	5,455,393	5,870,441	3,996,316	2,117,224
-	-	-	-	1,529,997	-
-	(633,323)	-	-	-	55,000
70,078,904	69,500,676	74,805,858	79,449,985	81,330,132	86,016,626
104,439	246,059	205,504	10,999	18,508	501,186
46,298	3,850	39,700	8,000	28,710	12,047
-	633,323	-	-	-	(55,000)
150,737	883,232	245,204	18,999	47,218	458,233
<u>\$ 70,229,641</u>	<u>\$ 70,383,908</u>	<u>\$ 75,051,062</u>	<u>\$ 79,468,984</u>	<u>\$ 81,377,350</u>	<u>\$ 86,474,859</u>
\$ 9,301,404	\$ 5,818,295	\$ 6,513,659	\$ 13,160,437	\$ 9,071,754	\$ 33,765,403
279,208	3,566,182	5,329,308	5,748,417	7,368,552	7,909,932
<u>\$ 9,580,612</u>	<u>\$ 9,384,477</u>	<u>\$ 11,842,967</u>	<u>\$ 18,908,854</u>	<u>\$ 16,440,306</u>	<u>\$ 41,675,335</u>

City of Waterloo
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 392,741	\$ 323,781	\$ 267,413	\$ 197,324
Restricted	8,667,499	9,109,347	10,390,434	8,565,653
Committed	36,595	-	-	-
Assigned	4,430,460	4,848,307	5,007,033	5,410,593
Unassigned	10,184,876	10,224,959	9,836,132	9,546,862
Total general fund	<u>23,712,171</u>	<u>24,506,394</u>	<u>25,501,012</u>	<u>23,720,432</u>
All other governmental funds				
Nonspendable	466,165	298,880	290,117	261,770
Restricted	28,709,385	38,887,421	47,673,892	75,498,203
Assigned	80,148	2,396,279	2,424,601	2,458,279
Unassigned	<u>(1,929,863)</u>	<u>(5,711,850)</u>	<u>(4,495,025)</u>	<u>(3,347,626)</u>
Total all other governmental funds	<u>\$ 27,325,835</u>	<u>\$ 35,870,730</u>	<u>\$ 45,893,585</u>	<u>\$ 74,870,626</u>

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 528,775	\$ 392,145	\$ 584,290	\$ 898,156	\$ 1,062,665	\$ 1,203,194
7,839,825	6,384,873	5,888,663	5,027,951	7,624,578	9,721,618
33,004	154,511	229,791	-	-	-
5,902,856	5,465,413	5,633,149	7,871,374	5,962,271	6,278,264
9,479,091	10,277,115	11,188,047	12,736,746	12,347,431	18,891,195
23,783,551	22,674,057	23,523,940	26,534,227	26,996,945	36,094,271
131,211	219,283	140,959	313,422	544,788	208,430
66,401,834	73,478,029	66,733,675	60,645,760	62,826,579	66,160,246
2,549,694	2,763,872	2,910,389	2,939,425	2,980,683	-
(3,091,717)	(3,681,465)	(3,674,580)	(6,956,351)	(4,979,536)	(3,833,988)
<u>\$ 65,991,022</u>	<u>\$ 72,779,719</u>	<u>\$ 66,110,443</u>	<u>\$ 56,942,256</u>	<u>\$ 61,372,514</u>	<u>\$ 62,534,688</u>

