

Annual Comprehensive Financial Report



**FISCAL YEAR ENDED
JUNE 30, 2021
CITY OF WATERLOO, IOWA**

CITY OF WATERLOO, IOWA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended June 30, 2021

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

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CITY OF WATERLOO, IOWA

OFFICE OF THE MAYOR ----- FINANCE DEPARTMENT

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

Mayor
QUENTIN
HART

COUNCIL MEMBERS

.....

JOHN
CHILES
Ward 1

JONATHAN
GRIEDER
Ward 2

NIA
WILDER
Ward 3

JEROME
AMOS, JR.
Ward 4

RAY
FEUSS
Ward 5

ROB
NICHOLS
At-Large

DAVE
BOESEN
At-Large

March 17, 2022

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

We are pleased to present the Annual Comprehensive Financial Report of the City of Waterloo, Iowa (City) for the year ended June 30, 2021 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, 2021.

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

WE’RE WORKING FOR YOU!

An Equal Opportunity/Affirmative Action Employer

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, University of Northern Iowa, Mercy One, Unity Point Health, Hy-Vee and The VGM Group.

The area's regional economic development corporation, GROW Cedar Valley, works with the city to help create development in Waterloo as well as the entire metropolitan area. Total building permit valuation for Waterloo was over \$100 million for the eighth straight year, reaching \$141.1 million for the fiscal year ended June 30, 2021. This marked the fourth best construction year in history, and the City has averaged \$148.0 million during the past 3 years in permit activity. New housing starts were at 65 new units. Waterloo is a regional retail center for Black Hawk and surrounding counties. Retail sales were \$1,249.2 million in fiscal 2021, an increase of \$256.0 million from the prior year. Waterloo's population declined in the official 2020 census, although the City believes it has remained relatively stable during the past decade.

The overall city tax base has reflected an average annual growth of approximately 1.4% during the last five years. The City has developed a more diverse employment base in recent years, although Deere & Company continues to play a major role in the local economy. Deere (a Fortune 100 company) remains the city's largest employer and also its largest taxpayer. The company has invested over \$1.0 billion in its Waterloo facilities since 2010, including the Westfield advanced manufacturing facility and the Waterloo Foundry, the largest electric foundry in the state. The City's unemployment level as of September 30, 2021 was 3.8% compared to the state level of 2.9% and the federal level of 4.8%.

Downtown/Cedar Valley Riverfront Renaissance

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

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

Downtown/Cedar Valley SportsPlex

The Cedar Valley SportsPlex is a 125,000 square-foot recreational facility with indoor soccer fields, gyms, a leisure pool and slide, fitness facility, running track and multi-purpose activity spaces. The facility opened in 2014 and now has approximately 5,000 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 has recently renovated a 50-year old former Deere factory at a total project investment of \$18.3 million. LSB currently occupies two of the top three floors of the Tech One building to house their financial technology operation, which is projected to add over 300 new employees into the Downtown Waterloo area.

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. Construction of a trail along the river and docks for kayaks and other boats is expected to begin in the spring of 2022. 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 nearing completion. The Art Bloc, a seven-story 72 unit residential tower on the riverfront near the RiverLoop Amphitheater, is now leasing space to tenants.

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

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

North Crossing

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

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

An additional \$10 million investment is planned for the northeast portion of the medical-retail campus, including a new senior center in partnership with Unity Point, multi-family residential housing units, and a day care center.

Midport

- The City completed the construction of the majority of the infrastructure needed to open over 400 acres for commercial and industrial development in the Waterloo Air & Rail Park (WARP) located near the Waterloo Regional Airport. The City received a State of Iowa RISE award for construction of WARP Drive, which serves 38 acres of land and is now complete. The City has received a second RISE award for the construction of Hyper Drive to serve an additional 32 acres, including the entrance to serve the new \$8 million CPM manufacturing plant.
- A number of developers have plans for smaller infill construction projects in the Airport area, comprising 12 lots with a projected \$6 million investment.
- There has been over \$3.0 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 City has received a State of Iowa RISE award for the construction of Shaulis Road directly in front of the Theme Park. Reconstruction of Shaulis Road is currently in progress.

