

# Comprehensive Annual Financial Report



FISCAL YEAR ENDED  
JUNE 30, 2020  
CITY OF WATERLOO, IOWA



# CITY OF WATERLOO, IOWA

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2020**

Prepared by:  
City of Waterloo Finance Department  
Michelle C. Weidner, CPA, Chief Financial Officer  
Emily Graham, Financial Analyst  
Brent Bohlen, Financial Analyst  
Kim Bahr, Financial Analyst

## Contents

---

### Introductory Section

---

Table of contents	i–ii
Transmittal letter	iii–ix
Officials	x
Organizational structure	xi
GFOA Certificate	xii

---

### Financial Section

---

Independent auditor's report	1–2
Management's discussion and analysis	3–14
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	15–16
Statement of activities	17–18
Fund financial statements:	
Balance sheet - governmental funds	19–22
Reconciliation of governmental funds balance sheet to the statement of net position	23
Statement of revenues, expenditures and changes in fund balances—governmental funds	24–25
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	26
Statement of net position—enterprise funds	27–28
Statement of revenues, expenses and changes in net position—enterprise funds	29
Statement of cash flows—enterprise funds	30–31
Notes to basic financial statements	32–81
Required supplementary information:	
Schedule of changes in the City's total OPEB liability and related ratios	82
Iowa Public Employees' Retirement System:	
Schedule of the City's proportionate share of the net pension liability	83–84
Schedule of City contributions	85
Notes to required supplementary information—IPERS pension liability	86
Municipal Fire and Police Retirement System of Iowa:	
Schedule of the City's proportionate share of the net pension liability	87–88
Schedule of City contributions	89
Notes to required supplementary information—MFPRSI pension liability	90
Budgetary comparison schedule—budget and actual (modified cash basis)—all governmental funds and proprietary funds	91–92
Note to required supplementary information—budgetary reporting	93
Schedule of comparison—funds statements (GAAP basis) to budgetary (modified cash) basis	94–97
Schedule of employer contributions for Waterloo Water Works pension plan	98–99
Schedule of changes in net pension liability and related ratios for Waterloo Water Works pension plan	100–101
Notes to required supplementary information for Waterloo Water Works pension plan	102
IPERS schedule of the Waterloo Water Works' proportionate share of the net pension liability	103–104
IPERS schedule of Waterloo Water Works contributions	105–106

---

## Contents

---

### Financial Section (continued)

---

Supplementary information:	
Schedule of revenues, expenditures and changes in fund balances—General Fund	107–117
Nonmajor governmental funds:	
Combining balance sheet	118
Nonmajor special revenue funds:	
Fund descriptions	119
Combining balance sheet	120–121
Combining statement of revenues, expenditures and changes in fund balances (deficit)	122–123
Capital projects funds:	
Fund descriptions	124
Combining balance sheet	125–126
Combining statement of revenues, expenditures and changes in fund balances (deficit)	127–128
Fiduciary funds, fund descriptions	129
Agency Fund, statement of changes in assets and liabilities	130

---

### Statistical Section (Unaudited)

---

Statistical section contents	131
Net position by component	132
Changes in net position	133–134
Fund balances—governmental funds	135
Changes in fund balances—governmental funds	136
Assessed and taxable value of property	137
Property tax rates	138
Principal taxpayers	139
Property tax levies and collections	140
Ratios of outstanding debt by type	141
Ratios of general bonded debt outstanding	142
Direct and overlapping governmental activities debt	143
Legal debt margin information	144
Sewer revenue bond coverage	145
Demographic and economic statistics	146
Principal area employers	147
Full-time equivalent city government employees by function/program	148
Operating indicators by function/program	149–150
Capital asset statistics by function/program	151

---





# CITY OF WATERLOO, IOWA

## OFFICE OF THE MAYOR ----- FINANCE DEPARTMENT

QUENTIN HART • Mayor MICHELLE WEIDNER, CPA • Chief Financial Officer

Mayor  
QUENTIN  
HART

COUNCIL  
MEMBERS

.....

MARGARET  
KLEIN  
Ward 1

JONATHAN  
GRIEDER  
Ward 2

PATRICK  
MORRISSEY  
Ward 3

JEROME  
AMOS, JR.  
Ward 4

RAY  
FEUSS  
Ward 5

SHARON  
JUON  
At-Large

DAVE  
BOESEN  
At-Large

February 1, 2021

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

We are pleased to present the Comprehensive Annual Financial Report of the City of Waterloo, Iowa (City) for the year ended June 30, 2020 in accordance with the provisions of Chapter 11 of the Code of Iowa. This report is published to provide the City Council and citizens 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). RSM US LLP issued an unmodified (“clean”) opinion on the financial statements for the year ended June 30, 2020.

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.

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.

## THE CITY’S BACKGROUND AND SERVICES

Waterloo is the 6th largest and historically one of the most diverse cities in the state of Iowa, with a population of 68,406, according to the 2010 census. (Current census estimates indicate growth to 72,000.) 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.

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 even amid the COVID-19 pandemic. 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, Mercy One, University of Northern Iowa, Unity Point Health, Hy-Vee and Western Home Communities.

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 seventh straight year, reaching \$161.1 million for the fiscal year ended June 30, 2020. This marked the second best construction year in history. New housing starts were at 98 new units. Waterloo is a regional retail center for Black Hawk and surrounding counties. After increasing steadily for the past several years, retail sales dipped to \$993.2 million in fiscal 2020, assumed due to in part to the pandemic. Waterloo's population has remained relatively stable during the past decade.

The overall city tax base has reflected an average annual growth of approximately 1.0% 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 October 31, 2020 was 4.6% compared to the state level of 3.6% and the federal level of 6.9%.

### **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 1<sup>st</sup> Street to 18<sup>th</sup> Street in Downtown Waterloo.
- The Cedar River Dam improvements – an inflatable bladder dam system that improved recreational water depth upstream of the dam at 4<sup>th</sup> 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 Sport Plex 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 5,600 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). This was the first project approved under the Iowa Reinvestment District (IRD) program.

Lincoln Savings Bank is currently renovating a 50-year old former Deere factory at a total project investment of \$18.3 million. LSB will occupy the top three floors of the Tech One building to house their financial technology operation that is projected to bring over 300 new employees to the Downtown Waterloo area.

The IRD development will also include the creation of a Marina along the Cedar River. This will be part of a water trail designation in Black Hawk County in partnership with the City of Cedar Falls. In excess of \$500,000 in federal enhancement funds have been programmed for this project. The City is also platting additional lots for commercial development in the area.

## **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. 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 now underway. A seven-story 72-unit residential tower, the Art Bloc, is under construction on the riverfront near the RiverLoop Amphitheater.

Makenda LLC has completed a \$10 million interior and exterior renovation of the former Ramada Hotel in downtown Waterloo, and has re-opened as a dual-branded Best Western Plus and Executive Residency Hotel. The City hired Global Spectrum, L.P. to manage the Convention Center, located directly across the street from this hotel.

Lincoln Park, a popular downtown destination, was recently renovated 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.

## **Midport**

- The City is constructing infrastructure 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 is currently underway.
- A number of developers have plans for smaller infill construction projects in the Airport area.
- There has been over \$2.5 million in private investment in new hangars at the Waterloo Regional Airport.



## **Other New Development Projects**

Construction continues on the Lost Worlds Theme Park, a \$100 million investment by the Bertch family to create a new theme park near Lost Island Waterpark on the city's southeast side. Groundbreaking began in 2019 and the theme park is scheduled to open in the summer of 2022.

The former Greyhound Park has been demolished, creating new development land near the major intersection of U.S. Highways 20 and 63. The Love's Travel Center is now open and Warren Transport has announced an \$8.6 million project for a new headquarters and vehicle maintenance facility. Additional developments are planned in this area.

Con-trol is constructing a \$12 million warehouse project in the Northeast Industrial Park.

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 has started construction on a \$2.0 million grocery store and there has been \$2.8 million of residential construction and rehabilitation work completed.

John Deere has completed a \$7.3 million expansion to its Westfield Avenue manufacturing site.

The former landfill property near Highway 63 and Ridgeway Road was acquired by a developer and several new projects have been completed or are in process, including a new Casey's convenience store, a medical office, and a dance studio and gymnastics center.

## **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 grants include the reconstruction of Highway 63 through the northern part of the city, which was completed in 2020. The reconstruction of University Avenue from Midway Dr. to U.S. Highway 63 has begun, with estimated completion in 2021. The City has been awarded \$12.5 million to assist with the reconstruction of the Park Avenue and 11<sup>th</sup> St. bridges in the downtown area.

Design is underway for the La Porte Road corridor improve streets and bike trails near the new Lost Worlds Theme Park and the Crossroads Shopping Center area.

## **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. A recreational area for all-terrain vehicle trails has been developed in the Riverview neighborhood, and a new bike trail is being constructed as part of the University Avenue reconstruction project. The City has received a grant for the construction of the Shaulis Road Recreational Trail in the southeast part of the City, which will be completed in 2021.

A new \$370,000 skate park has recently been opened next to Straub Baseball Fields in the Riverfront Sports Park area. The park includes more amenities and is no longer located in the floodway.

## **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 Comprehensive Annual Financial Report (CAFR) for fiscal year 2019. This is the seventeenth 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.

In order 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 CAFR 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.

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 \$1,000 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.

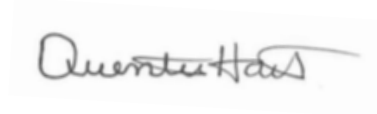
The City met the minimum fund balance requirement for the General Fund and adhered to all other financial policies approved by the City Council.

## ACKNOWLEDGMENTS

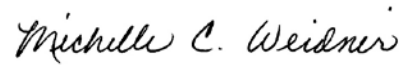
This report could not have been completed without the dedicated service of the entire Finance department and other City staff in addition to the RSM US LLP audit team. We want to thank all of the City departments for their assistance in providing data necessary for this report.

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,

A handwritten signature in black ink, appearing to read "Quentin M. Hart".

Quentin M. Hart  
Mayor

A handwritten signature in black ink, appearing to read "Michelle C. Weidner".

Michelle C. Weidner, CPA  
Chief Financial Officer

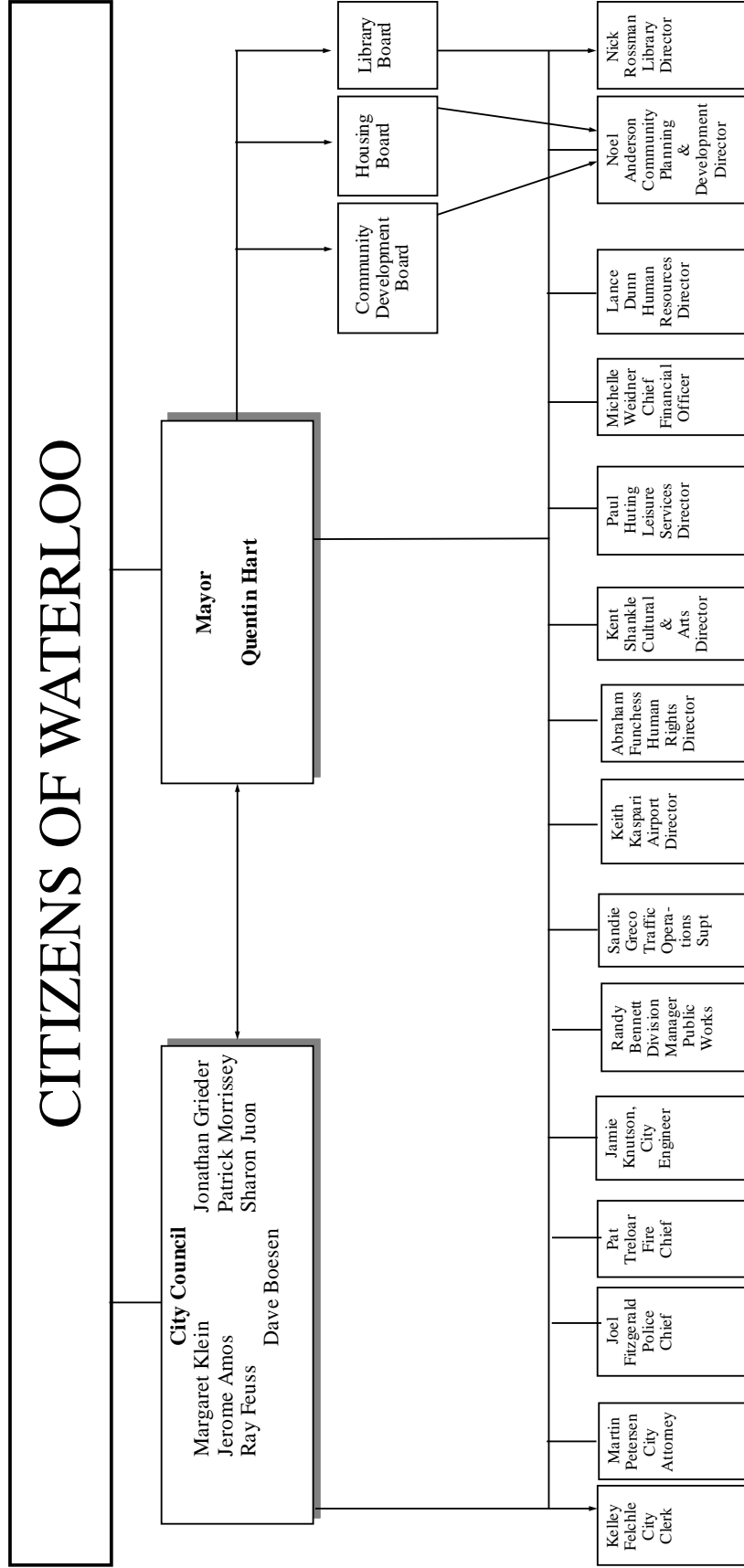
## City of Waterloo, Iowa

### Officials

As of June 30, 2020

Name	Title	Term Expires
<b>Elected (Before January, 2020)</b>		
Quentin Hart	Mayor	January 2020
Margaret Klein	Council Member - 1st Ward	January 2022
Bruce Jacobs	Council Member - 2nd Ward	January 2020
Patrick Morrissey	Council Member - 3rd Ward	January 2022
Jerome Amos	Council Member - 4th Ward	January 2020
Christopher Shimp	Council Member - 5th Ward	January 2022
		(Resigned August 2018)
Ray Feuss	Council Member - 5th Ward	January 2022
Sharon Juon	Council Member - At-Large	January 2022
Steven Schmitt	Council Member - At-Large	January 2020
<b>(After December 31, 2019)</b>		
Quentin Hart	Mayor	January 2022
Margaret Klein	Council Member - 1st Ward	January 2022
Jonathan Grieder	Council Member - 2nd Ward	January 2024
Patrick Morrissey	Council Member - 3rd Ward	January 2022
Jerome Amos	Council Member - 4th Ward	January 2024
Ray Feuss	Council Member - 5th Ward	January 2022
Sharon Juon	Council Member - At-Large	January 2022
Dave Boesen	Council Member - At-Large	January 2024
<b>Appointed</b>		
Michelle Weidner, CPA	Chief Financial Officer	Indefinite
Kelley Felchle, 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, IOWA — ORGANIZATIONAL STRUCTURE







Government Finance Officers Association

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

Presented to

**City of Waterloo  
Iowa**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, Waterloo Water Works and Waterloo Convention & 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 opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely upon the reports of the other auditors.

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

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

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

***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of changes in the City's total OPEB liability and related ratios, the schedule of the City's proportionate share of the net pension liability and schedule of contributions for the Iowa Public Employees' Retirement System, the schedule of the City's proportionate share of the net pension liability and schedule of City contributions for the Municipal Fire and Police Retirement System of Iowa, budgetary comparison schedule, and the Schedule of Contributions for Waterloo Water Works Pension Plan and Schedule of changes in net pension liability and related ratios for the Waterloo Water Works Pension Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors 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.

### *Other 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 combining individual and nonmajor fund financial statements and other schedules and statements, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us. In our opinion, based on our audit and the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*RSM VS LLP*

Davenport, Iowa  
February 1, 2021

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

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, 2020. 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 pages iii–ix 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 \$439,094,438 (net position). Of this amount, the City's unrestricted net position (\$31,868,820) is negative, due to recording the City's share of postemployment benefit liabilities and pension liabilities.
- The City's total net position increased by \$11,842,967 compared to the 2019 ending net position of \$427,251,471.
- As of the close of this current fiscal year, the City of Waterloo's governmental funds reported combined ending fund balances of \$89,634,383, a decrease of \$5,819,393 in comparison with the prior year. Approximately 8.4% of this total amount, \$7,513,467, 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 \$11,188,047, or 20.4% of total General Fund expenditures.
- The City of Waterloo's total long-term liabilities increased by \$6,100,324 or 3.6% during the current fiscal year, due to increased general obligation bonds issued for construction projects and increases in other post-employment benefit and pension liabilities.

#### 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.

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).

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

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.

**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 21 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, General Obligation Debt Service Fund, and Road Use Tax Fund, all of which are considered to be major funds. Data from the other 16 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.



## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

**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, an agency fund. There were no assets held in the fiduciary fund as of June 30, 2020.

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

**Other information.** The City's budgetary comparison schedule 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 \$439,094,438 at the close of the fiscal year ended June 30, 2020.

By far the largest portion of the City of Waterloo's net position (97%) 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, 2020 and 2019 follows:

	City of Waterloo's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 155,294,742	\$ 155,726,342	\$ 22,615,485	\$ 25,095,669	\$ 177,910,227	\$ 180,822,011
Capital assets	396,727,431	378,952,399	103,850,948	98,402,473	500,578,379	477,354,872
<b>Total assets</b>	<b>552,022,173</b>	<b>534,678,741</b>	<b>126,466,433</b>	<b>123,498,142</b>	<b>678,488,606</b>	<b>658,176,883</b>
<b>Deferred outflows of resources</b>	<b>14,460,706</b>	<b>13,508,321</b>	<b>1,057,253</b>	<b>919,390</b>	<b>15,517,959</b>	<b>14,427,711</b>
<b>Liabilities</b>						
Current liabilities	23,067,451	21,720,479	4,954,394	5,294,902	28,021,845	27,015,381
Long-term liabilities	153,341,347	145,102,116	20,625,573	22,764,480	173,966,920	167,866,596
<b>Total liabilities</b>	<b>176,408,798</b>	<b>166,822,595</b>	<b>25,579,967</b>	<b>28,059,382</b>	<b>201,988,765</b>	<b>194,881,977</b>
<b>Deferred inflows of resources</b>	<b>52,427,932</b>	<b>50,231,977</b>	<b>495,430</b>	<b>239,169</b>	<b>52,923,362</b>	<b>50,471,146</b>
<b>Net position</b>						
Net investment in capital assets	338,162,674	320,748,412	87,857,186	81,369,121	426,019,860	402,117,533
Restricted	44,923,907	53,863,633	19,491	47,826	44,943,398	53,911,459
Unrestricted	(45,440,432)	(43,479,555)	13,571,612	14,702,034	(31,868,820)	(28,777,521)
<b>Total net position</b>	<b>\$ 337,646,149</b>	<b>\$ 331,132,490</b>	<b>\$ 101,448,289</b>	<b>\$ 96,118,981</b>	<b>\$ 439,094,438</b>	<b>\$ 427,251,471</b>

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

\$44,943,398 of the City of Waterloo's net position (10.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$31,868,820) is a negative position, due to the net pension liabilities for the city's share of liabilities in the IPERS and MFPRSI pension plans and the city's liability for other postemployment health care benefits.

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 2019 ending net position. Governmental-type activities' net position increased by \$6,513,659, from the 2019 net position of \$331,132,490. This increase was largely related to capital invested in City infrastructure projects. See page 26 for a reconciliation of this increase. The total business-type activities' net position increased by \$5,329,308 from the 2019 net position of \$96,118,981, due to capital invested in City infrastructure projects and debt retirement payments.

### Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2020 and 2019 follows:

City of Waterloo's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 13,938,071	\$ 11,721,123	\$ 21,702,047	\$ 18,549,691	\$ 35,640,118	\$ 30,270,814
Operating grants and contributions	12,158,925	12,380,601	275,862	273,624	12,434,787	12,654,225
Capital grants and contributions	7,151,415	8,651,622	356,837	310,250	7,508,252	8,961,872
General revenues:						
Property taxes	49,332,480	47,722,089	-	-	49,332,480	47,722,089
Other taxes	19,039,780	18,757,207	-	-	19,039,780	18,757,207
Other	6,433,598	3,654,703	245,204	249,909	6,678,802	3,904,612
<b>Total revenues</b>	<b>108,054,269</b>	<b>102,887,345</b>	<b>22,579,950</b>	<b>19,383,474</b>	<b>130,634,219</b>	<b>122,270,819</b>
Expenses:						
Public safety	38,539,492	33,071,755	-	-	38,539,492	33,071,755
Public works	27,453,883	27,415,746	-	-	27,453,883	27,415,746
Health and social services	265,757	279,470	-	-	265,757	279,470
Culture and recreation	11,297,723	12,573,777	-	-	11,297,723	12,573,777
Community and economic development	11,778,352	11,593,102	-	-	11,778,352	11,593,102
General government	9,792,001	9,049,085	-	-	9,792,001	9,049,085
Interest on long-term debt	2,413,402	2,452,792	-	-	2,413,402	2,452,792
Sanitary sewer	-	-	12,287,197	12,254,389	12,287,197	12,254,389
Sanitation	-	-	4,963,445	4,196,226	4,963,445	4,196,226
<b>Total expenses</b>	<b>101,540,610</b>	<b>96,435,727</b>	<b>17,250,642</b>	<b>16,450,615</b>	<b>118,791,252</b>	<b>112,886,342</b>
<b>Increase in net position before transfers</b>	<b>6,513,659</b>	<b>6,451,618</b>	<b>5,329,308</b>	<b>2,932,859</b>	<b>11,842,967</b>	<b>9,384,477</b>
Transfers	-	(633,323)	-	633,323	-	-
<b>Change in net position</b>	<b>6,513,659</b>	<b>5,818,295</b>	<b>5,329,308</b>	<b>3,566,182</b>	<b>11,842,967</b>	<b>9,384,477</b>
Net position, beginning, restated	331,132,490	325,314,195	96,118,981	92,552,799	427,251,471	417,866,994
<b>Net position, ending</b>	<b>\$ 337,646,149</b>	<b>\$ 331,132,490</b>	<b>\$ 101,448,289</b>	<b>\$ 96,118,981</b>	<b>\$ 439,094,438</b>	<b>\$ 427,251,471</b>

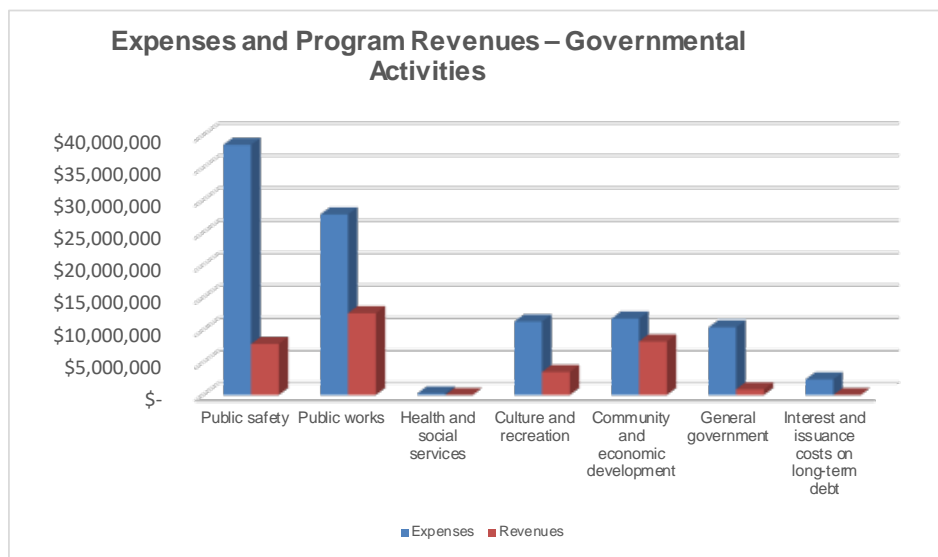
## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

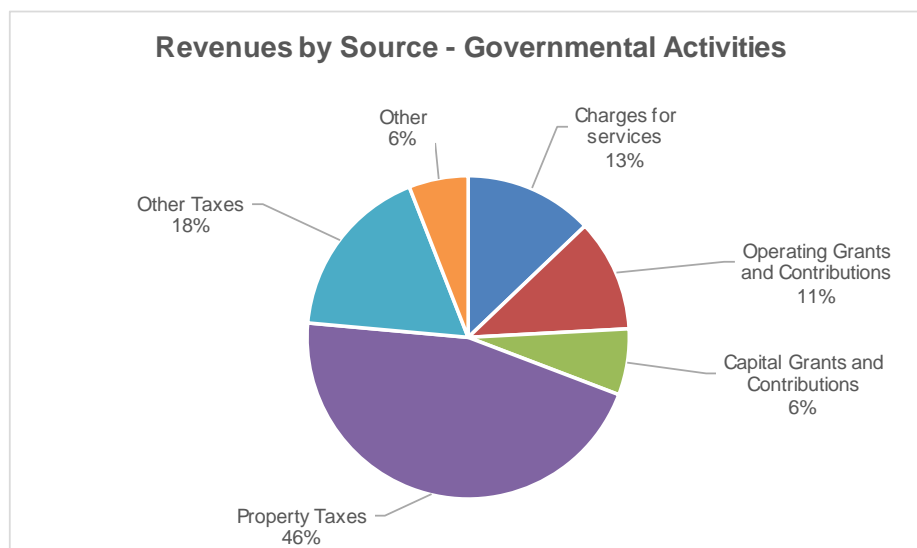
---

Total governmental activities' revenue for the current fiscal year was \$108,054,269. The largest single revenue source for the City was property taxes of \$49,332,480. Property taxes increased by \$1,610,391 (3.4%) during the year. This increase is a result of a combination of factors, including an increase in the assessed value of property of 2.23%, an increase of 2.92% in the taxable value of property and an increase of 0.53% in the levy rate.