City of Waterloo
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Property taxes	\$ 44,623,905	\$ 45,440,607	\$ 46,259,411	\$ 46,530,686
Other taxes	16,946,689	17,599,304	17,309,079	17,541,380
Licenses and permits	1,350,599	1,413,739	1,491,131	1,543,716
Use of money and property	1,381,197	1,477,497	1,422,572	1,597,328
Intergovernmental	23,425,271	28,647,425	26,670,622	43,647,665
Charges for services	6,894,308	7,371,370	8,142,707	8,025,850
Interfund charges for service	1,935,000	1,935,000	1,935,000	2,185,000
Special assessments	139,408	127,266	138,434	133,943
Miscellaneous	3,425,567	2,760,949	2,032,729	1,765,900
Total revenues	<u>100,121,944</u>	<u>106,773,157</u>	<u>105,401,685</u>	<u>122,971,468</u>
Expenditures				
Current				
Public safety	30,865,364	30,588,630	31,380,988	30,518,380
Public works	29,009,814	34,515,685	26,664,570	19,526,031
Health and social services	365,847	407,060	375,769	379,958
Culture and recreation	9,835,758	10,633,238	10,837,983	10,616,332
Community and economic development	12,966,402	11,783,311	13,483,447	12,265,460
General government	2,468,932	5,459,817	5,671,640	10,042,300
Debt service				
Principal retirement	8,886,944	9,659,890	11,314,503	9,698,561
Interest	2,300,105	2,023,366	2,169,997	2,268,663
Capital outlay	14,033,868	11,855,746	12,835,209	19,625,850
Total expenditures	<u>110,733,034</u>	<u>116,926,743</u>	<u>114,734,106</u>	<u>114,941,535</u>
Revenues over (under) expenditures	<u>(10,611,090)</u>	<u>(10,153,586)</u>	<u>(9,332,421)</u>	<u>8,029,933</u>
Other Financing Sources (Uses)				
Transfers in	11,006,208	10,276,970	14,882,427	11,857,853
Transfers out	(11,006,208)	(10,276,970)	(14,882,427)	(11,857,853)
Insurance proceeds	356,454	1,400	766,470	1,624,380
Proceeds from sale of assets	47,937	(6,168)	335,618	95,564
Refunding bonds issued	8,670,000	-	-	-
Payment to refunded bond escrow agent	(8,806,014)	-	-	(2,040,000)
Proceeds from debt issued	11,595,000	8,000,000	19,140,000	19,210,000
Bond discounts and premiums	205,713	129,606	107,806	276,585
Total other financing sources (uses)	<u>12,069,090</u>	<u>8,124,838</u>	<u>20,349,894</u>	<u>19,166,529</u>
Net change in fund balances	<u>\$ 1,458,000</u>	<u>\$ (2,028,748)</u>	<u>\$ 11,017,473</u>	<u>\$ 27,196,462</u>
Debt service as a percentage of noncapital expenditures	12.3%	13.2%	13.2%	12.6%

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 47,404,667	\$ 47,720,396	\$ 48,086,079	\$ 52,877,346	\$ 53,591,030	\$ 57,605,557
17,239,619	18,764,207	18,227,575	20,765,591	24,018,215	21,451,997
1,364,662	1,454,547	1,466,645	1,392,173	1,345,096	1,501,851
2,061,804	2,741,558	2,328,470	1,393,667	1,673,357	5,122,820
20,141,757	24,374,718	19,595,972	25,735,011	26,244,859	33,706,115
8,088,333	7,923,398	10,018,667	10,073,458	13,279,053	13,508,551
2,255,000	2,180,000	2,180,000	2,416,493	2,426,381	2,428,522
176,382	201,637	126,258	169,139	248,787	212,538
3,249,040	2,776,159	3,689,350	3,940,108	4,314,772	9,495,930
101,981,264	108,136,620	105,719,016	118,762,986	127,141,550	145,033,881
30,733,487	32,108,023	34,004,492	35,398,811	37,912,338	38,932,694
22,895,182	14,212,521	22,136,849	28,042,204	25,770,839	14,012,306
365,193	276,922	270,460	286,771	293,448	344,645
10,580,629	10,353,767	9,906,832	10,310,829	11,460,361	13,704,422
10,508,576	11,442,804	12,583,363	14,554,888	17,600,621	17,159,953
8,894,390	8,483,284	9,627,947	10,540,061	8,012,627	9,742,086
11,336,261	10,379,792	14,523,780	9,879,128	11,205,600	12,020,669
2,514,761	2,502,968	2,661,551	2,633,620	2,808,272	3,078,749
23,921,255	23,189,451	25,658,879	34,953,743	34,607,629	35,980,534
121,749,734	112,949,532	131,374,153	146,600,055	149,671,735	144,976,058
(19,768,470)	(4,812,912)	(25,655,137)	(27,837,069)	(22,530,185)	57,823
13,154,342	11,910,365	14,897,791	13,925,382	20,459,510	22,900,655
(13,154,342)	(11,910,365)	(14,897,791)	(13,925,382)	(20,459,510)	(22,900,655)
1,112,624	-	1,659,358	1,986,893	1,562,760	2,117,224
206,006	171,426	56,088	336,362	1,549,907	236,936
1,425,000	-	-	6,472,000	-	-
-	-	-	(6,472,000)	-	-
8,090,000	10,000,000	17,675,000	18,798,418	24,075,000	6,000,000
118,355	320,689	445,298	557,496	235,494	394,780
10,951,985	10,492,115	19,835,744	21,679,169	27,423,161	8,748,940
\$ (8,816,485)	\$ 5,679,203	\$ (5,819,393)	\$ (6,157,900)	\$ 4,892,976	\$ 8,806,763
14.2%	14.4%	16.3%	12.4%	11.8%	13.2%

City of Waterloo, Iowa
Assessed and Taxable Value of Property
Last Ten Fiscal Years

Assessment Date January 1,	For Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	TIF Property
2012	2014	\$ 1,316,533,993	\$ 800,057,810	\$ 122,324,860	\$ 183,333,664
2013	2015	1,303,730,888	717,175,119	112,118,499	207,637,570
2014	2016	1,347,497,993	662,021,833	105,004,150	214,993,747
2015	2017	1,383,126,415	620,075,361	104,318,361	229,899,157
2016	2018	1,426,734,942	626,685,915	102,735,087	230,753,488
2017	2019	1,400,102,962	614,016,517	101,985,208	263,287,703
2018	2020	1,447,591,365	654,112,386	102,437,652	267,969,299
2019	2021	1,439,257,464	648,885,677	105,155,528	284,405,439
2020	2022	1,483,925,163	627,365,261	106,502,358	317,411,512
2021	2023	1,518,128,590	635,769,782	109,045,925	339,815,284

Notes:

- (1) Does not include tax-exempt property. Tax rates are per \$1,000 of assessed value.
- (2) Property tax on machinery and equipment was phased out during the period FYE2001 through FYE2003.
- (3) A new category for multi-residential property was created by the state beginning in FYE2017. These values are included in the "Other Property" category
- (4) A rollback from assessed to taxable valuation was implemented for commercial and industrial property beginning in FYE2017.

Source: Black Hawk County Auditor.

Table 5

Other Property	Less: Military Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Assessed Value	Total Taxable Value as a Percentage of Assessed Value
\$ 111,068,231	\$ 6,742,623	\$ 2,526,575,935	17.49319	\$ 3,762,106,346	67.16%
112,027,732	6,558,362	2,446,131,446	17.95159	3,629,362,635	67.40%
110,527,435	6,267,608	2,433,777,550	17.76370	3,656,417,436	66.56%
151,573,034	6,008,327	2,482,984,001	17.60522	3,770,142,165	65.86%
141,987,418	5,774,986	2,523,121,864	17.60000	3,797,591,542	66.44%
158,466,327	5,436,059	2,532,422,658	17.45595	3,858,553,457	65.63%
153,414,284	4,932,861	2,620,592,125	17.54799	3,945,324,830	66.42%
145,359,250	4,675,374	2,618,387,984	18.44026	4,043,161,870	64.76%
131,834,643	4,790,799	2,662,248,118	18.63188	4,071,605,128	65.39%
131,503,388	4,516,907	2,729,748,062	18.97160	4,311,258,748	63.32%

**City of Waterloo, Iowa
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Table 6

Fiscal Year	City of Waterloo			Overlapping Rates						Total Direct and Overlapping Rates
	Debt Service	Total City Millage	Operating Millage	Black Hawk County			Debt Service	Total School Millage	Other	
				Debt Service	Total County Millage	Operating Millage				
2014	3.10043	17.49319	5.39234	0.62882	6.02116	13.12135	2.60683	15.72818	1.36950	40.61203
2015	3.20239	17.95159	5.52447	0.59472	6.11919	13.28631	2.68895	15.97526	1.35851	41.40455
2016	3.25937	17.76370	5.43985	1.30832	6.74817	12.92607	2.69825	15.62432	1.34988	41.48607
2017	3.16104	17.60522	5.48507	0.96070	6.44577	12.72660	2.67340	15.40000	1.33315	40.78414
2018	3.11073	17.60000	5.60805	0.80702	6.41507	12.33034	2.65121	14.98155	1.33495	40.33157
2019	2.98828	17.44560	5.96158	0.73145	6.69303	11.96864	2.60324	14.57188	1.36344	40.08430
2020	2.75595	17.54799	5.72918	0.57445	6.30363	11.63832	2.56862	14.20694	1.43491	39.49347
2021	2.75591	18.44026	5.94328	0.39297	6.33625	11.63405	2.57289	14.20694	1.47747	40.46092
2022	2.85552	18.63188	5.76053	0.41338	6.17391	11.30186	2.54583	13.84769	1.49875	40.15223
2023	2.87924	18.97159	5.33137	0.30198	5.63335	10.84156	2.52080	13.36236	1.53178	39.49908

Source: Black Hawk County Auditor.