Certain revenues are generated that are specific to governmental program activities. These totaled \$26,096,996 during the fiscal year ended June 30, 2020. 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.

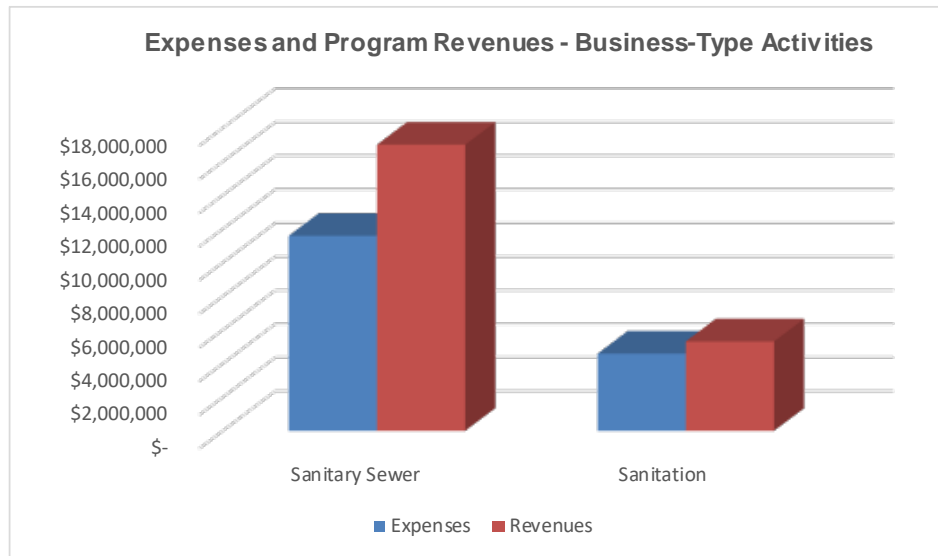


## City of Waterloo, Iowa

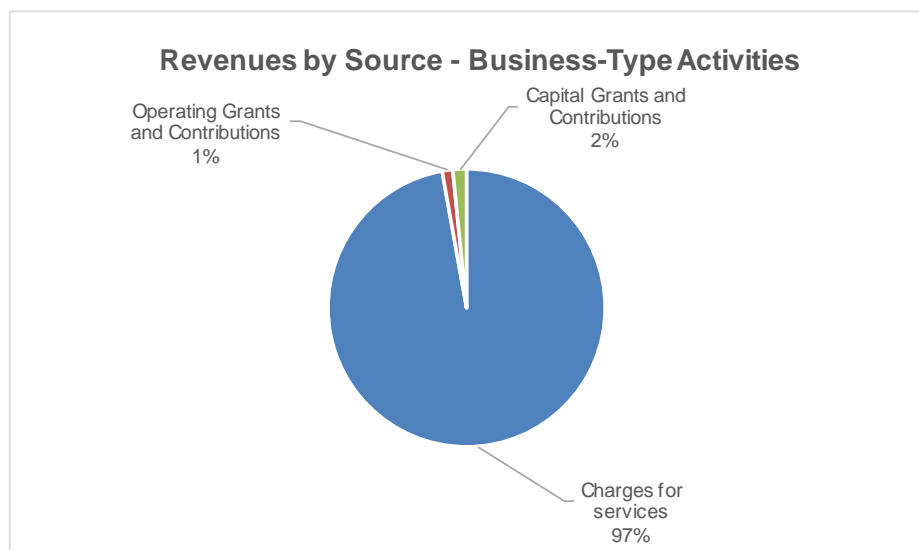
### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

Total business-type activities' revenue for the fiscal year was \$22,579,950. \$22,334,746 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 \$5,329,308 from the 2019 net position of \$96,118,981, accounting for 45.0% of the increase in the City's net position.

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

#### 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 \$89,634,383, a decrease of \$5,819,393 in comparison with the prior year. Fund balance in the amount of \$82,120,916 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 8.4% of total fund balance or \$7,513,467, 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 \$11,188,047, while total fund balance was \$23,523,940. 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 20.4% of total General Fund expenditures, while total fund balance represents 42.9% of that same amount.

Net general fund operations resulted in an increase in total general fund balance of \$849,883, and an increase in unassigned fund balance of \$910,932 for the year.

A significant source of the increase was due to a new program implemented by the state that the City participated in that resulted in increased ambulance fee revenue during the year. This resulted in a substantial increase in revenue, net of related expense, for the year in the amount of \$1.4 million. General interest revenue exceeded the budgeted amount by \$300,000, also contributing to performance.

The Governor of Iowa closed many businesses and governmental activities due to the pandemic beginning March 16, 2020. These closures resulted in less revenue in the cultural and recreational program area. As a result, the city reduced part-time staffing as programming was curtailed in many areas and worked to match spending to anticipated revenues. Positions that were vacant for portions of the year also contributed to general fund performance being better than expected.

Because of the large health insurance reserves built up the past several years, the City chose to reduce property taxes for health insurance again and instead used a portion of the restricted health reserves to pay claims during the year ended June 30, 2020.

The General Obligation Debt Service Fund - The net decrease in fund balance of \$510,531 during the current year is primarily due to lower than budgeted receipts from the Iowa Reinvestment District fund that are dedicated to debt repayment.

Trust and Agency Fund – The net decrease in fund balance of \$113,101 during the current year is due primarily to employee benefits expense being higher than expected due to actual negotiated pay increases that were higher than anticipated when the budget was established. There were also fewer vacant fire and police vacant positions during the year, resulting in higher than expected pension contributions.



## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

TIF Fund - The total fund balance of \$2,528,646 is restricted for the payment of debt service related to tax increment financing district projects. The net decrease in fund balance during the current year was \$1,001,005 and is the result of timing differences between revenue collections and the payment of TIF obligations.

Road Use Tax Fund – The net decrease in fund balance in the road use tax fund of \$7,055,258 is due primarily to the use of transfer of jurisdiction funds received from the State of Iowa for University Avenue in prior years that were spent on construction during the current year.

**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 \$97,212,825, an increase of \$4,906,902 from the 2019 net position of \$92,305,923. 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.

The total original expenditure budget of \$187,480,550 including transfers out was increased to \$217,360,237 (an increase of \$29,879,687).

- In the Public Safety program category, expenses and related revenue for various law enforcement grants and non-property tax funded projects were increased (\$1.9 million).
- In the Public Works category, the use of Local Option Tax fund balance was added to fund the anticipated increase in expenses for street reconstruction (\$3 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 the Sportsplex to more closely match operations and the use of unassigned fund balance was increased for Young Arena operations (\$.1 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 (\$1.1 million).
- Amendments reflecting the use of restricted health insurance reserves and insurance refunds to fund additional claims were made in the General Government category (\$1.9 million).

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

- 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, 2020 (\$4.3 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 operations by June 30, 2020 (\$2.5 million).

The total original revenue budget, including other financing sources of \$166,770,267 was increased to \$191,242,488 (an increase of \$24,472,221).

- 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 (\$3.9 million).
- Other city tax revenue was increased to reflect an increase in hotel/motel tax sales tax revenue estimate (\$.2 million).
- Amendments were made to various charges for services to reflect higher revenues than originally anticipated with the certified budget (\$1 million).
- Miscellaneous revenue was increased to reflect additional donations received for various City projects, insurance and other refunds, and interest revenue received that exceeded original budget projections (\$5.5 million).

See pages 91 through 97 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, 2020, amounts to \$500,578,379 (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 5.9% (a 5.4% increase for governmental activities and a 8.0% increase for business-type activities).

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

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.

City of Waterloo's Capital Assets at Fiscal Year End (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 46,081,492	\$ 44,849,615	\$ 657,900	\$ 657,900	\$ 46,739,392	\$ 45,507,515
Land held for redevelopment	16,640,416	14,491,090	-	-	16,640,416	14,491,090
Buildings and improvements	63,108,990	61,912,764	42,628,505	44,056,597	105,737,495	105,969,361
Other improvements	-	-	47,909,270	43,735,483	47,909,270	43,735,483
Software	50,607	90,012	-	-	50,607	90,012
Infrastructure	245,310,129	225,192,278	-	-	245,310,129	225,192,278
Furniture, vehicles, machinery and equipment	9,531,033	8,951,060	4,918,931	4,139,194	14,449,964	13,090,254
Construction-in-progress	16,004,764	23,465,580	7,736,342	5,813,299	23,741,106	29,278,879
	<u>\$ 396,727,431</u>	<u>\$ 378,952,399</u>	<u>\$ 103,850,948</u>	<u>\$ 98,402,473</u>	<u>\$ 500,578,379</u>	<u>\$ 477,354,872</u>

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

- The City acquired properties for economic development (\$2.2 million). Land held for redevelopment was transferred to private parties for redevelopment (\$.06 million).
- New additions to buildings and improvements totaled \$4.8 million, including a new police evidence storage building, a replacement maintenance building for the Gates Park golf course and Airport runway and parking lot improvements.
- The City invested \$2.6 million in new vehicles, equipment, computers and software for various city departments. The most significant of these included two ambulances, a snow blower, and a piece of equipment referred to as a durapatcher for street repairs.
- New investments in infrastructure assets totaled \$29.6 million, including the completion of the first phase of the University Avenue street reconstruction project at \$9.8 million, as well as several other street reconstruction projects, the renovation of Lincoln Park downtown and parking improvements at the Cedar River Boathouse.
- The City invested \$5.4 million in a number of sewer reconstruction projects during the year and \$0.8 million in new vehicles and equipment for the sewer and sanitation departments, including two garbage trucks and a backhoe.

Additional information about the City of Waterloo's capital assets can be found in Note 6 of this report.

## City of Waterloo, Iowa

### Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020

---

**Long-term liabilities.** At the end of the current fiscal year, the City of Waterloo had total bonded debt outstanding of \$100.345 million. This entire amount is comprised of debt backed by the full faith and credit of the government. This was an increase of \$2.4 million from the prior year, net of premiums and discounts. The additional debt was issued for design work on Shaulis Road and the reconstruction of University Avenue.

The long-term portion of the state revolving fund capital loans being issued for sewer improvements declined by \$64,000 during the year.

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, declined by \$1.06 million due to annual debt retirement. 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 \$409,368 due to additional benefits accrued.

The City of Waterloo's total long-term liabilities increased by \$6.1 million (3.6%) during the current fiscal year, due to the items discussed above and increases in other post-employment benefits of \$1.8 million and increases in estimated pension liabilities of \$2.3 million.

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 \$197,266,242 which is significantly greater than the City of Waterloo's outstanding general obligation debt (\$101,835,458) and other debt subject to debt limitation (\$5,862,641). The total debt subject to this limitation is \$107,698,099, resulting in available debt margin of \$89,568,143.

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 48% of General Fund revenues. Over the past five years, citywide assessed valuations have risen an average of 0.5% annually, while property tax regulations imposed by the State of Iowa resulted in taxable values increasing by an average of 1.32% over that same time period. The fiscal 2021 budget reflects an increase in total property tax and utility excise tax revenue of 4.3%. As discussed elsewhere in this report, the City budgeted to use \$750,000 in general fund reserves for general operations for the year ended June 30, 2021.

Personnel costs comprise a significant portion of City operating costs. Wage increases identified in contractual bargaining agreements range from 2.2% to 2.75% for fiscal year 2021. The employer contribution rate required for the Municipal Fire and Police Retirement System will increase by 3.69%. Anticipated health care costs for the year ending June 30, 2021 are expected to increase at a rate of 9.3%.

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 were increased effective July 1, 2020 to address these issues.

These factors were considered in preparing the City of Waterloo's budget for fiscal year 2021.

**City of Waterloo, Iowa**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

---

**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: Michelle C. Weidner, CPA, Chief Financial Officer, City of Waterloo, 715 Mulberry Street, Waterloo, Iowa 50703.



# City of Waterloo, Iowa

## Statement of Net Position June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Waterloo Water Works	Waterloo Convention & Visitors Bureau, Inc.
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 81,040,157	\$ 14,969,015	\$ 96,009,172	\$ 17,597,263	\$ 177,931
Restricted cash and cash equivalents	929,908	-	929,908	-	-
Investments	-	-	-	456,046	537,222
Receivables:					
Customer accounts, net of allowance for uncollectible accounts	2,368,757	4,521,399	6,890,156	1,893,405	-
Property taxes:					
Delinquent	1,246,401	-	1,246,401	-	-
Succeeding year	49,788,234	-	49,788,234	-	-
Internal accounts	(38,704)	38,704	-	-	-
Due from other governments:					
Component unit	77,847	1,430,932	1,508,779	-	-
Primary government	-	-	-	-	111,203
Other	7,899,489	19,271	7,918,760	-	-
Accrued interest	13,278	-	13,278	7,127	2,479
Special assessments	-	345,646	345,646	-	-
Inventories and prepaids	725,249	52,790	778,039	549,680	6,409
<b>Total current assets</b>	<b>144,050,616</b>	<b>21,377,757</b>	<b>165,428,373</b>	<b>20,503,521</b>	<b>835,244</b>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	11,011,322	1,237,728	12,249,050	-	-
Investments	-	-	-	193,645	294,187
Receivables	11,030	-	11,030	-	42,605
Special assessments receivable	221,774	-	221,774	179,309	-
Capital assets, net of accumulated depreciation	318,000,759	95,456,706	413,457,465	28,081,067	48,222
Capital assets not being depreciated	78,726,672	8,394,242	87,120,914	4,439,612	-
<b>Total noncurrent assets</b>	<b>407,971,557</b>	<b>105,088,676</b>	<b>513,060,233</b>	<b>32,893,633</b>	<b>385,014</b>
<b>Total assets</b>	<b>552,022,173</b>	<b>126,466,433</b>	<b>678,488,606</b>	<b>53,397,154</b>	<b>1,220,258</b>
<b>Deferred Outflows of Resources</b>					
Pension related amounts	12,268,459	717,705	12,986,164	399,063	-
OPEB related amounts	2,192,247	339,548	2,531,795	-	-
<b>Total deferred outflows of resources</b>	<b>14,460,706</b>	<b>1,057,253</b>	<b>15,517,959</b>	<b>399,063</b>	<b>-</b>

See notes to basic financial statements.

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Waterloo	Waterloo
	Activities	Activities		Water Works	Convention & Visitors Bureau, Inc.
<b>Liabilities</b>					
Current:					
Accounts and retainages payable	\$ 5,812,492	\$ 2,246,880	\$ 8,059,372	\$ 1,509,805	\$ 7,447
Accrued liabilities and other	2,145,154	230,694	2,375,848	141,360	9,716
Due to primary government	-	-	-	1,298,865	-
Due to component unit	111,203	-	111,203	-	-
Due to other governments	-	-	-	56,190	-
Noncurrent liabilities due and payable					
within one year	12,489,906	2,441,983	14,931,889	60,883	-
Unearned revenues	990,469	-	990,469	-	-
Current liabilities payable from restricted assets:					
Health claims	929,908	-	929,908	-	-
Other	312,938	-	312,938	-	-
Accrued interest	275,381	34,837	310,218	-	-
<b>Total current liabilities</b>	<b>23,067,451</b>	<b>4,954,394</b>	<b>28,021,845</b>	<b>3,067,103</b>	<b>17,163</b>
Noncurrent:					
Customer deposits	33,926	417,030	450,956	193,645	-
Worker's compensation claims	561,323	-	561,323	-	-
General obligation bonds and notes, net of bond discounts and premium	78,703,792	12,519,676	91,223,468	-	-
State revolving fund capital loan	-	1,835,495	1,835,495	-	-
Other loans and notes	4,799,400	-	4,799,400	-	-
Total postemployment benefits liability	19,076,867	2,954,732	22,031,599	-	-
Compensated absences	2,116,077	71,976	2,188,053	-	-
Net pension liability	48,049,962	2,826,664	50,876,626	2,670,078	-
<b>Total noncurrent liabilities</b>	<b>153,341,347</b>	<b>20,625,573</b>	<b>173,966,920</b>	<b>2,863,723</b>	<b>-</b>
<b>Total liabilities</b>	<b>176,408,798</b>	<b>25,579,967</b>	<b>201,988,765</b>	<b>5,930,826</b>	<b>17,163</b>
<b>Deferred Inflows of Resources</b>					
Property taxes	49,788,234	-	49,788,234	-	-
Pension related amounts	2,419,283	461,291	2,880,574	640,333	-
OPEB related amounts	220,415	34,139	254,554	-	-
<b>Total deferred inflows of resources</b>	<b>52,427,932</b>	<b>495,430</b>	<b>52,923,362</b>	<b>640,333</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	338,162,674	87,857,186	426,019,860	32,520,680	48,222
Restricted for:					
Debt service	2,493,456	19,491	2,512,947	-	-
Tourism promotion	1,732,646	-	1,732,646	-	-
Public access television	218,701	-	218,701	-	-
Civil rights enforcement	82,376	-	82,376	-	-
Housing	4,954,936	-	4,954,936	-	-
Donor specified	1,047,504	-	1,047,504	-	-
Library	425,857	-	425,857	-	-
Street and right-of-way maintenance	19,341,897	-	19,341,897	-	-
Improvements	9,665,488	-	9,665,488	-	-
Self-funded insurance	4,575,258	-	4,575,258	-	-
Employee benefits	385,788	-	385,788	-	-
Unrestricted (deficit)	(45,440,432)	13,571,612	(31,868,820)	14,704,378	1,154,873
<b>Total net position</b>	<b>\$ 337,646,149</b>	<b>\$ 101,448,289</b>	<b>\$ 439,094,438</b>	<b>\$ 47,225,058</b>	<b>\$ 1,203,095</b>

# City of Waterloo, Iowa

## Statement of Activities Year Ended June 30, 2020

Programs/Functions	Program Revenues				
	Direct Expenses	Indirect Allocations	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
Public safety	\$ 38,539,492	\$ -	\$ 7,036,405	\$ 859,056	\$ -
Public works	27,833,883	(380,000)	2,337,247	8,955,221	1,325,649
Health and social services	265,757	-	-	18,867	-
Culture and recreation	11,347,723	(50,000)	3,213,303	352,705	-
Community and economic development	11,778,352	-	588,840	1,853,304	5,825,766
General government	10,430,501	(638,500)	762,276	119,772	-
Interest and issuance costs on long-term debt	2,413,402	-	-	-	-
<b>Total governmental activities</b>	<b>102,609,110</b>	<b>(1,068,500)</b>	<b>13,938,071</b>	<b>12,158,925</b>	<b>7,151,415</b>
Business-type activities:					
Sanitary Sewer	11,595,197	692,000	16,657,811	2,005	356,837
Sanitation	4,586,945	376,500	5,044,236	273,857	-
<b>Total business-type activities</b>	<b>16,182,142</b>	<b>1,068,500</b>	<b>21,702,047</b>	<b>275,862</b>	<b>356,837</b>
<b>Total primary government</b>	<b>\$ 118,791,252</b>	<b>\$ -</b>	<b>\$ 35,640,118</b>	<b>\$ 12,434,787</b>	<b>\$ 7,508,252</b>
Component unit, Waterloo Water Works	\$ 7,598,071	\$ -	\$ 10,502,393	\$ -	\$ 38,488
Component unit, Waterloo Convention & Visitors Bureau, Inc.	\$ 744,474	\$ -	\$ -	\$ 553,603	\$ -

### General Revenues

#### Taxes:

Property taxes

Other taxes:

Local option sales

Utility excise

Gaming

Hotel/motel

Gas and electric

Cable television

Mobile home

Bank/credit union

Investment earnings

Miscellaneous

Gain on sale of capital assets

**Total general revenues and transfers**

Changes in net position

Net position, beginning of year

Net position, end of year

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Waterloo Water Works	Waterloo Convention & Visitors Bureau, Inc.	
\$ (30,644,031)	\$ -	\$ (30,644,031)	\$ -	\$ -	
(14,835,766)	-	(14,835,766)	-	-	
(246,890)	-	(246,890)	-	-	
(7,731,715)	-	(7,731,715)	-	-	
(3,510,442)	-	(3,510,442)	-	-	
(8,909,953)	-	(8,909,953)	-	-	
(2,413,402)	-	(2,413,402)	-	-	
(68,292,199)	-	(68,292,199)	-	-	
-	4,729,456	4,729,456	-	-	
-	354,648	354,648	-	-	
-	5,084,104	5,084,104	-	-	
(68,292,199)	5,084,104	(63,208,095)	-	-	
-	-	-	2,942,810	-	
-	-	-	-	(190,871)	
49,332,480	-	49,332,480	-	-	
11,083,075	-	11,083,075	-	-	
1,363,258	-	1,363,258	-	-	
984,156	-	984,156	-	-	
985,466	-	985,466	-	-	
3,764,060	-	3,764,060	-	-	
646,853	-	646,853	-	-	
59,593	-	59,593	-	-	
153,319	-	153,319	-	-	
978,205	205,504	1,183,709	314,041	16,531	
5,455,393	-	5,455,393	1,203,914	47,709	
-	39,700	39,700	13,753	-	
74,805,858	245,204	75,051,062	1,531,708	64,240	
6,513,659	5,329,308	11,842,967	4,474,518	(126,631)	
331,132,490	96,118,981	427,251,471	42,750,540	1,329,726	
\$ 337,646,149	\$ 101,448,289	\$ 439,094,438	\$ 47,225,058	\$ 1,203,095	

**City of Waterloo, Iowa**

**Balance Sheet  
Governmental Funds  
June 30, 2020**

	General	Trust and Agency
<b>Assets</b>		
Cash and cash equivalents	\$ 12,825,130	\$ 498,826
Receivables:		
Customer accounts, net	2,340,694	-
Property tax:		
Delinquent	414,870	217,099
Succeeding year	20,400,576	12,390,139
Special assessments	221,774	-
Accrued interest	528	31
Due from other funds	4,781,167	-
Due from other governments:		
Federal	99,161	-
Iowa	284,998	-
Other	197,549	98,083
Inventories and prepaids	584,290	-
Restricted assets:		
Cash and cash equivalents	7,007,460	1,844,107
Receivables	11,030	-
Advances to other funds	-	-
<b>Total assets</b>	<b>\$ 49,169,227</b>	<b>\$ 15,048,285</b>

(Continued)

Tax Increment Financing	General Obligation Debt Service	Road Use Tax	Other Governmental	Total
\$ 4,129,230	\$ 635,329	\$ 19,720,137	\$ 43,231,505	\$ 81,040,157
-	-	5,561	22,502	2,368,757
439,746	162,200	-	12,486	1,246,401
9,388,510	7,000,000	-	609,009	49,788,234
-	-	-	-	221,774
31	16	-	12,672	13,278
-	-	-	-	4,781,167
-	-	-	572,517	671,678
-	-	1,874,293	3,698,750	5,858,041
40,649	60,925	22,519	1,027,892	1,447,617
-	-	123,979	16,980	725,249
-	212,090	-	2,877,573	11,941,230
-	-	-	-	11,030
-	-	108,189	21,423	129,612
\$ 13,998,166	\$ 8,070,560	\$ 21,854,678	\$ 52,103,309	\$ 160,244,225

City of Waterloo, Iowa

**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2020**

	General	Trust and Agency
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 458,703	\$ -
Retainages payable	23,901	-
Accrued liabilities	1,626,800	211,149
Due to other funds	-	-
Unearned revenue	569,913	-
Compensated absences	93,506	-
Due to Waterloo Convention & Visitors Bureau, Inc.	111,203	-
Payables from restricted assets	1,242,846	-
Advances from other funds	168,316	-
<b>Total liabilities</b>	<b>4,295,188</b>	<b>211,149</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue—property tax	20,815,446	12,607,238
Unavailable revenue—local option sales tax	-	-
Unavailable revenue—special assessments	221,774	-
Unavailable revenue—intergovernmental and other	312,879	-
<b>Total deferred inflows of resources</b>	<b>21,350,099</b>	<b>12,607,238</b>
<b>Fund balances</b>		
Nonspendable	584,290	-
Restricted	5,888,663	2,229,898
Committed	229,791	-
Assigned	5,633,149	-
Unassigned	11,188,047	-
<b>Total fund balances</b>	<b>23,523,940</b>	<b>2,229,898</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 49,169,227</b>	<b>\$ 15,048,285</b>

See notes to basic financial statements.

Tax Increment Financing	General Obligation Debt Service	Road Use Tax	Other Governmental	Total
\$ 55,394	\$ 6,342	\$ 1,363,158	\$ 2,816,460	\$ 4,700,057
-	-	829,481	259,053	1,112,435
-	-	189,991	117,214	2,145,154
1,585,870	-	-	3,195,297	4,781,167
-	-	-	420,556	990,469
-	-	5,824	9,032	108,362
-	-	-	-	111,203
-	-	-	33,926	1,276,772
-	-	-	-	168,316
1,641,264	6,342	2,388,454	6,851,538	15,393,935
9,828,256	7,162,200	-	621,495	51,034,635
-	-	-	1,390,205	1,390,205
-	-	-	-	221,774
-	-	348	2,256,066	2,569,293
9,828,256	7,162,200	348	4,267,766	55,215,907
-	-	123,979	16,980	725,249
1,866,819	902,018	19,341,897	42,393,043	72,622,338
-	-	-	-	229,791
661,827	-	-	2,248,562	8,543,538
-	-	-	(3,674,580)	7,513,467
2,528,646	902,018	19,465,876	40,984,005	89,634,383
\$ 13,998,166	\$ 8,070,560	\$ 21,854,678	\$ 52,103,309	\$ 160,244,225



**City of Waterloo, Iowa**

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2020**

Total governmental fund balances		\$	89,634,383
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds			396,727,431
Certain revenues are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds			5,427,673
Pension and other post employment benefits obligation (OPEB) related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds, but are amortized and recognized as a component of pension/OPEB expense in the government-wide financial statements, as follows:			
Deferred outflows of resources—IPERS	\$	2,874,776	
Deferred outflows of resources—MFPRSI		9,393,683	
Deferred outflows of resources—OPEB		2,192,247	
Deferred inflows of resources—IPERS		(1,795,738)	
Deferred inflows of resources—MFPRSI		(623,545)	
Deferred inflows of resources—OPEB		(220,415)	11,821,008
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
General obligation bonds		(85,980,000)	
Other loans and notes		(5,862,152)	
Bond discount		172,379	
Bond premium		(1,469,171)	
Total OPEB liability		(19,076,867)	
Workers' compensation claims payable		(561,323)	
Compensated absences		(4,861,869)	
Net pension liability—IPERS		(11,435,190)	
Net pension liability—MFPRSI		(36,614,772)	
Accrued interest payable		(275,381)	(165,964,346)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>337,646,149</b>

See notes to basic financial statements.