**City of Waterloo, Iowa
Principal Taxpayers
Current Year and Nine Years Ago**

Table 7

Employer	2023			2014		
	Assessed Value 1/1/2021	Rank	Percentage of Total Assessed Value	Assessed Value 1/1/2011	Rank	Percentage of Total Assessed Value
MidAmerican Energy	\$ 73,161,213	1	1.70%	\$ -	-	-
Deere and Company	50,768,365	2	1.18%	52,058,836	2	1.38%
IOC Black Hawk County, (GLP Capital)	48,954,195	3	1.14%	64,833,320	1	1.72%
Con Agra	31,500,000	4	0.73%	21,601,640	4	0.57%
Tyson Fresh Meats (formerly IBP, Inc.)	22,227,386	5	0.52%	16,921,524	7	0.45%
Ferguson Enterprises Inc	18,636,903	6	0.43%	20,707,670	5	0.55%
FDP WTC LLC	16,711,938	7	0.39%	-	-	-
VGM Management Inc	16,594,905	8	0.38%	-	-	-
Bertch Cabinet Manufacturing, Inc.	14,318,676	9	0.33%	17,557,550	6	0.47%
Menards Inc	10,845,090	10	0.25%	15,456,021	8	0.41%
Crossroads Realty LLC	-	-	-	35,727,920	3	0.95%
Howard Allen	-	-	-	14,946,474	9	0.40%
Wal-Mart	-	-	-	13,355,510	10	-
Total	<u>\$ 303,718,671</u>		<u>5.35%</u>	<u>\$ 273,166,465</u>		<u>6.91%</u>

Source: Official Bond Statements prepared by Speer Financial, Inc.

**City of Waterloo, Iowa
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 8

Assessment Date January 1,	Fiscal Year Ended June 30,	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2011	2013	\$ 40,620,062	\$ 40,275,404	99.15%	\$ 18,966	\$ 40,294,370	99.20%
2012	2014	39,993,210	39,763,526	99.43%	(72,698) *	39,690,828	99.24%
2013	2015	39,200,603	38,901,557	99.24%	(362,370) *	38,539,187	98.31%
2014	2016	38,480,720	38,405,051	99.80%	(176,170) *	38,228,881	99.35%
2015	2017	38,823,734	38,720,046	99.77%	10,998	33,019,455	99.80%
2016	2018	39,613,829	39,602,704	99.97%	8,658	39,611,362	99.99%
2017	2019	38,984,631	38,962,637	99.94%	21,994	38,984,631	100.00%
2018	2020	40,639,192	40,122,621	98.73%	34,427	40,157,048	98.81%
2019	2021	42,422,199	42,132,064	99.32%	290,135 ^	42,422,199	100.00%
2020	2022	43,275,387	43,147,053	99.70%	74,029	43,221,082	99.87%
2021	2023	44,829,466	44,794,609	99.92%	19,839	44,814,448	99.97%

Current year tax collections can exceed the total tax levy in certain instances, such as when property valuation adjustments are made after the tax levy certifications are completed. Information regarding changes to levies and the years that delinquent payments are attributable is not available to the City.

^ Due to the COVID-19 pandemic, the Governor of Iowa extended the due date for tax collections for the year ended June 30, 2020 to July 2020, resulting in higher delinquent tax collections for the year ended June 30, 2021.

* A number of property valuation appeals for the valuation at the January 1, 2011 assessment date were settled during the fiscal years ended June 30, 2014, 2015 and 2016 which resulted in refunds owed for prior taxes paid on those properties. Black Hawk County netted those refunds from delinquent taxes paid to the City, resulting in negative delinquent tax collections.

Source: Black Hawk County Auditor's office.

City of Waterloo, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Financed Purchases	Other Debt	General Obligation Bonds	Revenue Bonds			
2014	\$ 69,226,920	\$ -	\$ 2,281,997	\$ 22,253,712	\$ 1,914,460	\$ 95,677,089	3.38%	\$ 1,399
2015	67,833,111	-	2,061,307	25,804,346	719,286	96,418,050	3.37%	1,409
2016	75,897,719	-	1,934,063	23,198,824	142,604	101,173,210	3.59%	1,479
2017	75,897,719	-	1,934,063	23,198,824	142,604	101,173,210	3.59%	1,479
2018	81,969,301	-	8,019,724	19,136,397	1,534,000	110,659,422	3.81%	1,598
2019	82,879,508	-	6,905,931	16,583,131	2,091,522	108,460,092	3.65%	1,586
2020	87,276,793	-	5,862,641	14,541,676	2,030,495	109,711,605	3.70%	1,604
2021	92,697,175	3,762,929	5,913,513	12,512,539	17,403,732	132,289,888	4.10%	1,934
2022	107,680,250	3,361,714	6,969,126	10,522,288	31,422,503	159,955,881	4.45%	2,338
2023	104,352,451	2,961,127	5,099,161	8,556,320	37,181,227	158,150,286	4.26%	2,349

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

* Personal income and population data can be found in the Schedule of Demographic and Economic Statistics.
These ratios are calculated using personal income and population for the prior calendar year.

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

Table 10

Fiscal Year	General Obligation Bonds	Total Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita*
2014	\$ 89,522,781	\$ 3,747,030,046	2.39%	\$ 1,309
2015	90,366,627	3,738,165,467	2.42%	1,321
2016	91,480,632	3,762,106,346	2.43%	1,337
2017	93,637,457	3,629,362,635	2.58%	1,369
2018	99,096,543	3,656,417,436	2.71%	1,449
2019	99,096,543	3,770,142,165	2.63%	1,449
2020	101,105,698	3,797,591,542	2.66%	1,478
2021	99,462,639	3,858,553,457	2.58%	1,454
2022	118,202,538	4,071,605,128	2.90%	1,728
2023	112,908,771	4,311,258,748	2.62%	1,677

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

* Population data can be found in the Schedule of Demographic and Economic Statistics.

City of Waterloo, Iowa
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Waterloo direct debt	<u>\$ 112,412,739</u>	100.00%	<u>\$ 112,412,739</u>
Overlapping			
Black Hawk County	16,690,000	42.16%	7,036,504
Hawkeye Community College	<u>6,780,000</u>	23.90%	<u>1,620,420</u>
Subtotal, overlapping debt	<u>23,470,000</u>		<u>8,656,924</u>
Total direct and overlapping debt	<u><u>\$ 135,882,739</u></u>		<u><u>\$ 121,069,663</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Waterloo. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Black Hawk County Auditor

City of Waterloo
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 188,105,317	\$ 181,167,349	\$ 182,820,872	\$ 188,507,108
Total net debt applicable to limit	<u>93,762,629</u>	<u>95,698,764</u>	<u>101,030,606</u>	<u>107,163,819</u>
Legal debt margin	<u>\$ 94,342,688</u>	<u>\$ 85,468,585</u>	<u>\$ 81,790,266</u>	<u>\$ 81,343,289</u>
Total net debt applicable to the limit as a percentage of debt limit	49.85%	52.82%	49.02%	49.44%

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

Table 12

2018	2019	2020	2021	2022	2023
\$ 189,879,577	\$ 192,927,673	\$ 197,266,242	\$ 202,158,094	\$ 203,580,256	\$ 215,562,937
109,125,422	106,368,570	107,681,110	114,886,157	129,102,784	120,969,059
<u>\$ 80,754,155</u>	<u>\$ 86,559,103</u>	<u>\$ 89,585,132</u>	<u>\$ 87,271,937</u>	<u>\$ 74,477,472</u>	<u>\$ 94,593,878</u>
49.44%	55.13%	55.26%	56.83%	63.42%	56.12%

Legal Debt Margin
Calculation for
Fiscal Year 2023

Estimated actual valuation (assessed) as of January 1, 2021	\$ 4,311,258,748
Debit limit (5% of total estimated actual valuation)	215,562,937
Debt applicable to debt limit	
General obligation bonds	112,908,771
Financed purchase	5,099,161
General obligation capital loan notes	2,961,127
Total net debt applicable to limit	<u>120,969,059</u>
Legal debt margin	<u>\$ 94,593,878</u>

**City of Waterloo, Iowa
Sewer Revenue Bond Coverage
Last Ten Fiscal Years**

Table 13

Fiscal Year	Gross Revenue	Less: Applicable Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
2014	\$ 12,863,345	\$ 8,069,660	\$ 4,793,685	\$ 1,259,403	3.8063
2015	12,716,670	9,894,071	2,822,599	1,233,703	2.2879
2016	14,261,375	11,319,925	2,941,450	592,413	4.9652
2017	15,229,013	11,307,231	3,921,782	144,200	27.1968
2018	13,362,514	9,263,755	4,098,759	66,469	61.6642
2019	15,003,350	8,433,566	6,569,784	193,738	33.9107
2020	16,835,257	8,462,090	8,373,167	230,600	36.3104
2021	16,811,009	8,563,164	8,247,845	505,522	16.3155
2022	18,201,120	9,325,365	8,875,755	1,534,803	5.7830
2023	20,163,618	8,694,791	11,468,827	3,624,376	3.1644

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

Gross revenue includes both operating and non-operating revenue. Operating expenses do not include interest, depreciation or amortization of bond issue costs.