## City of Waterloo, Iowa

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2020

	General	Trust and Agency
Revenues:		
Property taxes	\$ 21,085,430	\$ 10,919,898
Other taxes	7,298,000	400,527
Licenses and permits	1,449,113	-
Investment income	465,149	44,390
Rent	1,107,525	-
Intergovernmental	1,077,524	-
Charges for services	9,788,667	-
Interfund charges for services	2,130,000	-
Special assessments	126,258	-
Miscellaneous	2,121,921	-
<b>Total revenues</b>	<b>46,649,587</b>	<b>11,364,815</b>
Expenditures:		
Current operating:		
Public safety	29,722,252	4,282,240
Public works	3,177,164	-
Health and social services	270,460	-
Culture and recreation	9,317,371	-
Community and economic development	2,824,714	-
General government	9,480,205	24,489
Debt service:		
Principal	-	-
Interest and fees	-	-
Capital outlay	-	-
<b>Total expenditures</b>	<b>54,792,166</b>	<b>4,306,729</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(8,142,579)</b>	<b>7,058,086</b>
Other financing sources (uses):		
Transfers in	7,462,766	-
Transfers out	(185,750)	(7,171,187)
Bond premium	-	-
Proceeds from sale of capital assets	56,088	-
Proceeds from insurance	1,659,358	-
Issuance of long-term debt	-	-
<b>Total other financing sources (uses)</b>	<b>8,992,462</b>	<b>(7,171,187)</b>
<b>Net changes in fund balances</b>	<b>849,883</b>	<b>(113,101)</b>
Fund balances, beginning of year	22,674,057	2,342,999
Fund balances, end of year	\$ 23,523,940	\$ 2,229,898

See notes to basic financial statements.

Tax Increment Financing	General Obligation Debt Service	Road Use Tax	Other Governmental	Total
\$ 8,352,794	\$ 7,099,912	\$ -	\$ 628,045	\$ 48,086,079
-	235,142	-	10,293,906	18,227,575
-	-	17,532	-	1,466,645
51,484	31,950	-	385,232	978,205
-	56,948	-	185,792	1,350,265
-	-	8,984,473	9,533,975	19,595,972
-	-	55,117	174,883	10,018,667
-	-	50,000	-	2,180,000
-	-	-	-	126,258
-	224,524	163,006	1,179,899	3,689,350
8,404,278	7,648,476	9,270,128	22,381,732	105,719,016
-	-	-	-	34,004,492
-	-	7,798,778	11,160,907	22,136,849
-	-	-	-	270,460
-	-	-	589,461	9,906,832
2,065,722	-	-	7,692,927	12,583,363
-	-	-	64,020	9,568,714
142,351	13,480,000	-	901,429	14,523,780
58,138	2,352,744	-	250,669	2,661,551
-	-	8,526,608	17,191,504	25,718,112
2,266,211	15,832,744	16,325,386	37,850,917	131,374,153
6,138,067	(8,184,268)	(7,055,258)	(15,469,185)	(25,655,137)
185,754	2,982,999	-	4,266,272	14,897,791
(7,324,826)	-	-	(216,028)	(14,897,791)
-	45,738	-	399,560	445,298
-	-	-	-	56,088
-	-	-	-	1,659,358
-	4,645,000	-	13,030,000	17,675,000
(7,139,072)	7,673,737	-	17,479,804	19,835,744
(1,001,005)	(510,531)	(7,055,258)	2,010,619	(5,819,393)
3,529,651	1,412,549	26,521,134	38,973,386	95,453,776
\$ 2,528,646	\$ 902,018	\$ 19,465,876	\$ 40,984,005	\$ 89,634,383

## City of Waterloo, Iowa

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2020

Net change in fund balances—governmental funds	\$	(5,819,393)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or construct capital assets are reported in the governmental funds as expenditures. However, those costs are reported in the statement of net position and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlay and depreciation expense for the year are as follows:		
Capital outlay	\$	33,038,208
Depreciation		(15,126,998)
		17,911,210
The net effect of various miscellaneous transactions involving capital assets is to increase/decrease net position:		
Proceeds from sale of capital assets		(56,088)
Net (loss) on disposal of capital assets		(80,090)
		(136,178)
The issuance of long-term debt provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes current financial resources. These transactions have no effect on the change in net position in the statement of activities. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In addition, interest is accrued on outstanding debt in the statement of net position whereas in the governmental funds an interest expenditure is reported only when due. The following is a detail of the net effect on these differences in the treatment of long-term debt and related items:		
General obligation bonds issued for governmental purposes	(17,675,000)	
Repayment of general obligation bond principal	13,480,000	
Repayment of other long-term debt principal	1,043,780	
Bond premium	(445,298)	
Amortization of bond discounts and premiums	243,013	
Change in accrued interest	5,136	(3,348,369)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds:		
Current year		5,427,673
Prior year		(3,674,278)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
OPEB expense		(696,723)
Change in workers' compensation claims payable		(88,822)
Change in compensated absences and deferred compensation liabilities		(271,341)
Pension expense—IPERS		872,542
Pension expense—MFPRSI		(3,662,662)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>6,513,659</b>

See notes to basic financial statements.

**City of Waterloo, Iowa**

**Statement of Net Position  
Enterprise Funds  
June 30, 2020**

	Sanitary Sewer	Nonmajor - Sanitation	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 12,169,506	\$ 2,799,509	\$ 14,969,015
Customer accounts receivable	3,438,555	1,082,844	4,521,399
Special assessments receivable	10,255	335,391	345,646
Due from other governments:			
Waterloo Water Works	906,902	524,030	1,430,932
Other	2,893	16,378	19,271
Inventories	52,790	-	52,790
<b>Total current assets</b>	<b>16,580,901</b>	<b>4,758,152</b>	<b>21,339,053</b>
Noncurrent assets:			
Advances to other funds	27,003	11,701	38,704
Restricted cash and cash equivalents	1,107,898	129,830	1,237,728
Capital assets, net of accumulated depreciation	93,640,342	1,816,364	95,456,706
Capital assets not being depreciated	8,394,242	-	8,394,242
<b>Net capital assets</b>	<b>102,034,584</b>	<b>1,816,364</b>	<b>103,850,948</b>
<b>Total noncurrent assets</b>	<b>103,169,485</b>	<b>1,957,895</b>	<b>105,127,380</b>
<b>Total assets</b>	<b>119,750,386</b>	<b>6,716,047</b>	<b>126,466,433</b>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	517,157	200,548	717,705
OPEB related amounts	185,137	154,411	339,548
<b>Total deferred outflows of resources</b>	<b>\$ 702,294</b>	<b>\$ 354,959</b>	<b>\$ 1,057,253</b>

See notes to basic financial statements.

	Sanitary Sewer	Nonmajor - Sanitation	Total
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>			
Liabilities:			
Current:			
Accounts payable	\$ 1,774,409	\$ 240,313	\$ 2,014,722
Retainages payable	232,158	-	232,158
Accrued liabilities	164,750	65,944	230,694
Current maturities of general obligation and capital loans	2,217,000	-	2,217,000
Compensated absences and deferred compensation	149,734	75,249	224,983
Accrued interest	34,837	-	34,837
<b>Total current liabilities</b>	<b>4,572,888</b>	<b>381,506</b>	<b>4,954,394</b>
Noncurrent:			
Security deposits	287,200	129,830	417,030
General obligation bonds, net bond discount and premium	12,519,676	-	12,519,676
State revolving fund capital loan	1,835,495	-	1,835,495
Total other postemployment benefits liability	1,611,050	1,343,682	2,954,732
Compensated absences and deferred compensation	46,596	25,380	71,976
Net pension liability	2,021,249	805,415	2,826,664
<b>Total noncurrent liabilities</b>	<b>18,321,266</b>	<b>2,304,307</b>	<b>20,625,573</b>
<b>Total liabilities</b>	<b>22,894,154</b>	<b>2,685,813</b>	<b>25,579,967</b>
<b>Deferred Inflows of Resources</b>			
Pension related amounts	327,087	134,204	461,291
OPEB related amounts	18,614	15,525	34,139
<b>Total deferred inflows of resources</b>	<b>345,701</b>	<b>149,729</b>	<b>495,430</b>
<b>Net Position</b>			
Net investment in capital assets	86,040,822	1,816,364	87,857,186
Restricted for debt service	19,491	-	19,491
Unrestricted	11,152,512	2,419,100	13,571,612
<b>Total net position</b>	<b>\$ 97,212,825</b>	<b>\$ 4,235,464</b>	<b>\$ 101,448,289</b>

**City of Waterloo, Iowa**

**Statement of Revenues, Expenses and Changes in Net Position  
Enterprise Funds  
Year Ended June 30, 2020**

	Sanitary Sewer	Nonmajor - Sanitation	Total
Operating revenues:			
Charges for sales and service	\$ 15,832,611	\$ 5,044,220	\$ 20,876,831
Miscellaneous	825,200	16	825,216
<b>Total operating revenues</b>	<b>16,657,811</b>	<b>5,044,236</b>	<b>21,702,047</b>
Operating expenses:			
Salaries and benefits	3,994,032	1,856,950	5,850,982
Contractual services	2,668,378	1,853,512	4,521,890
Intra-city reimbursements	692,000	376,500	1,068,500
Commodities	1,146,280	553,508	1,699,788
Depreciation	3,298,497	322,975	3,621,472
<b>Total operating expenses</b>	<b>11,799,187</b>	<b>4,963,445</b>	<b>16,762,632</b>
<b>Operating income (loss)</b>	<b>4,858,624</b>	<b>80,791</b>	<b>4,939,415</b>
Nonoperating revenues (expenses):			
Interest income	171,296	34,208	205,504
Intergovernmental	2,005	273,857	275,862
Interest expense	(516,570)	-	(516,570)
Amortization	28,560	-	28,560
Gain on sale of capital assets	6,150	33,550	39,700
<b>Total nonoperating revenues (expenses)</b>	<b>(308,559)</b>	<b>341,615</b>	<b>33,056</b>
<b>Income prior to capital contributions</b>	<b>4,550,065</b>	<b>422,406</b>	<b>4,972,471</b>
Capital contributions	356,837	-	356,837
<b>Change in net position</b>	<b>4,906,902</b>	<b>422,406</b>	<b>5,329,308</b>
Net position, beginning of year	92,305,923	3,813,058	96,118,981
Net position, end of year	\$ 97,212,825	\$ 4,235,464	\$ 101,448,289

See notes to basic financial statements.

**City of Waterloo, Iowa**

**Statement of Cash Flows  
Enterprise Funds  
Year Ended June 30, 2020**

	Sanitary Sewer	Nonmajor - Sanitation	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 16,294,068	\$ 4,300,208	\$ 20,594,276
Payments to suppliers	(5,788,863)	(2,459,837)	(8,248,700)
Payments to or on behalf of employees	(3,951,851)	(1,756,572)	(5,708,423)
Payment for interfund services used	(692,000)	(376,500)	(1,068,500)
<b>Net cash provided by (used in) operating activities</b>	<b>5,861,354</b>	<b>(292,701)</b>	<b>5,568,653</b>
Cash flows from noncapital financing activities, intergovernmental proceeds	8,108	287,531	295,639
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(6,600,419)	(489,818)	(7,090,237)
Proceeds from disposal of capital assets	7,328	33,550	40,878
Proceeds from bonds and notes	4,135,492	-	4,135,492
Principal paid on debt	(6,197,000)	-	(6,197,000)
Interest paid on debt	(526,978)	-	(526,978)
<b>Net cash used in capital and related financing activities</b>	<b>(9,181,577)</b>	<b>(456,268)</b>	<b>(9,637,845)</b>
Cash flows from investing activities, interest received	171,296	34,208	205,504
<b>Decrease in cash and cash equivalents</b>	<b>(3,140,819)</b>	<b>(427,230)</b>	<b>(3,568,049)</b>
Cash and cash equivalents, beginning of year	16,418,223	3,356,569	19,774,792
Cash and cash equivalents, end of year	<u>\$ 13,277,404</u>	<u>\$ 2,929,339</u>	<u>\$ 16,206,743</u>
Reconciliation of cash and cash equivalents to statement of net position:			
Unrestricted cash and cash equivalents	\$ 12,169,506	\$ 2,799,509	\$ 14,969,015
Restricted cash and cash equivalents	1,107,898	129,830	1,237,728
	<u>\$ 13,277,404</u>	<u>\$ 2,929,339</u>	<u>\$ 16,206,743</u>

(Continued)



City of Waterloo, Iowa

**Statement of Cash Flows (Continued)**  
**Enterprise Funds**  
**Year Ended June 30, 2020**

	Sanitary Sewer	Nonmajor - Sanitation	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 4,858,624	\$ 80,791	\$ 4,939,415
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,298,497	322,975	3,621,472
(Increase) in accounts receivable	(286,601)	(563,085)	(849,686)
(Increase) decrease in due from Waterloo Water Works	(77,142)	(180,943)	(258,085)
(Increase) in inventories and prepaids	129	-	129
Increase (decrease) in accounts payable	(1,974,334)	(52,817)	(2,027,151)
Increase in accrued liabilities	37,916	9,142	47,058
Increase in other post employment benefits liability	32,206	232,869	265,075
Increase in compensated absences and deferred compensation	(4,943)	11,385	6,442
Increase in net pension liability	(141,790)	(152,624)	(294,414)
(Increase) in deferred outflows of resources	(65,324)	(72,539)	(137,863)
(Decrease) in deferred inflows of resources	184,116	72,145	256,261
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,861,354</b>	<b>\$ (292,701)</b>	<b>\$ 5,568,653</b>
Schedule of noncash capital and related financing activities:			
Payables for acquisition of capital assets	\$ 1,839,193	\$ 45,261	\$ 1,884,454
Capital assets contributed	356,837	-	356,837

See notes to basic financial statements.

**City of Waterloo, Iowa**

**Index to the Notes to Basic Financial Statements**

Note Number	Title	Page Number
1	Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies	33-42
2	Cash and Investments	43
3	Leasing Activities	44
4	Loans and Notes	45
5	Interfund Activity	45-46
6	Capital Assets	47-50
7	Compensated Absences	50-51
8	Long-Term Liabilities	51-55
9	Operating Leases	56
10	Retirement Systems	56-71
11	Deficit Fund Balances	71
12	Commitments	72
13	Other Postemployment Benefits	72-75
14	Employee Health Care Plan	75-76
15	Worker's Compensation Plan	76
16	Joint Ventures and Jointly Governed Organizations	76
17	Industrial Development Revenue Bonds	77
18	Risk Management	77
19	Tax Abatements	77
20	Fund Balances	78
21	New GASB Statements and Pending Pronouncements	79-81
22	Contingencies	81

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### **Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies**

##### **Nature of operations:**

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.

##### **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.

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, Iowa

### Notes to Basic Financial Statements

---

#### Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

##### 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 \$209,914.

**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.

##### Basis of presentation:

**Government-wide financial statements:** The statement of net position and the statement of activities report information on all of the 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.

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Fund financial statements:** Separate financial statements are provided for governmental and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. The other enterprise fund is reported in a separate column on the enterprise funds financial statements as a nonmajor fund.

**Description of funds:** The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenue and expenditures or expenses, and other financing sources and uses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into categories as follows:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

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

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt.

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

The City had the following major governmental funds:

**General 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** 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.

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Tax Increment Financing 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.

**General Obligation Debt Service Fund** is required by the Code of Iowa to account for the accumulation of resources for, and payment of, debt service on general obligation long-term debt.

**Road Use Tax 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.

**Proprietary Fund Type:** Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to that of a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City had the following major enterprise fund:

**Sanitary Sewer Fund:** Operates the sewage collection system and wastewater treatment plant.

**Fiduciary Fund Type:** To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund: This is an Agency Fund used to account for property taxes collected on behalf of the Metropolitan Transit Agency, Water Works kill water assessments, Grout Museum District and building permits passed through to Black Hawk County.

**Measurement focus and basis of accounting:**

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. Agency funds follow accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities. Revenue is 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 revenue in the year for which they are levied and budgeted for. Grants and similar items are recognized as revenue at the same time the related asset is recorded. For reimbursable grants, the asset is recorded as soon as all eligibility requirements imposed by the provider have been met.

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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

Property taxes when levied for, other taxes, charges for services, intergovernmental revenue (shared revenue, grants and reimbursements from other governments) and interest are considered to be measurable and are recognized as revenue, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, pension benefits and compensated absences are recorded as expenditures only when payment is due and the liability has matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, premiums and discounts on the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenue. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then by general revenue.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the City's enterprise funds are charges to customers for services. Operating expenses include the costs of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Budgets and budgetary accounting:** The budgetary comparison and related disclosures are reported as required supplementary information.

**Summary of significant accounting policies:**

The significant accounting policies followed by the City include the following:

**Cash and cash equivalents:** 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 nonnegotiable certificates of deposit and 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.

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Receivables and payables:** Receivables are reported net of any allowance for uncollectible accounts. As of June 30, 2020, the General Fund and the enterprise funds had allowances for uncollectible customer accounts totaling \$500,939 and \$328,000, respectively.

Property taxes receivable are 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 property taxes receivable represent unpaid taxes from the current year. The succeeding year property taxes receivable represent 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 the first day of that year. Although the succeeding year property taxes receivable have been recorded, the related revenue is reported as a deferred inflow of resources (unavailable revenue) and will not be recognized as revenue until the year for which it is levied and budgeted for.

Property tax revenue which became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; was based on January 1, 2018 assessed property valuations; was for the tax accrual period July 1, 2019 through June 30, 2020; and reflected the tax asking contained in the budget certified to the County Board of Supervisors in March 2019.

Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. Special assessments receivable consist of current assessments which are due within one year, delinquent assessments remaining unpaid after the due date, 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.

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 consists of grants, shared revenue and amounts collected by other governments on behalf of the City.

**Inventories and prepaids:** Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when purchased. Inventories and prepaids recorded in the governmental fund types do not reflect current available resources; therefore, an equivalent portion of fund balance is nonspendable.

Prepaids consist primarily of a deposit for insurance deductibles and premiums paid in advance, which are recorded as an expenditure or an expense when consumed.



## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

**Restricted assets:** Certain assets of the governmental funds and enterprise funds are classified as restricted assets because their use is completely restricted by donors, bond indentures, contracts or grant agreements.

**Bond discounts, premiums and issuance costs:** In the government-wide financial statements and proprietary fund types in the fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as an expense in the year the costs are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are reported as an expenditure in the year the costs are incurred.

**Capital assets:** Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the fund financial statements for proprietary funds. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are as follows:

	Years
Governmental activities:	
Buildings and improvements	10 - 40
Infrastructure	15 - 100
Furniture and equipment	3 - 20
Vehicles, machinery and equipment	3 - 25
Software	5
Assets under capital lease	10 - 15
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 units:	
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

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

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.

**Deferred outflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The second item is pension and OPEB related deferred outflows of resources, which consists of unrecognized items not yet charged to pension and OPEB expense and pension contributions from the City after the measurement date but before the end of the City's reporting period.

**Deferred inflows of resources:** In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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. The governmental funds report unavailable revenues from four sources: property taxes, local option sales taxes, special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the City's government-wide statements, the property tax revenues are reported as a deferred inflow of resources and will become an inflow in the year for which they are levied and budgeted for. The City's government-wide and enterprise fund statements also include unrecognized pension and OPEB related amounts as deferred inflows.

**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.

**Total OPEB liability:** For purposes of measuring the total other postemployment benefit (OPEB) liability, deferred inflows of resources related to OPEB and OPEB expense, information has been based on an actuary report. For that purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total of OPEB liability attributable to governmental activities will be paid primarily by the General Fund.

**Interfund transactions:** Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term interfund loan receivables and payables are reported as advances within the governmental and enterprise funds.

**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.

**Long-term liabilities:** In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as an other financing source.

**Fund balance:** In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Notes to Basic Financial Statements

---

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Assigned: 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: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

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.

**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. Unspent debt proceeds for the various capital project GO Bonds Funds are \$27,415,243 and the Sanitary Sewer enterprise fund is \$578,409. 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 government-wide statement of net position reports \$44,923,907 of restricted net position for governmental activities of which \$4,870,660 is restricted by enabling legislation for debt service, library, tourism promotion and public access television.

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

**Indirect allocations**: Operating funds, departments and activities receive services from supporting funds, departments and activities. Annually, management estimates the value of those services and records applicable indirect allocations. Activities related to federal grant programs have not been included in the indirect cost calculations, but are reported within the function the grant serves.

**Estimates and assumptions**: The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 2. Cash and 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.

As of June 30, 2020, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$24,891,011 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.

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 & Poors.

**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, 2020, 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, 2020 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, Iowa

### Notes to Basic Financial Statements

---

#### Note 3. Leasing Activities

**Airport:** The Waterloo Municipal Airport has entered into various operating leases with airlines, fixed base operators, auto lease companies, the airport hangar tenants, as well as farm airport land. These agreements range from month-to-month leases to longer-term leases with various specified terms. Some of these lease agreements contain cancellable conditions which eliminate any future guaranteed rentals or are contingent upon income produced by the lessee. The following is a schedule by years of the future minimum lease rentals to be received under these leases as of June 30:

During the years ending June 30:

2021	\$ 475,539
2022	328,579
2023	54,969
2024	54,969
2025	8,756
2026-2030	4,375
Total future minimum lease rentals to be received	<u>\$ 927,187</u>

**Board of Regents, State of Iowa:** The City has entered into a lease agreement with the Board of Regents, State of Iowa, for the former Chicago Great Western Depot building. The term of the lease is from August 21, 2001 through August 20, 2021 at a rate of \$6,035 per month. The following is a schedule by years of the future minimum lease rentals to be received under the lease as of June 30:

During the years ending June 30:

2021	\$ 72,421
2022	12,070
Total future minimum lease rentals to be received	<u>\$ 84,491</u>

**Waterloo Hotel Equities, LLC d/b/a Ramada Waterloo Civic and Convention Center:** The lease with Waterloo Hotel Equities, LLC d/b/a Ramada Waterloo Civic and Convention Center expired December 31, 2019. The City contracted with Global Spectrum, L.P. d/b/a Spectra Venue Management, effective January 15, 2020 for management of the Convention Center operations. The initial term of the agreement expires June 30, 2025 and includes an optional extension period of five additional years and may be terminated with 90 days advance written notice if net operating income benchmarks (set annually) are not met in each of two consecutive operating years or by either party with thirty days written notice for failure to comply with the agreement. The agreement requires the city to pay Global Spectrum, L.P. a fixed management fee of \$10,000 per month through June 30, 2025. In addition to the fixed fees, Global Spectrum, L.P. is eligible for qualitative and quantitative incentive fees based on performance.

Global Spectrum, L.P. agreed to contribute \$350,000 to be used for transition expenses, improvements or equipment at the Facility designed to increase Revenue. If the agreement is terminated prior to January 15, 2030, a portion of the contribution must be repaid to Global Spectrum, L.P.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 4. Loans and Notes

##### Community Development Block Grant (CDBG) Loans:

*Low-income housing loans:* The City has provided seven loans for low-income housing projects, five of which have a below-market interest rate. All have minimal payments required each year until maturity. Maturities range from September 2019 to August 2031. The balance of the five loans at June 30, 2020 was \$1,334,196. Maturities range from September 2019 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 has recorded an allowance for the full amount of the loans.

*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, 2020, the City had made 1,747 such loans totaling \$34,888,354. 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.

#### Note 5. Interfund Activity

The composition of interfund receivables and payables balances as of June 30, 2020 was as follows:

	Due From	Due To
Major governmental funds:		
General	\$ 4,781,167	\$ -
Tax increment financing	-	1,585,870
Nonmajor governmental funds	-	3,195,297
	<u>\$ 4,781,167</u>	<u>\$ 4,781,167</u>

Advances to and from other funds as of June 30, 2020, were as follows:

	Advances To	Advances From
Major governmental funds:		
General	\$ -	\$ 168,316
Road Use Tax	108,189	-
Nonmajor governmental funds	21,423	-
Major Enterprise Fund, sanitary sewer	27,003	-
Nonmajor Enterprise Fund, sanitation	11,701	-
	<u>\$ 168,316</u>	<u>\$ 168,316</u>

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 5. Interfund Activity (Continued)

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivables and payables are scheduled to be collected in the subsequent year whereas the interfund advances are not.

Due to/from primary government and component units:

Due to governmental funds:

Road use tax	\$ 22,519
Aggregate nonmajor	55,328
Due from Water Works	<u>77,847</u>

Due to enterprise funds:

Sanitary sewer	906,902
Sanitation	524,030
Due from Waterloo Water Works	<u>1,430,932</u>

Total due from Water Works	1,508,779
----------------------------	-----------

Waterloo Water Works—due to primary government	1,298,865
Difference	<u>\$ 209,914</u>

The difference in the above amounts of \$209,914 results from the different year ends of the entities as described in Note 1.

Due to Waterloo Convention & Visitors Bureau, Inc. from General Fund	<u>\$ 111,203</u>
--	-------------------

The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers In	Transfers Out
Major governmental funds:		
General	\$ 7,462,766	\$ 185,750
Trust and agency	-	7,171,187
Tax increment financing	185,754	7,324,826
General obligation debt service	2,982,999	-
Nonmajor governmental funds	4,266,272	216,028
	<u>\$ 14,897,791</u>	<u>\$ 14,897,791</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.



## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance June 30, 2019	Additions	Deletions	Transfers	Ending Balance June 30, 2020
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 44,849,615	\$ 1,240,793	\$ 8,916	\$ -	\$ 46,081,492
Land held for redevelopment	14,491,090	2,214,620	65,294	-	16,640,416
Construction-in-progress	23,465,580	25,360,246	-	(32,821,062)	16,004,764
Total capital assets, not being depreciated	82,806,285	28,815,659	74,210	(32,821,062)	78,726,672
Capital assets, being depreciated:					
Buildings and improvements	132,604,110	314,162	74,947	4,565,805	137,409,130
Infrastructure	390,604,114	1,466,925	-	28,116,501	420,187,540
Vehicles, machinery, furniture and equipment	32,614,073	2,441,462	1,283,974	138,756	33,910,317
Software	817,293	-	-	-	817,293
Total capital assets, being depreciated	556,639,590	4,222,549	1,358,921	32,821,062	592,324,280
Less accumulated depreciation for:					
Buildings and improvements	70,691,346	3,653,761	44,967	-	74,300,140
Infrastructure	165,411,836	9,465,575	-	-	174,877,411
Vehicles, machinery, furniture and equipment	23,663,013	1,968,257	1,251,986	-	24,379,284
Software	727,281	39,405	-	-	766,686
Total accumulated depreciation	260,493,476	15,126,998	1,296,953	-	274,323,521
Total capital assets, being depreciated, net	296,146,114	(10,904,449)	61,968	32,821,062	318,000,759
Governmental activities capital assets, net	\$ 378,952,399	\$ 17,911,210	\$ 136,178	\$ -	\$ 396,727,431

# City of Waterloo, Iowa

## Notes to Basic Financial Statements

### Note 6. Capital Assets (Continued)

	Beginning Balance June 30, 2019	Additions	Deletions	Transfers	Ending Balance June 30, 2020
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 657,900	\$ -	\$ -	\$ -	\$ 657,900
Construction-in-progress	5,813,299	8,001,661	1,178	(6,077,440)	7,736,342
Total capital assets, not being depreciated	6,471,199	8,001,661	1,178	(6,077,440)	8,394,242
Capital assets, being depreciated:					
Buildings	71,692,852	6,485	-	-	71,699,337
Improvements other than buildings	63,248,436	208,547	-	5,230,209	68,687,192
Vehicles, machinery, furniture and equipment	12,650,363	854,432	526,610	847,231	13,825,416
Total capital assets, being depreciated	147,591,651	1,069,464	526,610	6,077,440	154,211,945
Less accumulated depreciation for:					
Buildings	27,636,255	1,434,577	-	-	29,070,832
Improvements other than buildings	19,512,953	1,264,969	-	-	20,777,922
Vehicles, machinery, furniture and equipment	8,511,169	921,926	526,610	-	8,906,485
Total accumulated depreciation	55,660,377	3,621,472	526,610	-	58,755,239
Total capital assets, being depreciated, net	91,931,274	(2,552,008)	-	6,077,440	95,456,706
Business-type activities capital assets, net	\$ 98,402,473	\$ 5,449,653	\$ 1,178	\$ -	\$ 103,850,948

# City of Waterloo, Iowa

## Notes to Basic Financial Statements

### Note 6. Capital Assets (Continued)

	Beginning Balance December 31, 2019	Additions	Deletions	Ending Balance December 31, 2020
Discretely Presented Component Unit - Waterloo Water Works Capital Assets				
Capital assets, not being depreciated:				
Land	\$ 472,362	\$ -	\$ -	\$ 472,362
Construction-in-progress	3,920,599	2,672,317	(2,625,666)	3,967,250
Total capital assets, not being depreciated	4,392,961	2,672,317	(2,625,666)	4,439,612
Capital assets, being depreciated:				
Buildings and improvements	1,787,314	12,223	-	1,799,537
Water supply and distribution systems	32,679,790	2,619,666	-	35,299,456
Meters and equipment	1,173,594	5,666	-	1,179,260
Machinery and equipment	3,877,523	90,356	(40,426)	3,927,453
Total capital assets, being depreciated	39,518,221	2,727,911	(40,426)	42,205,706
Less accumulated depreciation for:				
Buildings and improvements	899,789	27,193	-	926,982
Water supply and distribution systems	9,507,496	609,100	-	10,116,596
Meters and equipment	786,818	17,458	-	804,276
Machinery and equipment	2,063,948	251,556	(38,719)	2,276,785
Total accumulated depreciation	13,258,051	905,307	(38,719)	14,124,639
Total capital assets, being depreciated, net	26,260,170	1,822,604	(1,707)	28,081,067
Net discretely presented component unit—Waterloo Water Works capital assets, net	\$ 30,653,131	\$ 4,494,921	\$ (2,627,373)	\$ 32,520,679
Discretely Presented Component Unit - Waterloo Convention & Visitors Bureau, Inc.				
Capital assets, being depreciated:				
Equipment	\$ 103,202	\$ 26,902	\$ -	\$ 130,104
Leasehold improvements	125,924	-	-	125,924
Total capital assets, being depreciated	229,126	26,902	-	256,028
Less accumulated depreciation	192,122	15,684	-	207,806
Total capital assets, being depreciated, net	\$ 37,004	\$ 11,218	\$ -	\$ 48,222

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 6. Capital Assets (Continued)

Depreciation expense was charged by the City as follows for the year ended June 30, 2020:

Governmental activities:	
Public safety	\$ 843,072
Public works	12,020,897
Culture and recreation	2,009,310
Community and economic development	127,793
General government	125,926
Total governmental activities	<u>15,126,998</u>
Business-type activities:	
Sanitary sewer	3,298,497
Sanitation	322,975
Total business-type activities	<u>3,621,472</u>
 Total primary government	 <u>\$ 18,748,470</u>
 Component unit—Waterloo Water Works	 <u>\$ 905,307</u>
 Component unit—Waterloo Convention & Visitors Bureau, Inc.	 <u>\$ 15,684</u>

#### Note 7. 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. Nonbargaining 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, 2020, there was \$3,496,987 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, 2020, there was \$66,553 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.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 7. Compensated Absences (Continued)

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, 2020, there was \$1,662,432 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 \$108,361 in governmental funds, as the liabilities are considered matured and are expected to be liquidated with expendable available financial resources. 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.

#### Note 8. Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2020:

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 81,785,000	\$ 17,675,000	\$ 13,480,000	\$ 85,980,000	\$ 8,573,000
Loans and notes (direct borrowing)	6,905,932	-	1,043,780	5,862,152	1,062,752
Compensated absences	4,688,390	3,772,322	3,490,481	4,970,231	2,854,154
Total OPEB liability	17,575,071	1,501,796	-	19,076,867	-
Net pension liability—IPERS	12,104,732	-	669,542	11,435,190	-
Net pension liability—MFPRSI	33,343,863	3,270,909	-	36,614,772	-
Subtotal	156,402,988	26,220,027	18,683,803	163,939,212	12,489,906
Unamortized discounts	(186,544)	-	(14,165)	(172,379)	-
Bond premium	1,281,051	445,298	257,178	1,469,171	-
Total long-term liabilities, governmental activities	<u>\$ 157,497,495</u>	<u>\$ 26,665,325</u>	<u>\$ 18,926,816</u>	<u>\$ 165,236,004</u>	<u>\$ 12,489,906</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 16,390,000	\$ 3,980,000	\$ 6,005,000	\$ 14,365,000	\$ 2,022,000
State revolving fund capital loans (direct borrowing)	2,091,522	130,973	192,000	2,030,495	195,000
Compensated absences	290,517	409,807	403,365	296,959	224,983
Total OPEB liability	2,689,657	265,075	-	2,954,732	-
Net pension liability—IPERS	3,121,078	-	294,414	2,826,664	-
Subtotal	24,582,774	4,785,855	6,894,779	22,473,850	2,441,983
Unamortized discounts	(64,470)	-	(2,840)	(61,630)	-
Bond premium	245,186	24,520	31,400	238,306	-
Total long-term liabilities, business-type activities	<u>\$ 24,763,490</u>	<u>\$ 4,810,375</u>	<u>\$ 6,923,339</u>	<u>\$ 22,650,526</u>	<u>\$ 2,441,983</u>

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

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### **Note 8. Long-Term Liabilities (Continued)**

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the City. Revenue bonds are the obligations of the Sanitary Sewer Enterprise Fund and are generally payable solely from the revenue of the Sanitary Sewer Enterprise Fund. Bonds 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.

On October 22, 2019, the City issued \$2,770,000 in refunding tax-exempt bonds, General Obligation Bonds, Series 2019C, maturing June 1, 2020 through June 1, 2026 with an interest rate of 2.00%. This issue refunded the balance outstanding of \$2,715,000 of the series 2011A bonds. Total debt service requirements were reduced by \$191,698 or 2.057%, which resulted in an economic gain of \$182,334, or 6.582%.

On October 22, 2019, the City issued \$3,625,000 in refunding taxable bonds, General Obligation Bonds, Series 2019D maturing June 1, 2020 through June 1, 2026 with interest rates ranging from 1.95 percent to 2.00 percent. This issue refunded the balance outstanding of \$3,515,000 of the series 2011B bonds (\$1,185,000 for governmental activities and \$2,330,000 for sewer uses). Total debt services requirements for this issue were reduced by \$267,201 or 2.338%, which resulted in an economic gain of \$250,645 or 6.194%.

On June 29, 2020, the City issued \$7,025,000 in tax-exempt bonds, General Obligation Bonds, Series 2020A maturing June 1, 2021 through June 1, 2035 with an interest rate of 2.00 percent. The purpose of the issuance is to finance various essential and general corporate purpose capital improvements, equipment and vehicle acquisitions and urban renewal projects of the City.

On June 29, 2020, the City issued \$8,235,000 in refunding taxable bonds, General Obligation Bonds, Series 2020B maturing June 1, 2021 through June 1, 2032 with interest rates ranging from 1.25 percent to 1.90 percent. This issue will be used to finance the cost of various capital improvements and urban renewal projects and to refund the balance outstanding of \$2,225,000 of the series 2012C bonds. Total debt services requirements for this issue were reduced by \$166,646 or 1.266%, which resulted in an economic gain of \$159,156 or 7.137%.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 8. Long-Term Liabilities (Continued)

The City's outstanding general obligation long-term debt is as follows:

Issue Date	Purpose	Interest Rates	Outstanding June 30, 2020
Publicly issued long-term debt:			
June 2012	Tax-exempt-capital improvements/general	2.00 - 2.30	\$ 3,325,000
June 2013	Tax-exempt-capital improvements/general	2.00 - 3.70	3,315,000
June 2013	Taxable	2.00 - 3.70	3,995,000
June 2013	Refunding	0.50 - 2.50	190,000
June 2014	Tax-exempt-capital improvements/general	2.00 - 3.12	4,680,000
June 2014	Taxable	1.00 - 4.00	3,460,000
June 2014	Refunding	2.00	1,140,000
June 2015	Tax-exempt-capital improvements/general	3.00 - 3.50	8,660,000
June 2015	Taxable	1.50 - 4.00	1,090,000
June 2016	Tax-exempt-capital improvements/general	2.00 - 2.25	5,760,000
June 2016	Taxable	0.80 - 3.10	1,395,000
June 2016	Taxable	0.90 - 3.40	7,835,000
June 2017	Tax-exempt-capital improvements/general	3.00	6,565,000
June 2017	Taxable	1.35 - 3.35	2,970,000
June 2017	Taxable-urban renewal	2.75 - 3.50	7,075,000
June 2018	Tax-exempt-capital improvements/general	3.00	8,125,000
June 2018	Taxable	2.50 - 3.50	880,000
June 2019	Tax-exempt-capital improvements/general	3.00	6,230,000
June 2019	Taxable	2.73	2,925,000
October 2019	Refunding	2.00	2,350,000
October 2019	Taxable refunding	1.96	3,120,000
June 2020	Tax-exempt-capital improvements/general	2.00	7,025,000
June 2020	Taxable	1.52	8,235,000
			<u>\$ 100,345,000</u>

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 8. Long-Term Liabilities (Continued)

Annual debt service on general obligation and revenue bonds as of June 30, 2020 are as follows:

		GO Debt Service General Obligation Bonds	
		Principal	Interest
Years ending June 30:			
2021	\$	8,573,000	\$ 2,236,472
2022		8,045,000	2,049,550
2023		7,628,000	1,856,461
2024		7,465,000	1,669,026
2025		7,433,000	1,481,185
2026—2030		34,921,000	4,388,742
2031—2035		10,955,000	923,165
2036		960,000	27,607
	\$	85,980,000	\$ 14,632,208
		Sanitary Sewer Enterprise General Obligation Bonds	
		Principal	Interest
Years ending June 30:			
2021	\$	2,022,000	\$ 377,653
2022		1,965,000	329,700
2023		1,932,000	282,002
2024		1,890,000	234,175
2025		1,812,000	186,140
2026—2030		4,589,000	376,081
2031—2032		155,000	7,050
	\$	14,365,000	\$ 1,792,801

**Loans and notes:** 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, 2020, the outstanding balance of these loans was \$5,862,152.

- 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 \$1,116,528 at June 30, 2020.
- 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 \$4,745,624 at June 30, 2020.



**City of Waterloo, Iowa**

**Notes to Basic Financial Statements**

**Note 8. Long-Term Liabilities (Continued)**

**Other loans and notes:** Other governmental activity loans and notes mature as follows:

	Governmental Activities	
	Principal	Interest
Years ending June 30:		
2021	\$ 1,062,752	\$ 136,759
2022	1,086,895	113,105
2023	1,111,187	88,813
2024	1,136,139	63,861
2025	1,161,773	38,226
2026	303,406	11,887
	<u>\$ 5,862,152</u>	<u>\$ 452,651</u>

**State revolving fund capital notes:** During fiscal years 2018 and 2019, the City entered into two agreements with the Iowa Finance Authority for Clean Water Revolving Loans with an approved loan amount totaling \$3,677,000. As of June 30, 2020, the notes had an outstanding balance of \$2,030,495. The notes bear interest at 2.0%, with annual principal and interest payments through 2044.

These notes mature as follows:

	Business-type activities	
	Principal	Interest
Years ending June 30:		
2021	\$ 195,000	\$ 36,904
2022	198,000	33,175
2023	203,000	29,388
2024	207,000	25,505
2025	192,495	21,578
2026-2030	402,000	76,790
2031-2035	443,000	40,180
2036-2037	190,000	5,005
	<u>\$ 2,030,495</u>	<u>\$ 268,525</u>

Discretely presented component unit:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020	Due Within One Year
Compensated absences	\$ 71,547	\$ 60,883	\$ 71,547	\$ 60,883	\$ 60,883

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 9. Operating Leases

Effective July 1, 1999, the City's sanitary sewer operations entered into a five-year agreement for the management of biosolid by-products produced at the Wastewater Treatment Facility. The agreement included the lease of a storage facility. This lease was extended on October 14, 2019 for another five-year period, at a monthly rental of \$4,900. Rental expense for all material operating leases was \$186,100 for the year ended June 30, 2020.

**Cedar Valley SportsPlex:** The Cedar Valley SportsPlex, a 125,000 square foot recreational facility that includes indoor soccer fields, gyms, a leisure pool, fitness facility, running track and multi-purpose activity spaces, opened in January 2014. The facility is a joint project of the City and the Waterloo Development Corporation. The Waterloo Development Corporation raised the funds, through a combination of private donations and grants from the Black Hawk County Gaming Association, to construct the \$23 million facility. The City acquired the property where the facility is located and signed a lease purchase agreement to operate the facility for \$100 per year. The lease purchase agreement gave the City the option to take ownership of the facility at the end of the lease term or to cease operating the facility at that time. In August 2014, the lease agreement was amended to remove that option, so the property will automatically transfer to the City at the end of the lease term. The Waterloo Development Corporation signed an agreement with the City which guarantees that the fundraising for construction will be completed. Because there was an automatic transfer of the assets at the end of the term of the agreement, and that future lease payments to the Waterloo Development Corporation are nominal, the City has no capital contribution to report for the year ended June 30, 2020, and no capital lease liability as of June 30, 2020.

The Leisure Services department of the General Fund is operating the facility with the intent for it to be self-supporting.

#### Note 10. Retirement Systems

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by a nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. Below is a summary of amounts reported by the City as of and for the year ended June 30, 2020:

	IPERS	MFPRSI	Total
Net pension liability	\$ 14,261,854	\$ 36,614,772	\$ 50,876,626
Deferred outflow of resources	3,592,481	9,393,683	12,986,164
Deferred inflow of resources	2,257,029	623,545	2,880,574
Pension expense	908,776	3,051,028	3,959,804

#### Iowa Public Employees' Retirement System:

**Plan description:** Employees of the City are provided with pensions through the Iowa Public Employees Retirement System (IPERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

# City of Waterloo, Iowa

## Notes to Basic Financial Statements

### Note 10. Retirement Systems (Continued)

**Benefits provided:** IPERS provides retirement, disability and death benefits. Retirement benefits are determined based on the employee's highest five-year average salary and a multiplier based on the years of service. Employees are eligible for full retirement age 65; at age 62 with at least 20 years of covered employment or when the years of service plus the employee's age equals or exceeds 88. Four years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are calculated based on the actuarial present value of the employee's accrued benefit at the time of death or a calculation based on the employee's contributions, highest covered annual wage and years of service.

**Contributions:** Per Iowa Code Section 97B.4(4)(d) the required contribution rate is determined by the IPERS actuary as the rate necessary to fully fund the benefits as defined by Iowa Code Chapter 97B. Employees are required to contribute 5.95% of their annual pay. The City contractually required contribution rate for the year ended June 30, 2020, was 9.44% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$1,769,401 for the year ended June 30, 2020.

**Pension liabilities, pension expense, and deferred inflow and outflows of resources related to pensions:** At June 30, 2020, the City reported a liability of \$14,261,854 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2020, the City's proportion was 0.2462907%, an increase of 0.005690% from the City's proportion at June 30, 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$908,776. At June 30, 2020, 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	\$ 39,538	\$ (512,782)
Changes of assumptions	1,527,649	-
Net difference between projected and actual earnings on pension plan investments	-	(1,607,139)
Changes in proportion and differences between City contributions and proportionate share of contributions	251,872	(137,108)
Total deferred amounts to be recognized in pension expense in future periods	1,819,059	(2,257,029)
City contributions subsequent to the measurement date	1,773,422	-
Total deferred amounts related to pensions	\$ 3,592,481	\$ (2,257,029)

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 10. Retirement Systems (Continued)

\$1,773,422 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 ended June 30, 2021. The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all IPERS members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees.

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

Years ended June 30:

2021	\$ 335,615
2022	(348,663)
2023	(206,318)
2024	(209,973)
2025	(8,631)
	<u>\$ (437,970)</u>

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2020)	2.60% per annum
Rates of salary increases (effective June 30, 2020)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term effective investment rate of return (effective June 30, 2020)	7.00%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2020)	3.25%, per annum, based on 2.60% inflation and 0.65% real wage inflation.

Mortality rates were based on the RP-2014 Employee and Health Annuitant Tables with MP 2017 generational economic adjustments.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an assumption study dated March 24, 2017 and demographic assumption study dated June 28, 2018.

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

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 10. Retirement Systems (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	1.97%
Domestic equity	22.0	6.01
Global smart beta equity	3.0	6.23
International equity	15.0	6.48
Private equity	11.0	10.81
Private real assets	7.5	4.14
Public real assets	7.0	2.91
Public credit	3.5	3.93
Private credit	3.0	3.11
Cash	1.0	(0.25)
	<u>100.0%</u>	

**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 that employee contributions will be made at the current contribution rate and that contributions from cities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00 %)	1% Increase (8.00 %)
City's proportionate share of the net pension liability	\$ 25,324,448	\$ 14,261,854	\$ 4,982,671

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report; which can be located at [www.ipers.org](http://www.ipers.org).

#### Municipal Fire and Police Retirement System of Iowa

**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](http://www.mfprsi.org).

Notes to Basic Financial Statements

---

**Note 10. Retirement Systems (Continued)**

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.

**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.

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. Additional benefits are available to members who perform more than 22 years of service (2% 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. By electing to participate in DROP the member is signing a contract indicating 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.

**Disability and death benefits:** Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as 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 (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states 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, Iowa

### Notes to Basic Financial Statements

#### Note 10. Retirement Systems (Continued)

**Contributions:** Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

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 employer's contribution rate cannot be less than 17% of earnable compensation. The City's contribution rate was 26.02% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 were \$4,243,059.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during their fiscal year ended June 30, 2020.

**Net pension liabilities, pension expense, and deferred inflows and outflows of resources related to pensions:** At June 30, 2020, the City reported a liability of \$36,614,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2020, the City's proportion was 5.58%, a decrease of 0.020213% from the City's proportion at June 30, 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$3,051,028. At June 30, 2020, 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	\$ 1,260,820	\$ (342,625)
Changes of assumptions	1,838,361	(159,359)
Net difference between projected and actual earnings on pension plan investments	2,017,334	-
Changes in proportion and differences between City contributions and proportionate share of contributions	34,109	(121,561)
Total deferred amounts to be recognized in pension expense in future periods	5,150,624	(623,545)
City contributions subsequent to the measurement date	4,243,059	-
Total deferred amounts related to pensions	\$ 9,393,683	\$ (623,545)

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 10. Retirement Systems (Continued)

\$4,243,059 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 ended June 30, 2021. The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all MFPRSI members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Years ended June 30:

2021	\$ 2,365,045
2022	295,578
2023	1,040,706
2024	779,872
2025	45,878
	<u>\$ 4,527,079</u>

**Actuarial assumptions:** The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% to 15.11%, average, including inflation.
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (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.



## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 10. Retirement Systems (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Large cap		5.50%
Small cap		5.80
International large cap		7.30
Core plus fixed income		3.30
Emerging markets		9.00
Emerging market debt		6.30
Master limited partnerships		9.00
<b>Core Investments</b>	40.00%	
<b>Private Equity/Debt</b>	15.00	9.00
Private core real estate		6.00
Private non-core real estate		8.00
<b>Real Estate</b>	10.00	
<b>Tactical Asset Allocation</b>	35.00	6.40
	<u>100.00%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension 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.

**Sensitivity of 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 that is 1-percent lower (6.50%) or 1-percent higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50 %)	1% Increase (8.50 %)
City's proportionate share of the net pension liability	\$ 59,615,269	\$ 36,614,772	\$ 17,565,859

**Component unit:** Waterloo Water Works contributes to the Waterloo Water Works Pension Plan (WWW Plan) and the Iowa Public Employees' Retirement System (IPERS).

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 10. Retirement Systems (Continued)

##### Waterloo Water Works Pension Plan:

**Plan description:** The Waterloo Water Works Pension Plan is a single-employer defined benefit plan administered by the Pension Committee of Waterloo Water Works. The WWW Plan provides retirement benefits to plan members and beneficiaries. No new WWW Plan members were allowed after December 31, 2007. The WWW Plan does not issue a stand-alone financial report. The actuarial report on the Plan is held at the Waterloo Water Work's office.

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

**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 thirty 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.

As of December 31, the following members were covered by the WWW Plan:

Inactive plan members and beneficiaries currently receiving benefits	36
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	13
<b>Total members</b>	<b>50</b>

**Contributions:** The contribution requirements of the Plan members (employees) and Waterloo Water Works are established and may be amended by Waterloo Water Works. Mandatory contributions to the WWW Plan by WWW Plan members are equal to the IPERS rate effective January 1 of the previous year, 5.95% for the year ending December 31, 2019. Prior to 2010, WWW Plan member contributions were not required and Waterloo Water Works made all the required contributions. Beginning January 1, 2010, WWW Plan members were required to contribute one-third of the full contribution rate of 4.1% and Waterloo Water Works paid the rest of the required contribution. As of January 1, 2011, WWW Plan members were required to contribute two-thirds of the full contribution rate of 4.3% and beginning January 1, 2012, WWW Plan members were required to contribute all of the mandatory contributions. The Waterloo Water Works Board of Trustees has approved Waterloo Water Works 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.

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 10. Retirement Systems (Continued)

**Net pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:** At December 31, 2019, the Water Works' recognized pension expense of \$541,511. At December 31, 2019, the Water Works' 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	\$ -	\$ (18,129)
Changes in assumptions	162,972	-
Net difference between projected and actual earnings on pension plan investments	-	(457,542)
	<u>\$ 162,972</u>	<u>\$ (475,671)</u>

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

	Pension Expense Amount
Years ending December 31:	
2020	\$ 58,921
2021	(111,344)
2022	(33,505)
2023	(226,771)
Total	<u>\$ (312,699)</u>

**Actuarial assumptions:** The Waterloo Water Works' net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	2.50% per annum
Rates of salary increases	3.00% per annum
Long-term investment rate of return	7.50%, compounded annually, net of investment expenses.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 10. Retirement Systems (Continued)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2019 through December 31, 2019. In addition, mortality rates were based on 2020 IRS Combined Mortality Table as appropriate.

The long-term expected rate of return on WWW Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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 WWW Plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Cash and fixed income	28%	2.50%
Equity large cap	56	5.50
Equity mid cap	9	6.00
Equity small cap	7	6.00
Real estate	-	5.00
Total	100%	

**Discount rate:** The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that WWW Plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the differences between actuarially determined contribution rates and the member rate. Professional judgement on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions the WWW 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.