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

Table 14

Year	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ¹	Unemployment Rate ³	School Enrollment ⁴
2013	68,406	\$ 2,827,835,634	\$ 41,339	35.7	5.6%	10,483
2014	68,406	2,857,250,214	41,769	35.5	6.5%	10,611
2015	68,406	2,817,779,952	41,192	35.8	5.4%	10,445
2016	68,406	2,837,344,068	41,478	36.2	4.8%	10,357
2017	68,406	2,871,842,930	42,186	36.5	4.7%	10,401
2018	68,406	2,967,454,000	43,452	36.6	2.6%	10,297
2019	68,406	3,226,287,180	47,623	37.0	3.7%	10,380
2020	67,314	3,374,759,000	50,126	36.8	6.6%	10,196
2021	67,314	3,596,449,000	53,584	36.4	3.2%	10,609
2022	67,314	3,710,164,000	55,247	36.7	3.9%	10,600

Sources:

¹ 2010 and 2020 U.S. Census

² U.S. Department of Commerce, Bureau of Economic Analysis

³ Iowa Workforce Development

⁴ Waterloo Community Schools

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**City of Waterloo, Iowa
Principal Area Employers
Current Year and Nine Years Ago**

Table 15

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Deere & Company	5,000	1	15.43%	6,000	1	17.49%
Unity Point Health (formerly Allen Hospital)	3,160	2	9.75%	1,616	5	4.71%
Tyson Fresh Meats	3,000	3	9.26%	2,500	3	7.29%
Mercy One	2,595	4	8.01%	3,060	2	8.92%
Waterloo Community School District	1,800	5	5.56%	1,608	6	4.69%
Target Regional Distribution	1,800	6	5.56%	860	10	2.51%
University of Northern Iowa	1,650	7	5.09%	1,738	4	5.07%
VGM Group	1,400	8	4.32%	-	-	-
Hy-Vee	1,255	9	3.87%	1,547	7	-
Western Home Communities	890	10	2.75%	-	-	-
Wal-mart	-	-	-	1,047	8	3.05%
GMAC Mortgage Corp.	-	-	-	875	9	2.55%
Total	22,550		69.60%	20,851		56.28%

Source: Official Bond Statements from Speer Financial, Inc.

City of Waterloo, Iowa
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year						
	2014	2015	2016	2017	2018	2019	2020
Public Safety							
Police	130.0	130.0	130.0	130.0	129.0	129.0	129.0
Fire	108.5	106.5	109.5	107.5	104.5	108.5	106.5
Building inspections	12.5	13.5	13.5	13.0	11.0	12.0	17.0
Public Works							
City engineer	20.0	20.0	20.0	20.0	21.0	21.0	18.0
Traffic and animal control	16.0	16.0	14.0	15.0	14.0	15.0	15.5
Central garage	10.0	10.0	9.0	9.0	9.0	7.0	8.0
Street	34.0	37.0	35.0	36.0	35.0	38.0	38.0
Airport	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Health and Social Services							
Human rights	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Culture and Recreation							
Cultural and arts	11.0	13.0	12.0	13.0	10.0	10.0	12.0
Library	25.0	24.5	24.0	23.5	22.5	22.0	22.0
Leisure services	40.0	43.0	42.0	41.0	43.0	42.0	40.0
Community and Economic Development							
Community planning and development	23.0	23.0	22.0	21.0	22.0	22.0	19.0
General Government							
Mayor's office	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Information technology	1.0	1.0	2.0	4.0	5.0	4.0	5.0
City clerk and finance	14.0	12.0	12.0	9.0	10.0	10.0	10.0
City attorney/code enforcement	1.5	1.5	6.0	6.0	6.0	6.0	6.0
Human resources	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Facilities maintenance	4.0	4.0	4.0	4.0	5.0	4.0	4.0
Waste Management Services							
Sewer	41.0	39.0	40.0	39.0	36.0	38.0	38.0
Sanitation	13.0	17.0	13.0	13.0	13.0	11.0	13.0
Total	<u>517.5</u>	<u>524.0</u>	<u>521.0</u>	<u>518.0</u>	<u>510.0</u>	<u>513.5</u>	<u>515.0</u>

Source: City Human Resources Department records.