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower, or 1% higher than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 2,496,832	\$ 1,718,287	\$ 1,041,079

**City of Waterloo, Iowa**

**Notes to Basic Financial Statements**

**Note 10. Retirement Systems (Continued)**

**Changes in Waterloo Water Works' net pension liability:** Changes in the Waterloo Water Works' net pension liability for the year ended December 31, 2019 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	\$ 8,706,901	\$ 5,784,103	\$ 2,922,798
Changes for the year:			
Service cost	42,951	-	42,951
Interest	672,982	-	672,982
Difference between expected and actual experience	(36,258)	-	(36,258)
Changes in assumptions	325,945	-	325,945
Contributions, employer	-	563,701	(563,701)
Contributions, member	-	52,209	(52,209)
Net investment income	-	1,594,221	(1,594,221)
Benefit payments including refunds of employee contributions	(675,155)	(675,155)	-
Balance, end of year	<u>\$ 9,037,366</u>	<u>\$ 7,319,079</u>	<u>\$ 1,718,287</u>

**Payables to the Waterloo Water Works' Plan:** All required Waterloo Water Works contributions and required employee contributions which had been withheld from employee wages were remitted to the WWW Plan by December 31, 2019.

**IPERS—Waterloo Water Works:**

*Plan Description:* IPERS membership is mandatory for employees of Waterloo Water Works, except for those covered by another retirement system. Employees of Waterloo Water Works are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by 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, IA 50306-9117 or at [www.ipers.org](http://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 information purposes only. Refer to the plan documents for more information.

Notes to Basic Financial Statements

---

**Note 10. Retirement Systems (Continued)**

*Pension benefits:* A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age 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. (For members with service before June 30, 2012, the highest of three-year average salary as of that date will be used 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, 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 1, 1990 receive a guaranteed dividend with their regular November benefit payments.

*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.

*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 one 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.

In fiscal year 2019, pursuant to the required rate, regular members contributed 6.29% of covered payroll and Waterloo Water Works contributed 9.44% of covered payroll for a total rate of 15.73%.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 10. Retirement Systems (Continued)

The Waterloo Water Works' contributions to IPERS for the year ended December 31, 2018 were \$116,656.

As December 31, 2019, the Waterloo Water Works' liability for its proportionate share of the net pension liability totaled \$951,791. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Works' proportion of the net pension liability was based on the Water Works' share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the Water Works' collective proportion was 0.016437%, which was an increase of 0.000383% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Water Works recognized pension expense of \$94,552. At December 31, 2019, the Water Works 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	\$ 2,639	\$ (34,221)
Changes of assumptions	101,950	-
Net difference between projected and actual earnings on IPERS' investments	-	(107,255)
Changes in proportion and differences between Water Works contributions and proportionate share of contributions	70,035	(23,186)
Total deferred amounts to be recognized in pension expense in future periods	174,624	(164,662)
Water Works contributions subsequent to the measurement date	61,467	-
Total deferred amounts related to pensions	<u>\$ 236,091</u>	<u>\$ (164,662)</u>

Deferred outflows of resources related to pensions of \$61,467 represent the amount Waterloo Water Works contributed subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended December 31:	
2020	\$ 45,179
2021	(5,553)
2022	(6,404)
2023	(18,724)
2024	(4,536)
	<u>\$ 9,962</u>

There were no nonemployer contributing entities at IPERS.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 10. Retirement Systems (Continued)

*Actuarial assumptions:* The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:  
The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience study dated June 28, 2018.

Rate of inflation (effective June 30, 2020)	2.60% per annum
Rates of salary increases (effective June 30, 2020)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term effective investment rate of return (effective June 30, 2020)	7.00%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2020)	3.25%, per annum, based on 2.60% inflation and 0.65% real wage inflation.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core-plus fixed income	27.0%	1.97%
Domestic equity	22.0	6.01
Global smart beta equity	3.0	6.23
International equity	15.0	6.48
Private equity	11.0	10.81
Private real assets	7.5	4.14
Public real assets	7.0	2.91
Public credit	3.5	3.93
Private credit	3.0	3.11
Cash	1.0	(0.25)
	<u>100.0%</u>	



## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 10. Retirement Systems (Continued)

*Discount rate:* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from Waterloo Water Works will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Work's proportionate share of the net pension liability	\$ 1,690,073	\$ 951,791	\$ 332,528

*IPERS' Fiduciary net position:* Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

*Payables to the pension plan:* At December 31, 201+9, Waterloo Water Works reported payables to IPERS of \$9,991 for legally required Waterloo Water Works' contributions and \$6,657 for legally required Waterloo Water Works' contributions which had been withheld from employee wages but not yet remitted to IPERS.

#### Note 11. Deficit Fund Balances

Funds with deficit balances as of June 30, 2020 were as follows:

Nonmajor governmental:

Special revenue:

Community Development Block Grant	\$ 64,910
Grants	370,491
Capital projects,	
Capital Improvements	2,586,350

The deficit of the above funds are expected to be eliminated through future transfers from other funds, grant proceeds or bond proceeds.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 12. Commitments

**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, 2020, the City was committed to approximately \$53.4 million of construction contracts.

**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.

**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 and 2016. The note matures monthly through August 17, 2020. 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, 2020, the loan balance was \$191,935. 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 13. Other Postemployment Benefits

**Plan description:** The City's defined benefit OPEB plan, a single-employer health care plan provides OPEB for all active and retired employees and their eligible dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

**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.

**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 month contribution that the City subsidizes is detailed in the table on the next page.

**City of Waterloo, Iowa**

**Notes to Basic Financial Statements**

**Note 13. Other Postemployment Benefits (Continued)**

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	-

The current full premium equivalent amounts as of June 30, 2020 are shown below:

	PPO	Dental
Single	\$ 655	\$ 36
Subscriber and spouse	1,660	91

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.

Employees covered by benefit terms: At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	100
Active employees, fully eligible for benefits	25
Active employees, not fully eligible for benefits	504
	<u>629</u>

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 13. Other Postemployment Benefits (Continued)

**Total OPEB liability:** The City's total OPEB liability of \$22,031,599 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial methods and assumptions:* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% per annum
Salary increases	3.25% per annum
Discount rate	3.50% as of July 1, 2019 and 2.21% as of June 30, 2020
Health care cost trend rates:	
Premedicare medical and Rx benefits	6.0% reduced 0.5% per annum to ultimate of 4.5%
Medicare benefits	5.0% reduced 0.5% per annum to ultimate of 4.5%
Stop loss fees	6.0% reduced 0.5% per annum to ultimate of 4.5%
Administrative fees	4.5% reduced 0.5% per annum to ultimate of 4.5%
Mortality rates	PUB-2010 morality table with generational scale MP-2019

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study used in the MFPRSI Actuarial Valuation Report as of July 1, 2019 and IPERS Actuarial Valuation as of June 30, 2019.

#### Changes in the total OPEB liability

	Total OPEB Liability
Balance as of June 30, 2019	\$ 20,264,728
Changes for the year:	
Service cost	719,666
Interest	698,071
Difference between actual and expected experience	2,028,724
Changes in assumptions or other inputs	399,421
Contributions and payments made	(2,079,011)
Net changes	1,766,871
Balance as of June 30, 2020	\$ 22,031,599

**Sensitivity of the total OPEB liability to changes in the discount rate:** The following presents the total OPEB liability of the City, as well as what the City's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	\$ 23,570,000	\$ 22,031,599	\$ 20,631,000

# City of Waterloo, Iowa

## Notes to Basic Financial Statements

### Note 13. Other Postemployment Benefits (Continued)

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:** 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-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Health Care Current Trend	1% Increase
Total OPEB liability	\$ 20,120,000	\$ 22,031,599	\$ 24,246,000

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:** For the year ended June 30, 2020, the City recognized OPEB benefit of \$383,902. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between actual and expected experience	\$ 1,805,714	\$ -
Changes of assumptions or other inputs	726,081	(254,554)
	<u>\$ 2,531,795</u>	<u>\$ (254,554)</u>

Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending June 30:	
2021	\$ 277,373
2022	277,373
2023	277,373
2024	277,373
2025	277,373
Thereafter	890,376
	<u>\$ 2,277,241</u>

### Note 14. 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.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

---

#### Note 14. Employee Health Care Plan (Continued)

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 2020, 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:

	2020	2019
Estimated unpaid claims, beginning of year	\$ 1,050,406	\$ 1,241,336
Estimated claims incurred	10,560,167	11,514,762
Claims payments	(10,680,665)	(11,705,692)
Estimated unpaid claims, end of year	<u>\$ 929,908</u>	<u>\$ 1,050,406</u>

#### Note 15. 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, 2020, and is recorded as a liability in the government-wide statement of net position. \$24,342 is considered matured and is recorded in the General Fund and governmental activities with accrued liabilities. Changes and balances are as follows:

	2020	2019
Estimated unpaid claims, beginning of year	\$ 550,508	\$ 721,019
Estimated claims incurred	977,761	537,910
Claims payments	(942,604)	(708,421)
Estimated unpaid claims, end of year	<u>\$ 585,665</u>	<u>\$ 550,508</u>

#### Note 16. 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 (\$2,105,053 during the year ended June 30, 2020). Also, during the year ended June 30, 2020, the Sanitation Fund received an operating grant of \$273,624 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, Iowa

### Notes to Basic Financial Statements

---

#### **Note 17. Industrial Development Revenue Bonds**

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, 2020 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 18. 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, 2020, the City has assigned \$2,401,695 of its General Fund, fund balance for insurable risks retained.

#### **Note 19. Tax Abatements**

GASB Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement that 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, 2020, the City abated \$2,755,374 of property tax under the urban renewal and economic development projects.

## City of Waterloo, Iowa

### Notes to Basic Financial Statements

#### Note 20. 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:

Fund balances:	General	Trust and Agency	Tax Increment Financing	General Obligation Debt Service	Road Use Tax	Nonmajor Governmental	Total
Nonspendable:							
Inventories	\$ 500,610	\$ -	\$ -	\$ -	\$ 123,979	\$ -	\$ 624,589
Prepays	83,680	-	-	-	-	16,980	100,660
Total							
nonspendable	584,290	-	-	-	123,979	16,980	725,249
Restricted:							
Debt service	-	-	1,866,819	902,018	-	-	2,768,837
Self-funded health							
insurance	2,731,148	1,844,110	-	-	-	-	4,575,258
Tourism promotion	1,732,646	-	-	-	-	-	1,732,646
Public access							
television	218,701	-	-	-	-	-	218,701
Civil rights enforcement	82,376	-	-	-	-	-	82,376
Housing	74,254	-	-	-	-	4,880,682	4,954,936
Donor specified	1,047,504	-	-	-	-	-	1,047,504
Employee benefits	-	385,788	-	-	-	-	385,788
Library	-	-	-	-	-	425,857	425,857
Street and right-of-way							
maintenance	2,034	-	-	-	19,341,897	-	19,343,931
Improvements	-	-	-	-	-	37,086,504	37,086,504
Total restricted	5,888,663	2,229,898	1,866,819	902,018	19,341,897	42,393,043	72,622,338
Committed, Police project	229,791	-	-	-	-	-	229,791
Assigned:							
Insurance	2,401,695	-	-	-	-	-	2,401,695
Other postemploy-							
ment benefits	1,040,792	-	-	-	-	-	1,040,792
Improvements	-	-	-	-	-	2,155,815	2,155,815
Other	990,662	-	661,827	-	-	92,747	1,745,236
Use of fund balance for							
future budget	1,200,000	-	-	-	-	-	1,200,000
Total assigned	5,633,149	-	661,827	-	-	2,248,562	8,543,538
Unassigned	11,188,047	-	-	-	-	(3,674,580)	7,513,467
Total fund balances	\$ 23,523,940	\$ 2,229,898	\$ 2,528,646	\$ 902,018	\$ 19,465,876	\$ 40,984,005	\$ 89,634,383



Notes to Basic Financial Statements

---

**Note 21. New GASB Statements and Pending Pronouncements**

As of June 30, 2020, the City adopted the following Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief of governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are now postponed by the year, unless otherwise stated:

- Statement No. 83, *Certain Asset Retirement Activities*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 87, *Leases*, has been postponed by 18 months

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. 84, *Fiduciary Activities*, issued February 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Notes to Basic Financial Statements

---

**Note 21. New GASB Statements and Pending Pronouncements (Continued)**

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets.

- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.
- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for reporting periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines an SBITA; (2) establishes that an SBITA results in a right-to-us subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of an SBITA; and (4) requires note disclosure regarding an SBITA. This statement will be effective for the City with its year ending June 30, 2023.

**Notes to Basic Financial Statements**

---

**Note 21. New GASB Statements and Pending Pronouncements (Continued)**

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will also enhance the relevance, consistency and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Another objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This statement will be effective for the City with its year ended June 30, 2022.

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 22. Contingencies**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries and their political subdivision. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the City. The extent to which COVID-19 may affect the City results will depend on future developments, which are highly uncertain and cannot be predicted, including new information, which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions

**Note 23. Subsequent Events**

The City authorized the issuance of not to exceed \$27,000,000 in state revolving fund loans, Series 2020C. The notes will be used to finance the Wastewater Treatment Plan Biosolids Modifications Project (estimated at \$19,186,000) and the Dry Run Creek Sewer Interceptor project (estimated at \$5,138,000).

**City of Waterloo, Iowa**

**Required Supplementary Information**

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

**Last 10 Fiscal Years**

*(Dollar amounts in thousands)*

	2020	2019	2018
<b>Total OPEB liability</b>			
Service cost	\$ 697,815	\$ 697,815	\$ 671,816
Interest	774,392	774,392	804,928
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	474,740	474,740	(379,447)
Benefit payments	(1,989,054)	(1,989,054)	(1,835,828)
<b>Net change in total OPEB liability</b>	<b>(42,107)</b>	<b>(42,107)</b>	<b>(738,531)</b>
Total OPEB liability—beginning	20,264,728	20,306,835	21,045,366
Total OPEB liability—ending	<u>\$ 20,222,621</u>	<u>\$ 20,264,728</u>	<u>\$ 20,306,835</u>
Covered payroll	\$ 33,584,175	\$ 32,673,000	\$ 31,567,648
Total OPEB liability as a percentage of covered payroll	60%	62%	64%

*Changes of assumptions:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<b>2020</b>	<b>3.50% per annum</b>
2019	3.50% per annum
2018	3.87% per annum
2017	3.58% per annum

In 2018, amounts reflect a 0.5-percentage-point decrease in the health care cost trend rates from the prior year and adjustments to assumptions regarding spousal coverage to better reflect actual plan experience.

In 2019, there was no changes to the benefit terms.

Note: GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**City of Waterloo, Iowa**

**Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System**

	<b>2020</b>	<b>2019</b>
	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Measurement date		
City's proportion of the net pension liability	<b>0.2446470%</b>	0.2406008%
City's proportionate share of the net pension liability	<b>\$ 14,261,854</b>	\$ 15,225,810
City's covered payroll	<b>\$ 18,743,655</b>	\$ 18,074,184
City's proportionate share of the net pension liability as a percentage of its covered payroll	<b>76.09%</b>	84.24%
Plan fiduciary net position as a percentage of the total pension liability	<b>85.45%</b>	83.62%

**Note:** GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. The amounts presented each year are as of the City's measurement date.

See notes to required supplementary information.

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.2379165%	0.2438592%	0.2452672%	0.2415504%
\$ 15,848,247	\$ 15,346,827	\$ 12,117,384	\$ 9,579,663
\$ 17,759,314	\$ 17,523,333	\$ 16,800,363	18816626
89.24%	87.58%	72.13%	50.91%
82.21%	81.82%	85.19%	87.61%

**City of Waterloo, Iowa**

**Required Supplementary Information  
Schedule of City Contributions  
Iowa Public Employees' Retirement System**

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Fiscal year ending:					
<b>2020</b>	<b>\$ 1,773,422</b>	<b>\$ 1,773,422</b>	-	<b>\$ 18,786,254</b>	<b>9.44%</b>
2019	1,769,401	1,769,401	-	18,743,655	9.44
2018	1,614,023	1,614,023	-	18,074,184	8.93
2017	1,585,908	1,585,908	-	17,759,314	8.93
2016	1,564,955	1,564,955	-	17,523,333	8.93
2015	1,500,510	1,500,510	-	16,800,363	8.93
2014	1,420,507	1,420,507	-	15,816,626	8.98
2013	1,358,920	1,358,920	-	N/A	N/A
2012	1,250,399	1,250,399	-	N/A	N/A
2011	1,066,879	1,066,879	-	N/A	N/A

N/A - information was not available

**Note:** The amounts reported in this schedule are as of the City's fiscal year-end.

See notes to required supplementary information.

**City of Waterloo, Iowa**

**Notes to Required Supplementary Information—IPERS Pension Liability  
Year Ended June 30, 2020**

---

**Note 1. Changes of benefit terms**

There are no significant changes in benefit terms.

**Note 2. Changes of assumptions**

The 2018 valuation implemented the following refinements as a result of an experience 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 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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) 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, Iowa**

**Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Municipal Fire and Police Retirement System of Iowa**

	<b>2020</b>	<b>2019</b>
Measurement date	<b>June 30, 2019</b>	June 30, 2018
City's proportion of the net pension liability	<b>5.582145%</b>	5.600213%
City's proportionate share of the net pension liability	<b>\$ 36,614,772</b>	\$ 33,343,863
City's covered payroll	<b>\$ 16,897,902</b>	\$ 16,277,606
City's proportionate share of the net pension liability as a percentage of its covered payroll	<b>216.68%</b>	204.85%
Plan fiduciary net position as a percentage of the total pension liability	<b>79.94%</b>	81.07%

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. The amounts presented each year are as of the City's measurement date.

See notes to required supplementary information.

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
5.703286%	5.688362%	5.724535%	5.720520%
\$ 33,448,350	\$ 46,723,287	\$ 36,408,843	\$ 26,777,406
\$ 16,060,279	\$ 15,365,321	\$ 15,012,366	\$ 14,608,497
208.27%	304.08%	242.53%	183.30%
80.60%	78.20%	83.04%	86.27%

**City of Waterloo, Iowa**

**Required Supplementary Information  
Schedule of City Contributions  
Municipal Fire and Police Retirement System of Iowa**

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Fiscal year ending:					
<b>2020</b>	<b>\$ 4,243,059</b>	<b>\$ 4,243,059</b>	-	<b>\$ 17,382,462</b>	<b>24.41%</b>
2019	4,396,834	4,396,834	-	16,897,902	26.02
2018	4,180,091	4,180,091	-	16,277,606	25.68
2017	4,186,850	4,186,850	-	16,060,279	26.07
2016	4,280,766	4,280,766	-	15,365,321	27.86
2015	4,565,261	4,565,261	-	15,012,366	30.41
2014	4,418,650	4,418,650	-	14,608,497	30.25
2013	3,844,363	3,844,363	-	N/A	N/A
2012	3,522,615	3,522,615	-	N/A	N/A
2011	2,731,277	2,731,277	-	N/A	N/A

N/A - information was not available

**Note:** The amounts reported in this schedule are as of the City's fiscal year-end.

See notes to required supplementary information.

**City of Waterloo, Iowa**

**Notes to Required Supplementary Information—MFPRSI Pension Liability  
Year Ended June 30, 2020**

---

**Note 1. Changes of Benefit Terms**

There were no significant changes of benefit terms.

**Note 2. 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 to future mortality improvement 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, Iowa**

**Budgetary Comparison Schedule**

**Budget and Actual (Modified Cash Basis)—All Governmental Funds and Proprietary Funds**

**Required Supplementary Information**

**Year Ended June 30, 2020**

	Budgeted Amounts	
	Original	Final
Revenues and other financing sources receipts:		
Receipts:		
Property taxes	\$ 40,639,192	\$ 40,639,192
Tax increment financing	8,725,719	8,725,719
Other City taxes	17,852,576	18,039,576
Licenses and permits	1,429,150	1,429,150
Use of money and property	1,632,628	1,638,078
Intergovernmental	25,853,013	29,778,656
Charges for services	28,095,203	29,151,967
Special assessments	210,000	210,000
Miscellaneous	6,009,536	11,593,293
<b>Total receipts</b>	<b>130,447,017</b>	<b>141,205,631</b>
Other financing sources:		
Transfer from other funds	17,663,250	22,672,857
Issuance of long-term debt	18,400,000	27,364,000
Proceeds from insurance	-	-
Proceeds from sale of capital assets	260,000	260,000
<b>Total other financing sources</b>	<b>36,323,250</b>	<b>50,296,857</b>
<b>Total receipts and other financing sources</b>	<b>166,770,267</b>	<b>191,502,488</b>
Disbursements and other financing uses:		
Governmental-type activities:		
Public safety	32,748,002	34,743,290
Public works	33,504,748	36,523,263
Health and social services	312,783	313,860
Culture and recreation	11,613,672	11,777,786
Community and economic development	14,147,132	15,279,632
General government	9,849,333	11,804,601
Debt service	13,731,607	23,456,607
Capital projects	24,791,600	29,113,082
Business-type activities	29,118,423	31,675,259
<b>Total disbursements</b>	<b>169,817,300</b>	<b>194,687,380</b>
Other financing uses, transfers to other funds	17,663,250	22,672,857
<b>Total disbursements and other financing uses</b>	<b>187,480,550</b>	<b>217,360,237</b>
<b>Receipts and other financing sources over (under) disbursements and other financing uses</b>	<b>(20,710,283)</b>	<b>(25,857,749)</b>
Balances, beginning of year	102,286,500	102,286,500
Balances, end of year	\$ 81,576,217	\$ 76,428,751

See note to required supplementary information.

Actual Amounts Budgetary Basis	Variance With Final Budget
\$ 39,380,547	\$ (1,258,645)
8,948,992	223,273
18,240,701	201,125
1,469,725	40,575
3,026,235	1,388,157
24,257,824	(5,520,832)
29,269,566	117,599
201,413	(8,587)
10,310,619	(1,282,674)
135,105,622	(6,100,009)
22,038,235	(634,622)
21,787,918	(5,576,082)
-	-
94,038	(165,962)
43,920,191	(6,376,666)
179,025,813	(12,476,675)
33,872,289	871,001
34,507,335	2,015,928
273,898	39,962
9,908,097	1,869,689
13,419,746	1,859,886
9,638,330	2,166,271
22,322,739	1,133,868
18,492,229	10,620,853
22,630,807	9,044,452
165,065,470	29,621,910
22,038,235	634,622
187,103,705	30,256,532
(8,077,892)	17,779,857
116,908,429	102,286,500
\$ 108,830,537	\$ 120,066,357

## **City of Waterloo, Iowa**

### **Note to Required Supplementary Information—Budgetary Reporting Year Ended June 30, 2020**

---

In accordance with the Code of Iowa, the City Council annually adopts a budget on a 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 10 major classes of disbursements known as functions, not by fund or fund type. These 10 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 nonprogram. Although the budget document presents function disbursements by fund type, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments were adopted which increased budgeted expenditures by \$24,870,080. The budget amendment is reflected in the final budgeted amount.

The City uses the same modified cash basis of accounting for budgetary reporting as is used for its internal financial records. Under this basis, cash transactions are modified by certain receivables and payables and by certain noncash revenue and expenditures. In addition, many transactions which could be recorded in and reported by the Sanitary Sewer Enterprise Fund are recorded in and reported by governmental funds.

City of Waterloo, Iowa

**Schedule of Comparison  
Funds Statements (GAAP Basis) to Budgetary (Modified Cash) Basis  
Required Supplementary Information  
Year Ended June 30, 2020**

	Governmental Fund Types GAAP Basis Actual Amounts	Enterprise Fund Types GAAP Basis Actual Amounts	Total Funds
Revenue/Receipts:			
Property taxes and TIF revenue	\$ 48,086,079	\$ -	\$ 48,086,079
Other taxes	18,227,575	-	18,227,575
Licenses and permits	1,466,645	-	1,466,645
Use of money and property	2,328,470	205,504	2,533,974
Intergovernmental	19,595,972	275,862	19,871,834
Charges for fees and service	10,018,667	20,876,831	30,895,498
Interfund charges for services	2,180,000	-	2,180,000
Special assessments	126,258	-	126,258
Miscellaneous	3,689,350	1,250,313	4,939,663
<b>Total revenue/receipts</b>	<b>105,719,016</b>	<b>22,608,510</b>	<b>128,327,526</b>
Expenditures and expenses/disbursements:			
Public safety	34,004,492	-	34,004,492
Public works	22,136,849	-	22,136,849
Health and social services	270,460	-	270,460
Culture and recreation	9,906,832	-	9,906,832
Community and economic development	12,583,363	-	12,583,363
General government	9,568,714	-	9,568,714
Debt service	17,185,331	-	17,185,331
Capital projects	25,718,112	-	25,718,112
Business-type activities	-	17,279,202	17,279,202
<b>Total expenditures and expenses/ disbursements</b>	<b>131,374,153</b>	<b>17,279,202</b>	<b>148,653,355</b>
<b>Net</b>	<b>(25,655,137)</b>	<b>5,329,308</b>	<b>(20,325,829)</b>

(Continued)



Budgetary Basis Exceptions	Property Tax Collected for and Remitted to MET, Grout and Water Works	Other GAAP Conversion Adjustments	Budgetary Basis
\$ -	\$ 2,105,053	\$ (1,861,593)	\$ 48,329,539
-	-	13,126	18,240,701
-	-	3,080	1,469,725
-	-	492,261	3,026,235
-	-	4,385,990	24,257,824
-	-	(1,625,932)	29,269,566
-	-	(2,180,000)	-
-	-	75,155	201,413
-	-	5,370,956	10,310,619
-	2,105,053	4,673,043	135,105,622
-	-	(132,203)	33,872,289
-	2,105,053	10,265,433	34,507,335
-	-	3,438	273,898
-	-	1,265	9,908,097
-	-	836,383	13,419,746
-	-	69,616	9,638,330
-	-	5,137,408	22,322,739
-	-	(7,225,883)	18,492,229
-	-	5,351,605	22,630,807
-	2,105,053	14,307,062	165,065,470
-	-	(9,634,019)	(29,959,848)

City of Waterloo, Iowa

**Schedule of Comparison  
Funds Statements (GAAP Basis) to Budgetary (Modified Cash) Basis (Continued)  
Required Supplementary Information  
Year Ended June 30, 2020**

	Governmental Fund Types Basis Actual Amounts	Enterprise Fund Types Basis Actual Amounts	Total Funds
Other financing sources (uses):			
Transfers in	\$ 14,897,791	\$ -	\$ 14,897,791
Transfers out	(14,897,791)	-	(14,897,791)
Bond premium	445,298	-	445,298
Proceeds from sale of capital assets	56,088	-	56,088
Proceeds from insurance	1,659,358	-	1,659,358
Issuance of long-term debt	17,675,000	-	17,675,000
<b>Total other financing sources (uses)</b>	<b>19,835,744</b>	<b>-</b>	<b>19,835,744</b>
 <b>Change in fund balance/net position</b>	 <b>(5,819,393)</b>	 <b>5,329,308</b>	 <b>(490,085)</b>
Balance, beginning of year	95,453,776	96,118,981	191,572,757
Balance, end of year	<u>\$ 89,634,383</u>	<u>\$ 101,448,289</u>	<u>\$ 191,082,672</u>

Budgetary Basis Exceptions		Property Tax Collected for and Remitted to MET, Grout and Water Works		Other GAAP Conversion Adjustments		Budgetary Basis
\$	-	\$	-	\$	7,140,444	\$ 22,038,235
	-		-		(7,140,444)	(22,038,235)
	-		-		17,448	462,746
	-		-		37,950	94,038
	-		-		(1,659,358)	-
	-		-		1,041,211	21,787,918
	-		-		(562,749)	22,344,702
	-		-		(10,196,768)	(7,615,146)
	-		-		(74,664,328)	116,908,429
\$	-	\$	-	\$	(84,861,096)	\$ 109,293,283

**City of Waterloo, Iowa**

**Required Supplementary Information**

**Schedule of Employer Contributions for Waterloo Water Works Pension Plan**

**Last Ten Fiscal Years**

	2019	2018	2017	2016
Actuarially determined contribution	\$ 563,701	\$ 529,242	\$ 505,125	\$ 489,448
Contributions in relation to actuarially determined contribution	615,910	577,408	565,374	550,161
Contribution deficiency (excess)	(52,209)	(48,166)	(60,249)	(60,713)
Covered payroll	\$ 979,376	\$ 943,430	\$ 1,047,371	\$ 1,004,723
Contributions as a percentage of covered payroll	62.9%	61.2%	54.0%	54.8%

2015		2014		2013		2012		2011		2010	
\$	475,911	\$	481,861	\$	480,199	\$	423,689	\$	383,404	\$	357,677
	540,043		570,419		538,658		473,114		445,212		396,550
	(64,132)		(88,558)		(58,459)		(49,425)		(61,808)		(38,873)
\$	1,045,603	\$	1,064,651	\$	1,100,185	\$	1,105,893	\$	1,248,200	\$	1,306,209
	51.6%		53.6%		49.0%		42.8%		35.7%		30.4%

**City of Waterloo, Iowa**

**Required Supplementary Information**

**Schedule of Changes in Net Pension Liability and Related Ratios for Waterloo Water Works Pension Plan**

	2020	2019	2018
<b>Total pension liability</b>			
Service cost	\$ 42,951	\$ 46,090	\$ 45,849
Interest	672,982	665,421	640,457
Difference between expected and actual experience	(36,258)	76,594	(45,362)
Changes in assumptions	325,945	(72,427)	225,356
Benefit payments including refunds	(675,155)	(560,887)	(548,118)
Change in total pension liability	330,465	154,791	318,182
Total pension liability, beginning of year	8,706,901	8,552,110	8,233,928
Total pension liability, end of year	9,037,366	8,706,901	8,552,110
<b>Plan fiduciary net position</b>			
Contributions, employer	563,701	529,242	507,287
Contributions, member	52,209	48,166	58,087
Net investment income	1,594,221	(466,923)	821,539
Benefit payments including refunds	(675,155)	(560,887)	(548,118)
Change in plan fiduciary net position	1,534,976	(450,402)	838,795
Plan fiduciary net position, beginning of year	5,784,103	6,234,505	5,395,710
Plan fiduciary net position, end of year	7,319,079	5,784,103	6,234,505
Net pension liability, end of year	\$ 1,718,287	\$ 2,922,798	\$ 2,317,605
Plan fiduciary net position as a % of total pension liability	81.0%	66.4%	72.9%
Covered payroll	\$ 810,194	\$ 979,376	\$ 943,430
Net pension liability as a % of covered payroll	212.1%	298.4%	245.7%

Additional years will be added going forward as information becomes available.

	2017	2016
\$	53,886	\$ 53,008
	616,847	607,558
	164,103	(28,037)
	13,141	12,600
	(541,494)	(518,306)
	306,483	126,823
	7,927,445	7,800,622
	8,233,928	7,927,445

	489,448	481,000
	60,713	59,043
	281,674	(157,690)
	(541,494)	(518,306)
	290,341	(135,953)
	5,105,369	5,241,322
	5,395,710	5,105,369
\$	2,838,218	\$ 2,822,076

65.5% 64.4%

\$ 1,047,371 \$ 1,004,723

271.0% 280.9%

**City of Waterloo, Iowa**

**Notes to Required Supplementary Information for Waterloo Water Works Pension Plan  
For the Year Ended December 31, 2019**

---

**Note 1:** Valuation Date: Actuarially determined contributions rates are calculated as of December 31 of the current fiscal year.

**Note 2:** 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	7.50%
Retirement age	100% at age 62
Mortality rates	2020 IRS combined mortality



**City of Waterloo, Iowa**

**Required Supplementary Information**

**IPERS Schedule of the Waterloo Water Works' Proportionate Share of the Net Pension Liability**

	Measurement Date June 30,	
	2019	2018
Water Work's proportion of the net pension liability	<b>1.643700%</b>	0.016820%
Water Work's total proportionate share of the net pension liability	<b>\$ 951,791</b>	\$ 1,064,406
Water Work's covered payroll	<b>\$ 1,270,103</b>	\$ 1,251,971
Water Work's proportionate share of the net pension liability as a percentage of its covered payroll	<b>75%</b>	85%
IPERS' net position as a percentage of the total pension liability	<b>85.45%</b>	83.62%

Additional years will be added going forward as information becomes available.

Measurement Date June 30,			
2017	2016	2015	2014
0.015549%	0.014805%	0.014220%	0.012797%
\$ 1,035,776	\$ 923,262	\$ 706,956	\$ 524,011
\$ 1,079,261	\$ 1,018,040	\$ 885,398	\$ 791,254
96%	91%	80%	61%
82.21%	81.82%	85.19%	87.61%

**City of Waterloo, Iowa**

**Required Supplementary Information  
IPERS Schedule of Waterloo Water Works Contributions**

	2019	2018	2017	2016
Statutorily required contribution	\$ 119,662	\$ 116,656	\$ 111,801	\$ 96,378
Contributions in relation to the Statutorily required contribution	(119,662)	(116,656)	(111,801)	(96,378)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Water Work's covered payroll	\$ 1,267,605	\$ 1,270,103	\$ 1,251,971	\$ 1,079,261
Contributions as a percentage of covered payroll	9.44%	9.18%	8.93%	8.93%

Additional years will be added going forward as information becomes available.

2015		2014		2013		2012		2011		2010	
\$	90,911	\$	79,066	\$	70,659	\$	56,189	\$	43,676	\$	35,136
	(90,911)		(79,066)		(70,659)		(56,189)		(43,676)		(35,136)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	1,018,040	\$	885,398	\$	791,254	\$	648,085	\$	541,214	\$	505,554
	8.93%		8.93%		8.93%		8.67%		8.07%		6.95%

**City of Waterloo, Iowa**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Year Ended June 30, 2020**

Public safety function	
Mayor	
Blackhawk emergency management agency	
Contractual services	\$ 94,496
<b>Total activity and department</b>	<u>94,496</u>
Police department	
Police operations	
Compensation and benefits	12,610,214
Contractual services	1,024,884
Commodities	231,917
<b>Total activity</b>	<u>13,867,015</u>
Police computer services	
Contractual services	83,711
Commodities	119,805
<b>Total activity</b>	<u>203,516</u>
Police grants	
Compensation and benefits	606,618
Contractual services	2,554
Commodities	62,017
Capital outlay	86,868
<b>Total activity</b>	<u>758,057</u>
Law enforcement programs	
Compensation and benefits	84,476
Contractual services	575,881
Commodities	292,296
<b>Total activity</b>	<u>952,653</u>
Police tobacco enforcement	
Compensation and benefits	3,926
<b>Total activity</b>	<u>3,926</u>
Public safety administration	
Compensation and benefits	102,502
Contractual services	1,144
<b>Total activity</b>	<u>103,646</u>
<b>Total Department</b>	<u>15,888,813</u>

**City of Waterloo, Iowa**

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**General Fund**

**Year Ended June 30, 2020**

Fire Department	
Fire protection	
Compensation and benefits	8,857,925
Contractual services	469,376
Commodities	88,412
<b>Total activity</b>	<b>9,415,713</b>
Fire ambulance	
Compensation and benefits	1,807,370
Contractual services	864,594
Commodities	218,667
<b>Total activity</b>	<b>2,890,631</b>
Fire restricted programs	
Compensation and benefits	5,944
Contractual services	8,788
Commodities	1,441
<b>Total activity</b>	<b>16,173</b>
Hazmat regional training center	
Compensation and benefits	135,177
Contractual services	22,216
Commodities	261
<b>Total activity</b>	<b>157,654</b>
<b>Total Department</b>	<b>12,480,171</b>
Building inspection department	
Building & housing safety	
Compensation and benefits	1,055,559
Contractual services	30,421
Commodities	35,257
<b>Total activity</b>	<b>1,121,237</b>
Building inspection chargebacks	
Contractual services	107,499
<b>Total activity</b>	<b>107,499</b>
<b>Total Department</b>	<b>1,228,736</b>

City of Waterloo, Iowa

Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)

General Fund

Year Ended June 30, 2020

Central Garage	
Fire - garage parts & service	
Compensation and benefits	90,854
Commodities	71,167
<b>Total activity</b>	<u>162,021</u>
 Ambulance - Garage Parts & Services	
Commodities	15,939
<b>Total activity</b>	<u>15,939</u>
 <b>Total Department</b>	<u>177,960</u>
 Miscellaneous	
Contractual services	(147,924)
<b>Total activity and department</b>	<u>(147,924)</u>
 Public safety function totals	
Compensation and benefits	25,360,565
Contractual services	3,137,640
Commodities	1,137,179
Capital Outlay	86,868
<b>Function total</b>	<u><u>\$ 29,722,252</u></u>
 Public works function	
City engineer	
Sidewalk repair/construction	
Capital outlay	\$ 485,651
<b>Total activity and department</b>	<u>485,651</u>
 Traffic Operations	
Parking Maintenance	
Compensation and benefits	17,160
<b>Total activity and department</b>	<u>17,160</u>
 Central Garage	
Central Garage	
Compensation and benefits	753,075
Contractual services	13,714
Commodities	72,482
<b>Total activity</b>	<u>839,271</u>
 Garage-motor pool service	
Commodities	415,304
<b>Total activity</b>	<u>415,304</u>
 <b>Total Department</b>	<u>1,254,575</u>

**City of Waterloo, Iowa**

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**General Fund**

**Year Ended June 30, 2020**

Airport Commission	
Airport Administration	
Compensation and benefits	636,691
Contractual services	287,991
Commodities	65,773
<b>Total activity and department</b>	<b>990,455</b>
Building Inspection	
Parking Operations	
Contractual services	403,771
Commodities	26,151
<b>Total activity and department</b>	<b>429,922</b>
Miscellaneous	
Contractual services	(599)
<b>Total activity and department</b>	<b>(599)</b>
Public works function totals	
Compensation and benefits	1,406,926
Contractual services	704,877
Commodities	579,710
Capital Outlay	485,651
<b>Function Total</b>	<b>\$ 3,177,164</b>
Health and social services function	
Human rights commission	
Human rights	
Compensation and benefits	\$ 240,071
Contractual services	9,686
Commodities	1,905
<b>Total activity</b>	<b>251,662</b>
EEOC Contract	
Compensation and benefits	10,000
Contractual services	8,798
<b>Total activity</b>	<b>18,798</b>
<b>Total Department</b>	<b>270,460</b>
Health and social services function totals	
Compensation and benefits	250,071
Contractual services	18,484
Commodities	1,905
<b>Function Total</b>	<b>\$ 270,460</b>
Mayor	
Fairview cemetery association	
Contractual services	\$ 50,000
<b>Total activity and department</b>	<b>50,000</b>



City of Waterloo, Iowa

Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)

General Fund

Year Ended June 30, 2020

Culture and recreation function	
Cultural/Arts Commission	
Youth Pavilion	
Compensation and benefits	291,457
Contractual services	42,633
Commodities	20,878
<b>Total activity</b>	<b>354,968</b>
Center for the arts	
Compensation and benefits	512,211
Contractual services	79,024
Commodities	31,525
<b>Total activity</b>	<b>622,760</b>
RiverLoop event facilities	
Compensation and benefits	2,398
Contractual services	7,931
Commodities	1,626
<b>Total activity</b>	<b>11,955</b>
Cultural/arts grants & projects	
Compensation and benefits	17,562
Contractual services	34,334
Commodities	7,130
Capital outlay	2,198
<b>Total activity</b>	<b>61,224</b>
<b>Total department</b>	<b>1,050,907</b>
Library	
Library services	
Compensation and benefits	1,397,974
Contractual services	146,688
Commodities	218,546
<b>Total activity</b>	<b>1,763,208</b>
Library Enrich	
Compensation and benefits	9,083
Commodities	484
<b>Total activity</b>	<b>9,567</b>

City of Waterloo, Iowa

Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)

General Fund

Year Ended June 30, 2020

Library Access Plus	
Commodities	2,981
<b>Total activity</b>	<u>2,981</u>
Library grants & projects	
Commodities	6,369
Capital outlay	8,306
<b>Total activity</b>	<u>14,675</u>
Library gift & memorial	
Contractual services	15,333
Commodities	22,080
<b>Total activity</b>	<u>37,413</u>
Iowa library services	
Commodities	2,746
<b>Total activity</b>	<u>2,746</u>
County library system	
Compensation and benefits	63,206
Commodities	1,932
<b>Total activity</b>	<u>65,138</u>
County open access	
Contractual services	834
Commodities	3,262
<b>Total activity</b>	<u>4,096</u>
<b>Total department</b>	<u>1,899,824</u>
Leisure services	
Leisure services - parks	
Compensation and benefits	1,862,657
Contractual services	226,485
Commodities	211,284
<b>Total activity</b>	<u>2,300,426</u>
Leisure services projects	
Contractual services	16,703
Commodities	72,910
<b>Total activity</b>	<u>89,613</u>
Downtown area maintenance	
Compensation and benefits	266,802
Contractual services	28,012
Commodities	23,068
<b>Total activity</b>	<u>317,882</u>

**City of Waterloo, Iowa**

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**General Fund**

**Year Ended June 30, 2020**

Golf courses	
Compensation and benefits	923,115
Contractual services	88,334
Commodities	128,544
<b>Total activity</b>	<u>1,139,993</u>
Golf course improvements	
Contractual services	7,051
Commodities	2,865
<b>Total activity</b>	<u>9,916</u>
SportsPlex	
Compensation and benefits	753,348
Contractual services	293,572
Commodities	139,424
<b>Total activity</b>	<u>1,186,344</u>
Sports & youth services	
Compensation and benefits	427,539
Contractual services	11,335
Commodities	80,065
<b>Total activity</b>	<u>518,939</u>
Young arena	
Compensation and benefits	451,918
Contractual services	167,841
Commodities	144,690
<b>Total activity</b>	<u>764,449</u>
Miscellaneous	
Contractual services	(10,922)
<b>Total activity and department</b>	<u>(10,922)</u>
Culture and recreation function totals	
Compensation and benefits	6,979,270
Contractual services	1,205,188
Commodities	1,122,409
Capital Outlay	10,504
<b>Function total</b>	<u>\$ 9,317,371</u>

**City of Waterloo, Iowa**

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**General Fund**

**Year Ended June 30, 2020**

Community and economic development function	
Mayor	
Iowa Northland Council of Governments	
Contractual services	\$ 34,203
<b>Total activity</b>	<b>34,203</b>
Tourism promotion	
Contractual services	212,254
<b>Total activity</b>	<b>212,254</b>
Tourism promotion - discretionary	
Contractual services	55,020
<b>Total activity</b>	<b>55,020</b>
Five Sullivans Convention Center - operations	
Contractual services	465,000
Commodities	61,642
Capital outlay	359,809
<b>Total activity</b>	<b>886,451</b>
Waterloo Convention & Visitors Bureau	
Contractual services	492,733
<b>Total activity</b>	<b>492,733</b>
<b>Total department</b>	<b>1,680,661</b>
Planning & zoning	
Planning & zoning	
Compensation and benefits	654,223
Contractual services	15,490
Commodities	3,104
<b>Total activity</b>	<b>672,817</b>
City property management	
Contractual services	130,375
<b>Total activity</b>	<b>130,375</b>
Economic development	
Compensation and benefits	110,348
<b>Total activity</b>	<b>110,348</b>
<b>Total department</b>	<b>913,540</b>

**City of Waterloo, Iowa**

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**General Fund**

**Year Ended June 30, 2020**

Building Inspections	
Five Sullivans Convention Center - maintenance	
Compensation and benefits	\$ 93,265
Contractual services	109,089
Commodities	11,252
Capital outlay	13,095
<b>Total activity and department</b>	<u>226,701</u>
Community Development	
Block grant administration	
Commodities	<u>3,812</u>
<b>Total activity</b>	<u>3,812</u>
LHAP-Housing Pool	
Contractual services	<u>14</u>
<b>Total activity</b>	<u>14</u>
<b>Total department</b>	
	<u>3,826</u>
Miscellaneous	
Contractual services	<u>2,986</u>
<b>Total activity</b>	<u>2,986</u>
Community and economic development totals	
Compensation and benefits	857,836
Contractual services	1,517,164
Commodities	79,810
Capital Outlay	372,904
<b>Function total</b>	<u><u>\$ 2,827,714</u></u>
General Government function	
Mayor	
Mayor's office	
Compensation and benefits	\$ 281,190
Contractual services	13,459
Commodities	<u>1,004</u>
<b>Total activity</b>	<u>295,653</u>

City of Waterloo, Iowa

Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)

General Fund

Year Ended June 30, 2020

Mayor Restricted Projects.	
Contractual services	60,000
<b>Total activity</b>	<u>60,000</u>
Administrative SVCS/MIS	
Compensation and benefits	250,161
Contractual services	140,076
Commodities	44,644
<b>Total activity</b>	<u>434,881</u>
Communications	
Contractual services	5,306
Commodities	87
<b>Total activity</b>	<u>5,393</u>
<b>Total department</b>	<u>795,927</u>
City Council	
City Council	
Compensation and benefits	74,305
Contractual services	2,578
<b>Total activity and department</b>	<u>76,883</u>
City Clerk and Finance	
Electronic media	
Compensation and benefits	125,922
Contractual services	308
Commodities	4,110
<b>Total activity</b>	<u>130,340</u>
City Clerk & Finance	
Compensation and benefits	908,691
Contractual services	147,157
Commodities	144,151
<b>Total activity</b>	<u>1,199,999</u>
Liability insurance	
Compensation and benefits	58,084
Contractual services	1,991,120
<b>Total activity</b>	<u>2,049,204</u>
Life/disability insurance	
Compensation and benefits	5,345
Contractual services	328
<b>Total activity</b>	<u>5,673</u>
Self-funded health insurance	
Contractual services	2,936,878
<b>Total activity</b>	<u>2,936,878</u>
Self funded workers	
Contractual services	892,250
<b>Total activity</b>	<u>892,250</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**General Fund**  
**Year Ended June 30, 2020**

Printing	
Contractual services	26,669
<b>Total activity</b>	<u>26,669</u>
<b>Total department</b>	<u>7,241,013</u>
City Attorney	
City Attorney	
Compensation and benefits	181,287
Contractual services	137,245
Commodities	6,519
<b>Total activity and department</b>	<u>325,051</u>
Human resources	
Employee assistance program	
Compensation and benefits	13,275
<b>Total activity</b>	<u>13,275</u>
Human resources	
Compensation and benefits	405,416
Contractual services	31,754
Commodities	2,480
<b>Total activity</b>	<u>439,650</u>
Safety and wellness	
Compensation and benefits	562
Commodities	7,239
<b>Total activity</b>	<u>7,801</u>
<b>Total department</b>	<u>460,726</u>
Building inspection	
Facilities maintenance	
Compensation and benefits	291,767
Contractual services	189,288
Commodities	39,594
<b>Total activity</b>	<u>520,649</u>
Facilities restricted project	
Contractual services	73
Commodities	1,143
<b>Total activity</b>	<u>1,216</u>
Veterans Memorial Hall	
Contractual services	6,618
<b>Total activity</b>	<u>6,618</u>
<b>Total department</b>	<u>528,483</u>
Miscellaneous	
Contractual services	52,122
<b>Total activity and department</b>	<u>52,122</u>
General government totals	
Compensation and benefits	2,596,005
Contractual services	6,633,229
Commodities	250,971
<b>Function total</b>	<u><u>\$ 9,480,205</u></u>

**City of Waterloo, Iowa**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 14,244,677	\$ 28,986,828	\$ 43,231,505
Receivables:			
Customer accounts	22,502	-	22,502
Property taxes:			
Delinquent	12,486	-	12,486
Succeeding year	609,009	-	609,009
Accrued interest	12,481	191	12,672
Due from other governments:			
Federal	572,517	-	572,517
Iowa	3,698,750	-	3,698,750
Other	60,969	966,923	1,027,892
Inventories and prepaids	16,980	-	16,980
Restricted assets, cash and cash equivalents	2,877,573	-	2,877,573
Advances to other funds	21,423	-	21,423
<b>Total assets</b>	<b>\$ 22,149,367</b>	<b>\$ 29,953,942</b>	<b>\$ 52,103,309</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 956,309	\$ 1,860,151	\$ 2,816,460
Retainages payable	67,564	191,489	259,053
Accrued liabilities	117,214	-	117,214
Due to other funds	1,038,150	2,157,147	3,195,297
Compensated absences	9,032	-	9,032
Payable from restricted assets	33,926	-	33,926
Unearned revenue	420,556	-	420,556
<b>Total liabilities</b>	<b>2,642,751</b>	<b>4,208,787</b>	<b>6,851,538</b>
Deferred inflows of resources:			
Unavailable revenue—property taxes	621,495	-	621,495
Unavailable revenue—local option sales tax	1,390,205	-	1,390,205
Unavailable revenue—intergovernmental and other	1,289,143	966,923	2,256,066
<b>Total deferred inflows of resources</b>	<b>3,300,843</b>	<b>966,923</b>	<b>4,267,766</b>
Fund Balances:			
Nonspendable	16,980	-	16,980
Restricted	14,964,741	27,428,302	42,393,043
Assigned	2,248,562	-	2,248,562
Unassigned	(1,024,510)	(2,650,070)	(3,674,580)
<b>Total fund balances</b>	<b>16,205,773</b>	<b>24,778,232</b>	<b>40,984,005</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 22,149,367</b>	<b>\$ 29,953,942</b>	<b>\$ 52,103,309</b>



## City of Waterloo, Iowa

### Nonmajor Special Revenue Funds June 30, 2020

---

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:

Nonmajor:

**Local Option Tax Fund:** This fund is used to account for resources provided from a 1% sales tax approved by the citizens of Waterloo which is restricted for the construction, reconstruction and repair of City streets.