Table 16

Fiscal Year		
2021	2022	2023
127.0	126.00	129.00
106.0	109.00	111.00
17.0	13.00	13.00
19.0	19.00	18.00
15.5	16.75	14.75
9.0	9.00	9.00
36.0	36.00	36.00
6.0	5.80	5.80
3.0	3.00	3.00
12.0	9.00	9.00
21.0	24.14	26.38
38.0	38.00	40.00
18.0	22.00	21.00
1.0	2.80	3.00
5.0	5.00	5.00
10.0	10.00	10.00
6.0	6.00	6.00
4.0	4.00	4.00
4.0	4.00	4.00
38.0	38.00	40.00
14.0	14.00	14.00
509.5	514.49	521.93

City of Waterloo, Iowa
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Page 1 of 2)

Function/Program	Fiscal Year				
	2014	2015	2016	2017	2018
Public Safety					
Police *					
Traffic accidents	1,839	1,726	1,607	1,633	1,441
Cases	11,298	11,111	10,110	9,683	8,930
Citations	6,989	5,060	4,917	3,947	3,748
Calls for service	77,161	67,717	61,944	60,652	50,773
Total arrests	4,931	4,728	4,004	3,874	3,444
Fire					
Fire responses	5,011	5,129	5,232	5,638	5,542
Ambulance responses	6,729	6,830	6,650	7,036	8,720
Building Inspection					
Construction permits issued	9,969	10,327	10,620	9,704	8,483
Construction value of permits	\$ 101,677,108	\$ 100,224,478	\$ 127,513,038	\$ 108,699,337	\$ 104,700,306
Public Works					
Engineering					
Street reconstruction (miles)	3.15	1.59	2.61	3.35	3.08
Street resurfacing (miles)	12.21	18.63	12.53	0.64	1.66
Street Department					
Tons of salt used for streets	5,162	4,217	3,024	3,307	5,700
Man hours for road maintenance	66,650	67,320	79,357	66,924	68,644
Airport					
Commercial Enplanements	21,573	26,170	27,325	25,534	22,836
Aircraft take-offs and landings	19,109	19,550	21,037	18,585	18,943
Based aircraft	104	74	75	75	75
Health and Social Services					
Human rights					
Civil rights complaints					
New cases opened	64	66	50	57	49
Cases closed	43	100	50	69	72
Active cases at year-end	177	143	142	129	105
Culture and recreation					
Leisure services					
SportsPlex members	2,594	4,450	4,965	5,095	5,243
Young arena facility usage					
Event visitors	119,903	100,064	100,913	103,547	105,938
Recreational visitors	186,384	189,121	189,586	183,749	180,545
Sports - youth programs	5,571	5,623	5,689	5,573	5,434
Sports - adult programs	1,598	1,617	1,543	1,497	1,412
Pool attendance @	37,603	33,866	34,733	28,861	22,065
Golf rounds	75,737	74,891	76,137	69,989	60,640
Public library					
Total circulation	422,204	470,786	446,467	365,656	299,035
Total library visits #	271,603	278,431	253,929	262,073	250,804
Waterloo Center for the Arts					
In house visitors	118,970	128,140	122,334	157,628	189,153
Events, meetings, and programs	1,074	1,103	1,003	1,261	1,513

Table 17

Fiscal Year				
2019	2020	2021	2022	2023
1,527	1,235	1,184	1,249	1,286
9,103	8,028	7,298	8,197	7,925
4,195	3,681	2,424	2,050	2,505
50,986	47,979	37,752	45,195	46,330
3,496	2,777	2,351	2,567	3,266
5,623	5,233	5,301	5,599	4,812
9,180	8,956	9,833	10,651	11,187
7,124	7,011	7,062	7,084	7,084
\$ 142,264,758	\$ 161,102,459	\$ 140,629,305	\$ 113,662,019	\$ 135,698,902
3.30	2.81	2.50	2.34	1.00
2.60	3.34	2.10	3.00	3.16
4,000	2,500	2,273	1,760	2,654
38,485	47,104	30,452	25,452	31,200
23,446	15,055	7,859	17,854	16,468
20,072	19,006	19,946	24,098	25,975
81	70	70	70	74
58	41	31	60	56
85	68	47	42	37
83	52	40	57	74
6,167	5,456	5,751	4,712	7,678
104,635	81,507	38,606	86,527	102,570
167,900	124,700	40,099	69,000	64,900
5,413	4,238	4,374	4,458	5,157
1,384	954	1,112	988	359
9,980	15,734	24,113	19,517	16,597
52,076	56,192	74,449	71,418	77,470
295,877	241,029	146,010	260,517	286,608
181,867	92,342	37,579	85,906	129,327
191,675	120,000	48,500	123,054	189,494
1,757	1,100	633	1,128	1,289

City of Waterloo, Iowa
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Page 2 of 2)