**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, Iowa

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2020**

	Local Option Sales Tax	Library Tax Levy	Community Development Block Grant
<b>Assets</b>			
Cash and cash equivalents	\$ 11,166,037	\$ 531,537	\$ 700
Receivables:			
Customer accounts	-	-	-
Property taxes:			
Delinquent	-	12,486	-
Succeeding year	-	609,009	-
Accrued interest	132	8	12,315
Due from other governments:			
Federal	-	-	271,646
Iowa	2,231,744	-	-
Other	55,328	5,641	-
Inventories and prepaids	-	-	-
Restricted cash and cash equivalents	-	-	-
Advances to other funds	13,598	7,825	-
<b>Total assets</b>	<b>\$ 13,466,839</b>	<b>\$ 1,166,506</b>	<b>\$ 284,661</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>			
Liabilities:			
Accounts payable	\$ 545,236	\$ -	\$ 36,238
Retainages payable	65,298	-	2,204
Accrued liabilities	43,284	23,614	24,043
Due to other funds	-	-	194,578
Compensated absences	-	2,793	2,626
Payable from restricted assets	-	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>653,818</b>	<b>26,407</b>	<b>259,689</b>
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	621,495	-
Unavailable revenue - local option sales tax	1,390,205	-	-
Unavailable revenue - intergovernmental	-	-	89,882
<b>Total deferred inflows of resources</b>	<b>1,390,205</b>	<b>621,495</b>	<b>89,882</b>
Fund balances (deficit):			
Nonspendable	-	-	-
Restricted	9,268,407	425,857	-
Assigned	2,154,409	92,747	-
Unassigned	-	-	(64,910)
<b>Total fund balances (deficit)</b>	<b>11,422,816</b>	<b>518,604</b>	<b>(64,910)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 13,466,839</b>	<b>\$ 1,166,506</b>	<b>\$ 284,661</b>

Special Revenue					
Housing Programs		Grants	Federal Aviation Agency Projects	Iowa Reinvestment District	Total
\$	2,515,996	\$ -	\$ -	\$ 30,407	\$ 14,244,677
	22,502	-	-	-	22,502
	-	-	-	-	12,486
	-	-	-	-	609,009
	26	-	-	-	12,481
	19,126	-	281,745	-	572,517
	-	1,350,161	49,326	67,519	3,698,750
	-	-	-	-	60,969
	16,980	-	-	-	16,980
	2,515,024	55,275	307,274	-	2,877,573
	-	-	-	-	21,423
\$	5,089,654	\$ 1,405,436	\$ 638,345	\$ 97,926	\$ 22,149,367
\$	27,387	\$ 338,628	\$ 8,820	\$ -	\$ 956,309
	-	62	-	-	67,564
	26,273	-	-	-	117,214
	-	306,587	536,985	-	1,038,150
	3,613	-	-	-	9,032
	33,926	-	-	-	33,926
	156,067	264,489	-	-	420,556
	247,266	909,766	545,805	-	2,642,751
	-	-	-	-	621,495
	-	-	-	-	1,390,205
	-	866,161	319,100	14,000	1,289,143
	-	866,161	319,100	14,000	3,300,843
	16,980	-	-	-	16,980
	4,825,408	55,275	307,274	82,520	14,964,741
	-	-	-	1,406	2,248,562
	-	(425,766)	(533,834)	-	(1,024,510)
	4,842,388	(370,491)	(226,560)	83,926	16,205,773
\$	5,089,654	\$ 1,405,436	\$ 638,345	\$ 97,926	\$ 22,149,367

City of Waterloo, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2020**

	Local Option Sales Tax	Library Tax Levy	Community Development Block Grant
Revenues:			
Property taxes	\$ -	\$ 628,045	\$ -
Other taxes	10,270,870	23,036	-
Investment income	88,875	3,670	-
Rent	-	-	-
Intergovernmental	-	-	1,842,902
Charges for services	-	-	56,261
Miscellaneous	16,128	-	-
<b>Total revenues</b>	<b>10,375,873</b>	<b>654,751</b>	<b>1,899,163</b>
Expenditures:			
Current:			
Public works	10,187,884	-	-
Culture and recreation	-	570,159	-
Community and economic development	-	-	1,516,407
General government	50,022	-	2,176
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>10,237,906</b>	<b>570,159</b>	<b>1,518,583</b>
<b>Excess of revenues over expenditures</b>	<b>137,967</b>	<b>84,592</b>	<b>380,580</b>
Other financing uses, transfers out	-	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in fund balance (deficit)</b>	<b>137,967</b>	<b>84,592</b>	<b>380,580</b>
Fund balances (deficit), beginning of year	11,284,849	434,012	(445,490)
Fund balances (deficit), end of year	<b>\$ 11,422,816</b>	<b>\$ 518,604</b>	<b>\$ (64,910)</b>

Special Revenue					
Housing Programs		Grants	Federal Aviation Agency Projects	Iowa Reinvestment District	Total
\$	-	\$	-	\$	628,045
	-		-		10,293,906
	19,915		2,542	1,001	116,003
	185,792		-	-	185,792
	5,903,966	1,468,485	85,207	233,415	9,533,975
	51,452		67,170	-	174,883
	3,373		-	-	19,501
	6,164,498	1,468,485	154,919	234,416	20,952,105
	-	560,588	412,435	-	11,160,907
	-	19,302	-	-	589,461
	6,073,884	102,636	-	-	7,692,927
	-	2,192	-	490	54,880
	-	-	-	-	-
	6,073,884	684,718	412,435	490	19,498,175
	90,614	783,767	(257,516)	233,926	1,453,930
	-	-	-	(216,028)	(216,028)
	-	-	-	(216,028)	(216,028)
	90,614	783,767	(257,516)	17,898	1,237,902
	4,751,774	(1,154,258)	30,956	66,028	14,967,871
\$	4,842,388	\$ (370,491)	\$ (226,560)	\$ 83,926	\$ 16,205,773

## City of Waterloo, Iowa

### Capital Projects Funds

June 30, 2020

---

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:

Nonmajor:

**June 2013 GO Bonds Fund:** This fund is used to account for proceeds from the 2013 general obligation bond sale until expended for the restricted purposes.

**June 2014 GO Bonds Fund:** This fund is used to account for proceeds from the 2014 general obligation bond sale until expended for the restricted purposes.

**June 2015 GO Bonds Fund:** This fund is used to account for proceeds from the 2015 general obligation bond sale until expended for the restricted purposes.

**June 2016 GO Bonds Fund:** This fund is used to account for proceeds from the 2016 general obligation bond sale until expended for the restricted purposes.

**June 2017 GO Bonds Fund:** This fund is used to account for proceeds from the 2017 general obligation bond sale until expended for the restricted purposes.

**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.

**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.

**City of Waterloo, Iowa**

**Combining Balance Sheet  
Capital Projects Funds  
June 30, 2020**

	June 2015 GO Bonds	June 2016 GO Bonds	June 2017 GO Bonds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 741,405	\$ 2,134,532
Receivables, other	-	-	-
Accrued interest	-	7	17
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 741,412</b>	<b>\$ 2,134,549</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>			
Liabilities:			
Accounts payable	\$ -	\$ 16,175	\$ 543,423
Retainages payable	-	14,886	8,255
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>31,061</b>	<b>551,678</b>
Deferred inflows of resources, unavailable revenue—other	-	-	-
Fund balances (deficit):			
Restricted	-	710,351	1,582,871
Unassigned	-	-	-
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>710,351</b>	<b>1,582,871</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ -</b>	<b>\$ 741,412</b>	<b>\$ 2,134,549</b>

June 2018 GO Bonds	June 2019 GO Bonds	June 2020 GO Bonds	Capital Improvements
\$ 4,600,946	\$ 8,182,576	\$ 13,327,369	\$ -
-	-	-	966,923
40	54	73	-
<hr/>			
\$ 4,600,986	\$ 8,182,630	\$ 13,327,442	\$ 966,923
<hr/>			
\$ 200,025	\$ 515,431	\$ 183,765	\$ 401,332
69,164	63,045	8,268	27,871
-	-	-	2,157,147
269,189	578,476	192,033	2,586,350
<hr/>			
-	-	-	966,923
<hr/>			
4,331,797	7,604,154	13,135,409	63,720
-	-	-	(2,650,070)
4,331,797	7,604,154	13,135,409	(2,586,350)
<hr/>			
\$ 4,600,986	\$ 8,182,630	\$ 13,327,442	\$ 966,923
<hr/>			



**City of Waterloo, Iowa**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Capital Projects Funds  
Year Ended June 30, 2020**

	June 2015 GO Bonds	June 2016 GO Bonds	June 2017 GO Bonds
Revenues:			
Investment income	\$ 7,910	\$ 25,255	\$ 44,367
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>7,910</b>	<b>25,255</b>	<b>44,367</b>
Expenditures:			
General government	-	-	-
Debt service:			
Principal	-	-	-
Interest expense	-	1,487	-
Capital outlay	907,984	2,220,683	3,634,874
<b>Total expenditures</b>	<b>907,984</b>	<b>2,222,170</b>	<b>3,634,874</b>
<b>Revenues under expenditures</b>	<b>(900,074)</b>	<b>(2,196,915)</b>	<b>(3,590,507)</b>
Other financing sources:			
Transfers in	-	-	-
Bond premium	-	-	-
Issuance of long-term debt	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficit)</b>	<b>(900,074)</b>	<b>(2,196,915)</b>	<b>(3,590,507)</b>
Fund balances (deficit), beginning of year	900,074	2,907,266	5,173,378
Fund balances (deficit), end of year	\$ -	\$ 710,351	\$ 1,582,871

June 2018 GO Bonds	June 2019 GO Bonds	June 2020 GO Bonds	Capital Improvements	Total
\$ 55,345	\$ 136,279	\$ 73	\$ -	\$ 269,229
-	-	-	1,160,398	1,160,398
55,345	136,279	73	1,160,398	1,429,627
-	-	-	9,140	9,140
-	-	-	901,429	901,429
-	13	150,598	98,571	250,669
2,308,750	2,696,975	143,626	5,278,612	17,191,504
2,308,750	2,696,988	294,224	6,287,752	18,352,742
(2,253,405)	(2,560,709)	(294,151)	(5,127,354)	(16,923,115)
-	-	-	4,266,272	4,266,272
-	-	399,560	-	399,560
-	-	13,030,000	-	13,030,000
-	-	13,429,560	4,266,272	17,695,832
(2,253,405)	(2,560,709)	13,135,409	(861,082)	772,717
6,585,202	10,164,863	-	(1,725,268)	24,005,515
\$ 4,331,797	\$ 7,604,154	\$ 13,135,409	\$ (2,586,350)	\$ 24,778,232

## **City of Waterloo, Iowa**

### **Fiduciary Funds**

**June 30, 2020**

---

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City of Waterloo has the following fiduciary fund:

**Agency Fund:** This fund is used to account for property taxes collected on behalf of the Metropolitan Transit Agency, Grout Museum District, Water Works kill water assessments and building permits passed through to Black Hawk County.

**City of Waterloo, Iowa**

**Statement of Changes in Assets and Liabilities  
Agency Fund  
Year Ended June 30, 2020**

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b>Assets, cash</b>	\$ -	\$ 2,105,053	\$ 2,105,053	\$ -
<b>Liabilities, due to private entities</b>	\$ -	\$ 2,105,053	\$ 2,105,053	\$ -

## City of Waterloo, Iowa Statistical Section

This part of the City of Waterloo's comprehensive annual 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
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.	132
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	137
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.	141
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.	146
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.	148

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in fiscal 2003; therefore, schedules presenting government-wide information include information beginning in that year.

**City of Waterloo, Iowa**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 243,084,776	\$ 250,819,314	\$ 264,695,106	\$ 273,871,470	\$ 307,415,275	\$ 316,701,068	\$ 306,360,558	\$ 313,405,227	\$ 320,748,412	\$ 338,162,674
Restricted	28,098,845	31,552,558	30,823,956	30,579,471	30,438,501	20,032,995	55,182,022	52,436,491	53,863,633	44,923,907
Unrestricted	9,823,688	9,694,131	7,214,587	8,998,045	(31,681,588)	(23,683,497)	(31,089,693)	(40,527,523)	(43,479,555)	(45,440,432)
Total governmental activities net position	<u>\$ 281,007,309</u>	<u>\$ 292,066,003</u>	<u>\$ 302,733,649</u>	<u>\$ 313,448,986</u>	<u>\$ 306,172,188</u>	<u>\$ 313,050,566</u>	<u>\$ 330,452,887</u>	<u>\$ 325,314,195</u>	<u>\$ 331,132,490</u>	<u>\$ 337,646,149</u>
Business-type activities										
Net investment in capital assets	\$ 67,576,579	\$ 71,243,134	\$ 74,508,694	\$ 79,920,865	\$ 78,270,214	\$ 79,522,665	\$ 79,180,253	\$ 82,504,631	\$ 81,369,121	\$ 87,857,186
Restricted	3,170,694	1,655,694	1,383,659	1,310,099	727,235	672,515	672,515	672,515	47,826	19,491
Unrestricted	13,086,820	14,659,699	14,202,857	11,445,832	11,638,646	12,025,408	14,478,547	9,375,653	14,702,034	13,571,612
Total business-type activities net position	<u>\$ 83,834,093</u>	<u>\$ 87,558,527</u>	<u>\$ 90,095,210</u>	<u>\$ 92,676,796</u>	<u>\$ 90,636,095</u>	<u>\$ 92,220,588</u>	<u>\$ 94,331,315</u>	<u>\$ 92,552,799</u>	<u>\$ 96,118,981</u>	<u>\$ 101,448,289</u>
Primary government										
Net investment in capital assets	\$ 310,661,355	\$ 322,062,448	\$ 339,203,800	\$ 353,792,335	\$ 385,685,489	\$ 396,223,733	\$ 385,540,811	\$ 395,909,858	\$ 402,117,533	\$ 426,019,860
Restricted	31,269,539	33,208,252	32,207,615	31,889,570	31,165,736	20,705,510	55,854,537	53,109,006	53,911,459	44,943,398
Unrestricted	22,910,508	24,353,830	21,417,444	20,443,877	(20,042,942)	(11,658,089)	(16,611,146)	(31,151,870)	(28,777,521)	(31,868,820)
Total primary government net position	<u>\$ 364,841,402</u>	<u>\$ 379,624,530</u>	<u>\$ 392,828,859</u>	<u>\$ 406,125,782</u>	<u>\$ 396,808,283</u>	<u>\$ 405,271,154</u>	<u>\$ 424,784,202</u>	<u>\$ 417,866,994</u>	<u>\$ 427,251,471</u>	<u>\$ 439,094,438</u>

**City of Waterloo, Iowa**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Page 1 of 2)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
Public safety	\$ 29,629,282	\$ 30,037,249	\$ 31,913,280	\$ 31,773,269	\$ 25,988,767	\$ 34,120,160	\$ 33,735,948	\$ 20,828,929	\$ 33,071,755	\$ 38,539,492
Public works	23,276,707	23,297,561	24,938,888	28,911,525	29,570,277	29,670,192	35,579,527	34,150,050	27,415,746	27,453,883
Health and social services	257,618	278,589	299,282	368,173	325,607	295,088	381,203	369,832	279,470	265,757
Culture and recreation	10,080,005	10,515,120	10,491,266	11,315,704	11,676,287	11,950,688	15,012,599	12,667,184	12,573,777	11,297,723
Community and economic development	16,675,218	16,138,333	14,129,616	12,910,299	13,190,672	13,753,669	12,860,289	17,417,572	11,593,102	11,778,352
General government	4,860,959	4,219,355	3,714,993	2,749,672	4,869,696	5,247,593	10,421,434	10,174,531	9,049,085	9,792,001
Interest on long-term debt	2,639,047	2,459,710	2,680,614	2,349,054	2,208,744	2,048,517	2,175,284	2,385,499	2,452,792	2,413,402
Total governmental activities expenses	<u>87,418,836</u>	<u>86,945,917</u>	<u>88,167,939</u>	<u>90,377,696</u>	<u>87,830,050</u>	<u>97,085,907</u>	<u>110,166,284</u>	<u>97,993,597</u>	<u>96,435,727</u>	<u>101,540,610</u>
Business-type activities:										
Sanitary sewer	10,437,723	9,730,465	10,033,041	9,811,929	12,518,569	14,018,836	13,635,403	13,107,645	12,254,389	12,287,197
Sanitation	3,408,358	3,680,500	3,640,314	3,215,663	3,612,307	3,921,263	4,050,778	4,166,465	4,196,226	4,963,445
Total business-type activities expenses	<u>13,846,081</u>	<u>13,410,965</u>	<u>13,673,355</u>	<u>13,027,592</u>	<u>16,130,876</u>	<u>17,940,099</u>	<u>17,686,181</u>	<u>17,274,110</u>	<u>16,450,615</u>	<u>17,250,642</u>
Total primary government expenses	<u>\$ 101,264,917</u>	<u>\$ 100,356,882</u>	<u>\$ 101,841,294</u>	<u>\$ 103,405,288</u>	<u>\$ 103,960,926</u>	<u>\$ 115,026,006</u>	<u>\$ 127,852,465</u>	<u>\$ 115,267,707</u>	<u>\$ 112,886,342</u>	<u>\$ 118,791,252</u>
<b>Program Revenue</b>										
Governmental activities:										
Charges for services:										
Public safety	\$ 3,874,275	\$ 3,602,246	\$ 3,683,489	\$ 3,800,273	\$ 4,018,731	\$ 4,325,957	\$ 4,231,224	\$ 4,410,854	\$ 4,460,965	\$ 7,036,405
Public works	1,984,786	2,224,870	2,192,414	2,802,925	2,498,057	1,284,289	2,474,497	3,641,744	2,451,369	2,337,247
Culture and recreation	2,339,044	2,592,204	2,492,426	3,010,899	3,361,891	3,645,647	3,538,243	3,503,643	3,370,198	3,213,303
Other activities	1,229,991	1,268,316	1,489,631	1,531,761	1,667,019	769,733	1,574,497	1,284,986	1,438,591	1,351,116
Operating grants and contributions	16,376,376	16,603,449	14,967,188	11,938,221	11,335,064	18,581,010	13,138,910	11,617,786	12,380,601	12,158,925
Capital grants and contributions	9,832,416	10,720,735	9,364,734	12,668,122	39,116,737	9,065,137	35,704,168	12,757,084	8,651,622	7,151,415
Total governmental activities program revenue	<u>35,636,888</u>	<u>37,011,820</u>	<u>34,189,882</u>	<u>35,752,201</u>	<u>61,997,499</u>	<u>37,671,773</u>	<u>60,661,539</u>	<u>37,216,097</u>	<u>32,753,346</u>	<u>33,248,411</u>
Business-type activities:										
Charges for services:										
Sanitary sewer	13,283,908	13,147,754	12,285,502	12,845,301	12,661,602	14,277,752	15,235,503	13,208,176	14,802,101	16,657,811
Sanitation	3,446,332	3,572,238	3,615,787	3,609,500	3,585,270	3,650,271	3,820,281	3,738,070	3,747,590	5,044,236
Operating grants and contributions:										
Sanitary sewer	125,802	54,041	-	-	24,236	1,892	206,145	37,055	-	2,005
Sanitation	399,000	215,584	273,869	272,755	274,324	273,624	290,513	273,624	273,624	273,857
Capital grants and contributions:										
Sanitary sewer	81,302	82,443	-	-	-	1,271,776	192,977	145,656	310,250	356,837
Sanitation	-	560	13,585	-	-	-	-	-	-	-
Total business-type activities program revenue	<u>17,336,344</u>	<u>17,072,620</u>	<u>16,188,743</u>	<u>16,727,556</u>	<u>16,545,432</u>	<u>19,475,315</u>	<u>19,745,419</u>	<u>17,402,581</u>	<u>19,133,565</u>	<u>22,334,746</u>
Total primary government program revenue	<u>\$ 52,973,232</u>	<u>\$ 54,084,440</u>	<u>\$ 50,378,625</u>	<u>\$ 52,479,757</u>	<u>\$ 78,542,931</u>	<u>\$ 57,147,088</u>	<u>\$ 80,406,958</u>	<u>\$ 54,618,678</u>	<u>\$ 51,886,911</u>	<u>\$ 55,583,157</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (51,781,948)	\$ (49,934,097)	\$ (53,978,057)	\$ (54,625,495)	\$ (25,832,551)	\$ (59,414,134)	\$ (49,504,745)	\$ (60,777,500)	\$ (63,682,381)	\$ (68,292,199)
Business-type activities	3,490,263	3,661,655	2,515,388	3,699,964	414,556	1,535,216	2,059,238	128,471	2,682,950	5,084,104
Total primary government net expense	<u>\$ (48,291,685)</u>	<u>\$ (46,272,442)</u>	<u>\$ (51,462,669)</u>	<u>\$ (50,925,531)</u>	<u>\$ (25,417,995)</u>	<u>\$ (57,878,918)</u>	<u>\$ (47,445,507)</u>	<u>\$ (60,649,029)</u>	<u>\$ (60,999,431)</u>	<u>\$ (63,208,095)</u>

**City of Waterloo, Iowa**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Page 2 of 2)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 41,028,851	\$ 42,822,680	\$ 45,536,650	\$ 44,585,915	\$ 45,514,979	\$ 46,327,997	\$ 46,530,686	\$ 47,404,667	\$ 47,722,089	\$ 49,332,480
Other taxes	14,566,088	14,844,322	15,142,297	16,745,434	17,471,721	17,554,079	17,260,380	17,239,619	18,757,207	19,039,780
Investment earnings	152,078	54,485	45,578	117,515	180,123	187,046	339,895	842,018	1,468,222	978,205
Miscellaneous	2,879,152	3,315,471	3,925,918	2,748,468	1,108,633	2,034,957	2,741,240	4,592,600	2,186,481	5,455,393
Gain on sale of assets	-	-	-	-	-	188,433	34,865	-	-	-
Transfers	70,231	(44,167)	(4,740)	-	(2,035)	-	-	-	(633,323)	-
Total governmental activities	<u>58,696,400</u>	<u>60,992,791</u>	<u>64,645,703</u>	<u>64,197,332</u>	<u>64,273,421</u>	<u>66,292,512</u>	<u>66,907,066</u>	<u>70,078,904</u>	<u>69,500,676</u>	<u>74,805,858</u>
Business-type activities:										
Investment earnings	21,055	18,612	16,555	25,122	39,714	49,277	51,489	104,439	246,059	205,504
Gain (loss) on sale of assets	-	-	-	-	1,711	-	-	46,298	3,850	39,700
Transfers	(70,231)	44,167	4,740	-	2,035	-	-	-	633,323	-
Total business-type activities	<u>(49,176)</u>	<u>62,779</u>	<u>21,295</u>	<u>25,122</u>	<u>43,460</u>	<u>49,277</u>	<u>51,489</u>	<u>150,737</u>	<u>883,232</u>	<u>245,204</u>
Total primary government	<u>\$ 58,647,224</u>	<u>\$ 61,055,570</u>	<u>\$ 64,666,998</u>	<u>\$ 64,222,454</u>	<u>\$ 64,316,881</u>	<u>\$ 66,341,789</u>	<u>\$ 66,958,555</u>	<u>\$ 70,229,641</u>	<u>\$ 70,383,908</u>	<u>\$ 75,051,062</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 6,914,452	\$ 11,058,694	\$ 10,667,646	\$ 10,715,337	\$ 38,440,870	\$ 6,878,378	\$ 17,402,321	\$ 9,301,404	\$ 5,818,295	\$ 6,513,659
Business-type activities	<u>3,441,087</u>	<u>3,724,434</u>	<u>2,536,683</u>	<u>2,581,586</u>	<u>458,016</u>	<u>1,584,493</u>	<u>2,110,727</u>	<u>279,208</u>	<u>3,566,182</u>	<u>5,329,308</u>
Total primary government	<u>\$ 10,355,539</u>	<u>\$ 14,783,128</u>	<u>\$ 13,204,329</u>	<u>\$ 13,296,923</u>	<u>\$ 38,898,886</u>	<u>\$ 8,462,871</u>	<u>\$ 19,513,048</u>	<u>\$ 9,580,612</u>	<u>\$ 9,384,477</u>	<u>\$ 11,842,967</u>



**City of Waterloo, Iowa**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nondisposable	\$ 310,432	\$ 326,276	\$ 322,077	\$ 392,741	\$ 323,781	\$ 267,413	\$ 197,324	\$ 528,775	\$ 392,145	\$ 584,290
Restricted	3,602,691	3,438,392	5,497,065	8,667,499	9,109,347	10,390,434	8,565,653	7,839,825	6,384,873	5,888,663
Committed	662,415	-	-	36,595	-	-	-	33,004	154,511	229,791
Assigned	4,878,877	4,802,837	5,318,721	4,430,460	4,848,307	5,007,033	5,410,593	5,902,856	5,465,413	5,633,149
Unassigned	8,417,600	9,644,699	8,907,668	10,184,876	10,224,959	9,836,132	9,546,862	9,479,091	10,277,115	11,188,047
Total general fund	<u>\$ 17,872,015</u>	<u>\$ 18,212,204</u>	<u>\$ 20,045,531</u>	<u>\$ 23,712,171</u>	<u>\$ 24,506,394</u>	<u>\$ 25,501,012</u>	<u>\$ 23,720,432</u>	<u>\$ 23,783,551</u>	<u>\$ 22,674,057</u>	<u>\$ 23,523,940</u>
All Other Governmental Funds										
Nondisposable	\$ 208,100	\$ 297,516	\$ 233,192	\$ 466,165	\$ 298,880	\$ 290,117	\$ 261,770	\$ 131,211	\$ 219,283	\$ 140,959
Restricted	39,357,168	42,286,946	42,907,706	28,709,385	38,887,421	47,673,892	75,498,203	66,401,834	73,478,029	66,733,675
Assigned	2,322,606	2,332,997	2,370,221	80,148	2,396,279	2,424,601	2,458,279	2,549,694	2,763,872	2,910,389
Unassigned	(5,150,315)	(7,161,884)	(4,608,778)	(1,929,863)	(5,711,850)	(4,495,025)	(3,347,626)	(3,091,717)	(3,681,465)	(3,674,580)
Total all other governmental funds	<u>\$ 36,737,559</u>	<u>\$ 37,755,575</u>	<u>\$ 40,902,341</u>	<u>\$ 27,325,835</u>	<u>\$ 35,870,730</u>	<u>\$ 45,893,585</u>	<u>\$ 74,870,626</u>	<u>\$ 65,991,022</u>	<u>\$ 72,779,719</u>	<u>\$ 66,110,443</u>

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, implemented in fiscal year 2011.