Function/Program	Fiscal Year				
	2014	2015	2016	2017	2018
Community and Economic Development					
Planning and Zoning					
Planning commission agenda items	91	100	86	63	70
CURA applications received **	30	41	31	35	25
CURA improvements value	\$ 11,368,905	\$ 7,856,518	\$ 13,451,612	\$ 13,439,875	\$ 3,793,731
CLURA applications received	58	69	41	74	46
CLURA improvements value	\$ 14,418,617	\$ 15,057,131	\$ 8,849,239	\$ 17,426,350	\$ 11,090,817
Community Development					
Down payment assistance	3	4	8	7	-
Owner-occupied homes rehabilitated	42	26	24	24	25
Emergency repairs (including roofs)	37	33	34	32	21
Demolitions (residential and commercial)	21	-	13	-	1
Housing					
Vouchers used	931	937	975	1,017	1,010
Public housing units	50	50	50	50	50
Family self sufficiency participants	36	31	34	28	26
Sewer					
Sewer system customers	26,102	25,584	26,498	26,522	26,026

* Statistics for Police Department are for the calendar year ending within the fiscal year shown.

** Consolidated Urban Revitalization Area.

Door counter was broken for several months, so not all visitors could be counted.

@ One pool could not be opened in the spring of 2019 due to needed repairs

Source: Various city departments

Table 17 (Continued)

Fiscal Year				
2019	2020	2021	2022	2023
59	47	73	59	72
28	22	13	7	12
\$ 3,037,684	\$ 5,367,551	\$ 8,610,759	\$ 5,086,119	\$ 5,662,739
39	46	45	52	36
\$ 11,533,082	\$ 13,682,420	\$ 14,222,172	\$ 12,373,899	\$ 8,955,734
-	-	3	6	3
33	31	35	31	21
25	30	39	51	32
2	-	-	2	4
1,020	1,061	1,042	1,020	1,020
50	50	49	48	49
23	20	21	18	15
26,340	26,438	26,501	27,369	27,531

City of Waterloo, Iowa
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year						
	2014	2015	2016	2017	2018	2019	2020
Public Safety							
Police							
Stations	1	1	1	1	1	1	1
Fire*							
Stations	7	7	7	7	7	7	7
Trucks and special vehicles	29	29	30	33	35	31	31
Public Works							
Miles of streets - paved	364	364	360	360	361	362	363
Miles of streets - unpaved	72	72	68	68	68	68	73
Street lights	1,807	1,807	1,807	1,807	1,847	1,847	2,582
Traffic signals	197	198	198	199	200	202	200
Airport runway lengths							
Runway 12/30	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Runway 18/36	6,002	6,002	6,002	6,002	6,002	6,002	6,002
Runway 6/24	5,403	5,403	5,403	5,403	5,403	5,403	CLOSED
Culture and Recreation							
City recreation areas	3	3	3	3	3	3	3
City parks	48	48	48	48	48	48	48
Golf courses	3	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2	2
Softball diamonds	23	23	23	20	20	20	20
Baseball diamonds	6	6	6	6	6	6	6
Baseball stadium	1	1	1	1	1	1	1
Softball complexes	2	2	2	2	2	2	2
Tennis courts	27	27	27	27	27	27	27
Ice arena	1	1	1	1	1	1	1
Soccer complex	1	1	1	1	1	1	1
Exposition plaza	1	1	1	1	1	1	1
Skatepark	1	1	1	1	1	1	1
Dog park	1	1	1	1	1	1	1
Amphitheater	1	1	1	1	1	1	1
Splash park	1	1	1	1	1	1	1
SPORTSPLEX	0	1	1	1	1	1	1
Center for the arts collection size	4,682	5,102	5,498	5,647	6,001	6,475	6,738
Library collection size **	164,486	138,540	138,305	124,649	112,777	112,777	107,583
Sewer							
Miles of sanitary sewer	357	358	368	372	373	374	376

* Added boats

** Collection size increased due to providing additional electronic service

Source: Various city departments

Table 18

Fiscal Year		
2021	2022	2023
1	1	1
7	7	7
31	31	33
363	364	364
73	73	73
2,503	2,503	2,649
206	206	205
8,400	8,400	8,400
6,002	6,002	6,002
CLOSED	CLOSED	CLOSED
3	3	3
48	48	48
3	3	3
2	2	2
20	20	20
6	6	6
1	1	1
2	2	2
27	27	27
1	1	1
1	1	1
1	1	1
1	1	1
1	1	1
1	1	1
1	1	1
1	1	1
7,122	7,366	7,750
112,620	112,794	113,349
378	379	380