**City of Waterloo, Iowa**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenue</b>										
Property taxes	\$ 41,013,565	\$ 42,864,091	\$ 45,485,229	\$ 44,623,905	\$ 45,440,607	\$ 46,259,411	\$ 46,530,686	\$ 47,404,667	\$ 47,720,396	\$ 48,086,079
Other taxes	14,703,052	15,460,718	14,683,459	16,946,689	17,599,304	17,309,079	17,541,380	17,239,619	18,764,207	18,227,575
Licenses and permits	1,236,912	1,119,886	1,128,513	1,350,599	1,413,739	1,491,131	1,543,716	1,364,662	1,454,547	1,466,645
Investment income	152,078	54,485	45,578	117,515	183,938	187,047	339,895	842,018	1,468,222	978,205
Rent*	1,094,271	1,186,419	1,191,376	1,263,682	1,293,559	1,235,525	1,257,433	1,219,786	1,273,336	1,350,265
Intergovernmental	30,092,432	25,596,988	27,797,797	23,425,271	28,647,425	26,670,622	43,647,665	20,141,757	24,374,718	19,595,972
Charges for services*	6,397,007	6,748,285	6,512,462	6,894,308	7,371,370	8,142,707	8,025,850	8,088,333	7,923,398	10,018,667
Interfund charges for service	2,134,553	1,935,000	1,935,000	1,935,000	1,935,000	1,935,000	2,185,000	2,255,000	2,180,000	2,180,000
Special assessments	47,171	93,870	124,467	139,408	127,266	138,434	133,943	176,382	201,637	126,258
Miscellaneous	3,292,228	3,702,763	4,503,173	3,425,567	2,760,949	2,032,729	1,765,900	3,249,040	2,776,159	3,689,350
Total revenue	<u>100,163,269</u>	<u>98,762,505</u>	<u>103,407,054</u>	<u>100,121,944</u>	<u>106,773,157</u>	<u>105,401,685</u>	<u>122,971,468</u>	<u>101,981,264</u>	<u>108,136,620</u>	<u>105,719,016</u>
<b>Expenditures</b>										
Current:										
Public safety	27,686,410	29,272,717	30,517,147	30,865,364	30,588,630	31,380,988	30,518,380	30,733,487	32,108,023	34,004,492
Public works	19,761,835	25,565,737	26,286,055	29,009,814	34,515,685	26,664,570	19,526,031	22,895,182	14,212,521	22,136,849
Health and social services	325,730	346,952	370,275	365,847	407,060	375,769	379,958	365,193	276,922	270,460
Culture and recreation	8,960,633	9,396,914	9,134,554	9,835,758	10,633,238	10,837,983	10,616,332	10,580,629	10,353,767	9,906,832
Community and economic development	15,740,405	13,794,104	13,555,391	12,966,402	11,783,311	13,483,447	12,265,460	10,508,576	11,442,804	12,583,363
General government	5,623,650	4,956,104	3,980,405	2,468,932	5,459,817	5,671,640	10,042,300	8,894,390	8,483,284	9,627,947
Debt service										
Principal	9,565,662	8,623,207	8,708,554	8,886,944	9,659,890	11,314,503	9,698,561	11,336,261	10,379,792	14,523,780
Interest and fees	2,623,038	2,536,705	2,377,108	2,300,105	2,023,366	2,169,997	2,268,663	2,514,761	2,502,968	2,661,551
Capital outlay	11,792,357	14,140,916	9,646,195	14,033,868	11,855,746	12,835,209	19,625,850	23,921,255	23,189,451	25,658,879
Total expenditures	<u>102,079,720</u>	<u>108,633,356</u>	<u>104,575,684</u>	<u>110,733,034</u>	<u>116,926,743</u>	<u>114,734,106</u>	<u>114,941,535</u>	<u>121,749,734</u>	<u>112,949,532</u>	<u>131,374,153</u>
Revenue over (under) expenditures	<u>(1,916,451)</u>	<u>(9,870,851)</u>	<u>(1,168,630)</u>	<u>(10,611,090)</u>	<u>(10,153,586)</u>	<u>(9,332,421)</u>	<u>8,029,933</u>	<u>(19,768,470)</u>	<u>(4,812,912)</u>	<u>(25,655,137)</u>
<b>Other financing sources (uses)</b>										
Transfers in	13,368,149	14,206,860	12,765,878	11,006,208	10,276,970	14,882,427	11,857,853	13,154,342	11,910,365	14,897,791
Transfers out	(13,297,918)	(14,206,860)	(12,765,878)	(11,006,208)	(10,276,970)	(14,882,427)	(11,857,853)	(13,154,342)	(11,910,365)	(14,897,791)
Insurance proceeds	138,157	19,968	173,397	356,454	1,400	766,470	1,624,380	1,112,624	-	1,659,358
Proceeds from sale of assets	221,807	-	71,014	47,937	(6,168)	335,618	95,564	206,006	171,426	56,088
Refunding bonds issued	5,500,000	4,200,000	2,630,000	8,670,000	-	-	-	1,425,000	-	-
Payment to refunded bond escrow agent	(5,586,483)	-	(6,744,723)	(8,806,014)	-	-	(2,040,000)	-	-	-
Proceeds from debt issued	7,735,081	6,740,000	9,900,348	11,595,000	8,000,000	19,140,000	19,210,000	8,090,000	10,000,000	17,675,000
Bond discounts and premiums	353,883	269,088	118,687	205,713	129,606	107,806	276,585	118,355	320,689	445,298
Total other financing sources (uses)	<u>8,432,676</u>	<u>11,229,056</u>	<u>6,148,723</u>	<u>12,069,090</u>	<u>8,124,838</u>	<u>20,349,894</u>	<u>19,166,529</u>	<u>10,951,985</u>	<u>10,492,115</u>	<u>19,835,744</u>
Net change in fund balances	<u>\$ 6,516,225</u>	<u>\$ 1,358,205</u>	<u>\$ 4,980,093</u>	<u>\$ 1,458,000</u>	<u>\$ (2,028,748)</u>	<u>\$ 11,017,473</u>	<u>\$ 27,196,462</u>	<u>\$ (8,816,485)</u>	<u>\$ 5,679,203</u>	<u>\$ (5,819,393)</u>
Debt service as a percentage of noncapital expenditures	<u>13.5%</u>	<u>11.8%</u>	<u>13.2%</u>	<u>12.3%</u>	<u>13.2%</u>	<u>13.2%</u>	<u>12.6%</u>	<u>14.2%</u>	<u>14.4%</u>	<u>16.3%</u>

**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	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
2009	2011	1,119,328,144	786,637,586	99,943,010	136,188,661	106,874,812	7,498,605	2,241,473,608	18.26406	3,566,368,445	62.85%
2010	2012	1,166,201,221	781,318,790	100,090,080	150,383,839	111,996,683	7,253,351	2,302,737,262	18.53335	3,747,030,046	61.45%
2011	2013	1,251,445,651	813,065,056	121,443,090	179,551,015	111,367,841	6,985,742	2,469,886,911	18.20505	3,738,165,467	66.07%
2012	2014	1,316,533,993	800,057,810	122,324,860	183,333,664	111,068,231	6,742,623	2,526,575,935	17.49319	3,762,106,346	67.16%
2013	2015	1,303,730,888	717,175,119	112,118,499	207,637,570	112,027,732	6,558,362	2,446,131,446	17.95159	3,629,362,635	67.40%
2014	2016	1,347,497,993	662,021,833	105,004,150	214,993,747	110,527,435	6,267,608	2,433,777,550	17.76370	3,656,417,436	66.56%
2015	2017	1,383,126,415	620,075,361	104,318,361	229,899,157	151,573,034	6,008,327	2,482,984,001	17.60522	3,770,142,165	65.86%
2016	2018	1,426,734,942	626,685,915	102,735,087	230,753,488	141,987,418	5,774,986	2,523,121,864	17.60000	3,797,591,542	66.44%
2017	2019	1,400,102,962	614,016,517	101,985,208	263,287,703	158,466,327	5,436,059	2,532,422,658	17.45595	3,858,553,457	65.63%
2018	2020	1,447,591,365	654,112,386	102,437,652	267,969,299	153,414,284	4,932,861	2,620,592,125	17.54799	3,945,324,830	66.42%

Source: Black Hawk County Auditor.

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.

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

Fiscal Year	Overlapping Rates										
	City of Waterloo			Black Hawk County			Schools			Other	Total Direct & Overlapping Rates
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage	Operating Millage	Debt Service	Total School Millage		
2011	14.92433	3.33973	18.26406	6.22972	0.44212	6.67184	15.43697	1.00000	16.43697	1.38794	42.76081
2012	15.16068	3.37267	18.53335	5.92415	0.67322	6.59737	15.28141	1.00000	16.28141	1.28109	42.69322
2013	15.03346	3.17159	18.20505	5.59849	0.64144	6.23993	14.80265	1.00000	15.80265	1.33770	41.58533
2014	14.39276	3.10043	17.49319	5.39234	0.62882	6.02116	13.12135	2.60683	15.72818	1.36950	40.61203
2015	14.74920	3.20239	17.95159	5.52447	0.59472	6.11919	13.28631	2.68895	15.97526	1.35851	41.40455
2016	14.50433	3.25937	17.76370	5.43985	1.30832	6.74817	12.92607	2.69825	15.62432	1.34988	41.48607
2017	14.44418	3.16104	17.60522	5.48507	0.96070	6.44577	12.72660	2.67340	15.40000	1.33315	40.78414
2018	14.48927	3.11073	17.60000	5.60805	0.80702	6.41507	12.33034	2.65121	14.98155	1.33495	40.33157
2019	14.46767	2.98828	17.45595	5.96158	0.73145	6.69303	11.96864	2.60324	14.57188	1.36344	40.08430
2020	14.79204	2.75595	17.54799	5.72918	0.57445	6.30363	11.63832	2.56862	14.20694	1.43491	39.49347

Source: Black Hawk County Auditor.

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

Employer	2020			2011		
	Assessed Value 1/1/2018	Rank	Percentage of Total Assessed Value	Assessed Value 1/1/2009	Rank	Percentage of Total Assessed Value
Deere and Company	\$ 49,624,982	1	1.26%	\$ 25,844,550	5	0.72%
IOC Black Hawk County, Inc.	48,954,195	2	1.24%	\$ 73,670,230	2	2.07%
Con Agra k/n/a Hunt Wesson, Inc.	29,970,738	3	0.76%	26,580,220	4	0.75%
Ferguson Enterprises, Inc.	18,636,903	4	0.47%	24,732,360	7	0.69%
VGM Management, Inc.	16,579,038	5	0.42%			
FDP WTC LLC	16,478,658	6	0.42%			
Tyson Fresh Meats (formerly IBP, Inc.)	15,925,244	7	0.40%	25,138,920	6	0.70%
Bertch Cabinet Manufacturing, Inc.	14,318,676	8	0.36%	15,607,970	8	0.44%
Walmart	12,011,454	9	0.30%	--	--	--
Menards, Inc.	10,434,987	10	0.26%	--	--	--
MidAmerican Energy	-		--	131,420,956	1	3.69%
Crossroads Realty LLC	--		--	40,083,710	3	1.12%
Howard Allen Investments	--		--	13,418,490	9	0.38%
Qwest Corporation (formerly US West)	--		--	12,704,937	10	0.36%
	--		--			
Total	<u>\$ 232,934,875</u>		<u>5.90%</u>	<u>\$ 389,202,343</u>		<u>10.91%</u>

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

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

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
2009	2011	37,312,210	37,186,887	99.66%	34,746	37,221,633	99.76%
2010	2012	38,703,447	38,469,916	99.40%	20,895	38,490,811	99.45%
2011	2013	40,620,062	40,275,404	99.15%	18,966	40,294,370	99.20%
2011	2013	40,620,062	40,275,404	99.15%	18,966	40,294,370	99.20%
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%
2014	2016	38,480,720	38,405,051	99.80%	(176,170) *	38,228,881	99.35%
2016	2018	39,613,829	39,602,704	99.97%	8,658	39,611,362	99.99%
2017	2019	38,984,631	38,980,335	99.99%	21,994	39,002,329	100.05%
2018	2020	40,639,192	40,122,621	98.73%	34,427	40,157,048	98.81%

Source: Black Hawk County Auditor's office.

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.

\* 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.

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	General Obligation Capital Loan Notes	Capital Leases	Other Debt	General Obligation Bonds	Revenue Bonds	Capital Leases	Other Debt			
2011	65,772,821	--	--	2,806,900	20,062,809	7,655,000	--	--	96,297,530	3.85%	1,408
2012	68,651,784	--	--	2,111,193	20,870,997	4,727,951	--	--	96,361,925	3.82%	1,411
2013	65,966,220	--	--	2,524,312	24,400,407	3,119,608	--	--	96,010,547	3.58%	1,404
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	83,682,844	--	--	1,788,702	21,692,273	-	--	--	107,163,819	3.78%	1,566
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	87,276,792	--	--	5,862,152	14,541,676	2,030,495	--	--	109,711,115	3.40%	1,604

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**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total Assessed Value of Property</u>	<u>Percentage of Assessed Value of Property</u>	<u>Per Capita*</u>
2011	85,835,630	3,566,368,445	2.41%	1,255
2012	89,522,781	3,747,030,046	2.39%	1,309
2013	90,366,627	3,738,165,467	2.42%	1,321
2014	91,480,632	3,762,106,346	2.43%	1,337
2015	93,637,457	3,629,362,635	2.58%	1,369
2016	99,096,543	3,656,417,436	2.71%	1,449
2017	105,375,117	3,770,142,165	2.79%	1,540
2018	101,105,698	3,797,591,542	2.66%	1,478
2019	99,462,639	3,858,553,457	2.58%	1,454
2020	101,818,468	3,945,324,830	2.58%	1,488

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, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable To City*</u>	<u>Estimated Share of Overlapping Debt</u>
City of Waterloo direct debt	<u>\$ 93,138,944</u>	100.00%	<u>\$ 93,138,944</u>
Overlapping:			
Black Hawk County	\$ 40,495,000	46.16%	18,692,492
Hawkeye Community College	<u>2,000,000</u>	27.30%	<u>546,000</u>
Subtotal, overlapping debt	<u>\$ 42,495,000</u>		<u>\$ 19,238,492</u>
Total direct and overlapping debt	<u><u>\$ 135,633,944</u></u>		<u><u>\$ 112,377,436</u></u>

Source: Black Hawk County Auditor

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.

\*The percentage of overlapping debt applicable is estimated using net taxable property values. Applicable percentages were estimated by determining the portion of the County's net value that is within the government's boundaries and dividing it by the County's total value.

Source: Black Hawk County Auditor

**City of Waterloo  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 178,318,423	\$ 187,351,502	\$ 186,908,273	\$ 188,105,317	\$ 181,167,349	\$ 182,820,872	\$ 188,507,108	\$ 189,879,577	\$ 192,927,673	\$ 197,266,242
Total net debt applicable to limit	88,642,530	91,633,974	92,890,939	93,762,629	95,698,764	101,030,606	107,163,819	109,125,422	106,368,570	107,680,620
Legal debt margin	<u>\$ 89,675,893</u>	<u>\$ 95,717,528</u>	<u>\$ 94,017,334</u>	<u>\$ 94,342,688</u>	<u>\$ 85,468,585</u>	<u>\$ 81,790,266</u>	<u>\$ 81,343,289</u>	<u>\$ 80,754,155</u>	<u>\$ 86,559,103</u>	<u>\$ 89,585,622</u>
Total net debt applicable to the limit as a percentage of debt limit	49.71%	48.91%	49.70%	49.02%	49.44%	49.44%	56.85%	55.26%	55.13%	54.59%

**Legal Debt Margin Calculation for Fiscal Year 2020:**

Estimated actual valuation (assessed) as of January 1, 2018	\$ 3,945,324,830
Debt limit (5% of total estimated actual valuation)	197,266,242
Debt applicable to debt limit:	
General obligation bonds	101,818,468
General obligation capital loan notes	<u>5,862,152</u>
Total net debt applicable to limit	<u>107,680,620</u>
Legal debt margin	<u>\$ 89,585,622</u>

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

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

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Less: Applicable Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>	<u>Coverage</u>
2011	13,468,610	7,041,089	6,427,521	2,059,323	3.1212
2012	13,217,083	6,450,294	6,766,789	1,655,847	4.0866
2013	12,312,670	6,803,784	5,508,886	1,659,883	3.3188
2014	12,863,347	8,069,660	4,793,687	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	15,229,015	11,307,231	3,921,784	144,200	29.2810
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

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**

<u>Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income</u>	<u>Per Capita Personal Income<sup>2</sup></u>	<u>Median Age<sup>1</sup></u>	<u>Unemployment Rate<sup>3</sup></u>	<u>School Enrollment<sup>4</sup></u>
2010	68,406	2,501,812,638	36,573	35.9	7.3%	10,020
2011	68,406	2,524,386,618	36,903	35.9	7.1%	10,103
2012	68,406	2,681,173,170	39,195	35.9	6.5%	10,239
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

N/A = Not available.

Sources:

<sup>1</sup> 2000 and 2010 U.S. Census

<sup>2</sup> U.S. Department of Commerce, Bureau of Economic Analysis

<sup>3</sup> Iowa Workforce Development

<sup>4</sup> Waterloo Community Schools

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

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Deere & Company	5,600	1	16.99%	5,300	1	15.78%
Tyson Fresh Meats	2,980	2	9.04%	2,500	3	7.44%
Mercy One (formerly Wheaton Franciscan)	2,655	3	8.06%	2,680	2	7.98%
University of Northern Iowa	1,735	4	5.27%	1,850	5	5.51%
Waterloo Community Schools	1,730	5	5.25%	1,560	6	4.65%
Unity Point Health (formerly Allen Hospital)	1,500	6	4.55%	2,080	4	6.19%
Hy-Vee	1,200	7	3.64%	1,130	8	3.36%
VGM Group	1,055	8	3.20%	--	--	--
Western Home Communities	960	9	2.91%	--	--	--
Omega Cabinets Ltd	950	10	2.88%	-	-	--
Area Education Agency 267	-	-	-	1,150	7	3.42%
GMAC Mortgage Corp.	--	--	--	805	9	2.40%
Bertch Cabinet Manufacturing	-	-	-	775	10	2.31%
Total	20,365		61.80%	19,830		56.74%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police	139.0	138.0	131.0	130.0	130.0	130.0	130.0	129.0	129.0	129.0
Fire	114.5	112.5	109.5	108.5	106.5	109.5	107.5	104.5	108.5	106.5
Building Inspection	10.5	12.5	12.5	12.5	13.5	13.5	13.0	11.0	12.0	17.0
Public Works										
City Engineer	18.0	20.0	20.0	20.0	20.0	20.0	20.0	21.0	21.0	18.0
Traffic	12.0	12.0	15.0	16.0	16.0	14.0	15.0	14.0	15.0	15.5
Central Garage	9.0	9.0	9.0	10.0	10.0	9.0	9.0	9.0	7.0	8.0
Street	37.0	38.0	36.0	34.0	37.0	35.0	36.0	35.0	38.0	38.0
Airport	5.5	6.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Health & Social Services										
Human Rights	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Culture & Recreation										
Cultural & Arts	14.0	14.5	13.0	11.0	13.0	12.0	13.0	10.0	10.0	12.0
Library	24.5	24.5	25.0	25.0	24.5	24.0	23.5	22.5	22.0	22.0
Leisure Services	40.0	39.0	36.0	40.0	43.0	42.0	41.0	43.0	42.0	40.0
Community & Economic Development										
Community Planning & Development	24.0	24.0	22.0	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	1.0	1.0	1.0
Info Tech	2.0	2.0	1.0	1.0	1.0	2.0	4.0	5.0	4.0	5.0
City Clerk & Finance	13.0	13.0	14.0	14.0	12.0	12.0	9.0	10.0	10.0	10.0
City Attorney/Code Enforcement	1.5	1.5	1.5	1.5	1.5	6.0	6.0	6.0	6.0	6.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Facilities Maintenance	3.0	3.0	3.0	4.0	4.0	4.0	4.0	5.0	4.0	4.0
Waste Management Services										
Sewer	32.0	35.0	33.9	41.0	39.0	40.0	39.0	36.0	38.0	38.0
Sanitation	15.0	14.0	17.1	13.0	17.0	13.0	13.0	13.0	11.0	13.0
Total	<u>521.5</u>	<u>525.5</u>	<u>511.5</u>	<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.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>									
Police *									
Traffic accidents	1,630	1,598	1,839	1,726	1,607	1,633	1,441	1,527	1,235
Cases	11,591	11,344	11,298	11,111	10,110	9,683	8,930	9,103	8,028
Citations	7,271	6,448	6,989	5,060	4,917	3,947	3,748	4,195	3,681
Calls for service	80,872	75,626	77,161	67,717	61,944	60,652	50,773	50,986	47,979
Total arrests	5,244	4,984	4,931	4,728	4,004	3,874	3,444	3,496	2,777
Fire									
Fire responses	4,307	4,622	5,011	5,129	5,232	5,638	5,542	5,623	5,233
Ambulance responses	6,062	6,997	6,729	6,830	6,650	7,036	8,720	9,180	8,956
Building Inspection									
Construction permits issued	8,012	8,682	9,969	10,327	10,620	9,704	8,483	7,124	7,011
Construction value of permits	\$ 124,803,841	\$ 91,192,766	\$ 101,677,108	\$ 100,224,478	\$ 127,513,038	\$ 108,699,337	\$ 104,700,306	\$ 142,264,758	\$ 161,102,459
<b>Public Works</b>									
Engineering									
Street reconstruction (miles)	2.90	3.08	3.15	1.59	2.61	3.35	3.08	3.30	2.81
Street resurfacing (miles)	12.64	14.05	12.21	18.63	12.53	0.64	1.66	2.60	3.34
Street Department									
Tons of salt used for streets	4,816.00	5,700.00	5,162.00	4,217.00	3,024.00	3,307.00	5,699.72	4,000.00	2,500.00
Man hours for road maintenance	68,640	67,345	66,650	67,320	79,357	66,924	68,644	38,485	47,104
Airport									
Commercial Enplanements	22,173	19,897	21,573	26,170	27,325	25,534	22,836	23,446	15,055
Aircraft take-offs and landings	21,521	20,589	19,109	19,550	21,037	18,585	18,943	20,072	19,006
Based aircraft	101	104	104	74	75	75	75	81	70
<b>Health &amp; Social Services</b>									
Human Rights									
Civil Rights complaints									
New cases opened	95	106	64	66	50	57	49	58	41
Cases closed	103	59	43	100	50	69	72	85	68
Active cases at year-end	103	154	177	143	142	129	105	83	52
Culture & Recreation									
Leisure Services									
SportsPlex Members	N/A	N/A	2,594	4,450	4,965	5,095	5,243	6,167	5,456
Young Arena facility usage									
Event Visitors	127,508	118,639	119,903	100,064	100,913	103,547	105,938	104,635	81,507
Recreational Visitors	164,315	174,780	186,384	189,121	189,586	183,749	180,545	167,900	124,700
Sports - youth programs	5,720	5,451	5,571	5,623	5,689	5,573	5,434	5,413	4,238
Sports - adult programs	1,620	1,588	1,598	1,617	1,543	1,497	1,412	1,384	954
Pool attendance @	44,741	39,611	37,603	33,866	34,733	28,861	22,065	9,980	15,734
<b>Golf rounds</b>	97,032	81,218	75,737	74,891	76,137	69,989	60,640	52,076	56,192
Annual flowers grown for parks	22,488	23,304	-	-	-	-	-	-	-
Public Library									
Total Circulation	424,435	405,341	422,204	470,786	446,467	365,656	299,035	295,877	500,974
Total Library Visits #	207,597.00	263,261.00	271,603.00	278,431.00	253,929.00	262,073.00	250,804.00	181,867.00	92,342.00
Waterloo Center for the Arts									
In House Visitors	119,404.00	125,958.00	118,970.00	128,140.00	122,334.00	157,628.00	189,153.00	191,675.00	120,000.00
Events, meetings, and programs	1,578.00	1,563.00	1,074.00	1,103.00	1,003.00	1,261.00	1,513.00	1,757.00	1,100.00

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

	2020								
Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	
<b>Community &amp; Economic Development</b>									
Planning and Zoning									
Planning commission agenda items	65	72	91	100	86	63	70	59	47
CURA applications received **	12	24	30	41	31	35	25	28	22
CURA improvements value	\$ 9,307,075	\$ 2,776,663	\$ 11,368,905	\$ 7,856,518	\$ 13,451,612	\$ 13,439,875	\$ 3,793,731	\$ 3,037,684	\$ 5,367,551
CLURA applications received***	6	19	58	69	41	74	46	39	46
CLURA improvments value	\$ 1,249,100	\$ 4,385,349	\$ 14,418,617	\$ 15,057,131	\$ 8,849,239	\$ 17,426,350	\$ 11,090,817	\$ 11,533,082	\$ 13,682,420
Community Development									
Down payment assistance	22	10	3	4	8	7	-	-	
Home buyer education	-	-	-	-	-	-	-	-	
Owner-occupied homes rehabilitated	46	31	42	26	24	24	25	33	31
Emergency repairs (including roofs)	45	49	37	33	34	32	21	25	30
Demolitions (residential & commercial)	20	18	21	-	13	-	1	2	-
Housing									
Vouchers used	996	1,005	931	937	975	1,017	1,010	1,020	1,061
Public housing units	50	50	50	50	50	50	50	50	50
Family self sufficiency participants	54	47	36	31	34	28	26	23	20
<b>Sewer</b>									
Sewer system customers	25,707	25,393	26,102	25,584	26,498	26,522	25,235	26,732	26,790

Source: Various city departments

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

\*\* Consolidated Urban Revitalization Area.

\*\*\* City Limits Urban Revitalization Area Started FY12

# 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



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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>									
Police									
Stations	1	1	1	1	1	1	1	1	1
Fire*									
Stations	7	7	7	7	7	7	7	7	7
Trucks and special vehicles	34	31	29	29	30	33 **	35	31	31
<b>Public Works</b>									
Miles of streets - paved	364	364	364	364	360	360	361	362	363
Miles of streets - unpaved	72	72	72	72	68	68	68	68	73
Street lights	1,800	1,800	1,807	1,807	1,807	1,807	1,847	1,847	2,582
Traffic Signals	200	200	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	8,400	8,400
Runway 18/36	6,002	6,002	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	5,403	5,403	CLOSED
<b>Culture &amp; Recreation</b>									
City recreation areas	3	3	3	3	3	3	3	3	3
City parks	48	48	48	48	48	48	48	48	48
Golf courses	3	3	3	3	3	3	3	3	3
Swimming pools	2	2	2	2	2	2	2	2	2
Softball diamonds	23	23	23	23	23	20	20	20	20
Baseball diamonds	6	6	6	6	6	6	6	6	6
Baseball stadium	1	1	1	1	1	1	1	1	1
Softball complexes	2	2	2	2	2	2	2	2	2
Tennis courts	27	27	27	27	27	27	27	27	27
Ice arena	1	1	1	1	1	1	1	1	1
Soccer complex	1	1	1	1	1	1	1	1	1
Exposition plaza	1	1	1	1	1	1	1	1	1
Skatepark	1	1	1	1	1	1	1	1	1
Dog park	1	1	1	1	1	1	1	1	1
Amphitheater	1	1	1	1	1	1	1	1	1
Splash Park	1	1	1	1	1	1	1	1	1
SPORTSPLEX	0	0	0	1	1	1	1	1	1
Center for the Arts collection size	4,178	4,352	4,682	5,102	5,498	5,647	6,001	6,475	6,738
Library collection size **	163,247	161,462	164,486	138,540	138,305	124,649	112,777	112,777	107,583
<b>Sewer</b>									
Miles of sanitary sewer	356	356	357	358	368	372	373	374	376

Source: Various city departments

\* Added boats

\*\* Collection size increased due to providing additional electronic service