The former Greyhound Park has been demolished, creating new development land near the major intersection of U.S. Highways 20 and 63. A Love's Travel Center and a new Casey's convenience store are now open. Warren Transport has announced an \$8.6 million project for a new headquarters and vehicle maintenance facility. Cedar Valley Crossing has built roadways and platted lots for a new 10-lot industrial park, with 3 projects planned for 2022. Additional developments are planned for the area around the intersection of Highway 63 and West Ridgeway Avenue.

Crystal Distribution is currently constructing a new \$16.5 million cold storage facility in the former Rath Packing plant area. This brownfield redevelopment will create an additional 23 acres in lots for continued infill projects.

Con-trol has completed their new \$12 million cross-docking facility in the Northeast Industrial Park. The City has received a State of Iowa RISE award for the reconstruction of a portion of Newell Street to facilitate the Con-trol project.

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.

The San Marnan corridor continues to see new development, including the \$1.5 million Cedar Valley Hospice office, a \$1.6 million addition by Locke Funeral Home, and a new \$1.1 million facility for Club Car Wash.

The City is also working on several projects in the University corridor, including the \$9.6 million Greenhill apartment project, the \$3.4 million Maple Lanes renovation, \$2.9 million in renovations completed by Digestive Healthcare, and a new \$2.8 million facility for Tommy Car Wash.

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, with pedestrian enhancements expected to be complete in 2022. The reconstruction of University Avenue from Midway Dr. to U.S. Highway 63 is substantially complete, and opened to the public in October 2021.

The City has been awarded \$12.5 million in federal competitive bridge funds and a \$1.7 million State of Iowa RISE grant to assist with the reconstruction of the Park Avenue and 11th St. bridges in the downtown area. Construction of the bridge project is slated to begin in the spring of 2022.

Design is underway for the La Porte Road corridor to improve streets and bike trails near the new Lost Worlds Theme Park and the Crossroads Shopping Center area. The La Porte Road segments include over \$5 million in federal roadway funding, and the City was awarded a \$.34 million RISE grant for improvements to the adjoining Shaulis Road area for additional improvements to turning lanes, flood control, and intersection improvements to accommodate anticipated theme park traffic.

Recreational Facilities

The City is also continuing to develop its extensive system of bike trails, which are being connected to countywide and regional trail networks, creating a system of more than 117 miles of trails. The Riverwalk Loop trail in downtown Waterloo has been completed and a new trail has been constructed along the newly constructed Shaulis Road connection from Highway 63 to the Isle of Capri Boulevard. This trail system connects directly into the American Discovery Trail. Major trail facilities have been added as part of the University Avenue reconstruction project, including a new 10 ft. wide concrete recreational trail from the West Waterloo city limits to U.S. Highway 63. A new trailhead, parking lot, and trail underpass has been constructed at the University Avenue and Highway 63 intersection. A recreational area for all-terrain vehicle trails has also been developed in the Riverview neighborhood. The City 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 2022.

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

Master Plans are currently underway for Waterloo's aquatic facilities and for Gates Park.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waterloo, Iowa for its Annual Comprehensive Financial Report (ACFR) for fiscal year 2020. 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 ACFR, whose contents conform to program standards. The ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

FINANCIAL MANAGEMENT INFORMATION

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

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

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

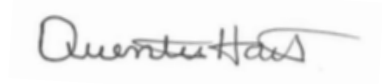
The City met the minimum fund balance requirement for the General Fund and adhered to all other financial policies approved by the City Council.

ACKNOWLEDGMENTS

This report could not have been completed without the dedicated service of the entire Finance department and other City staff in addition to the 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,



Quentin M. Hart
Mayor



Michelle C. Weidner, CPA
Chief Financial Officer

City of Waterloo, Iowa

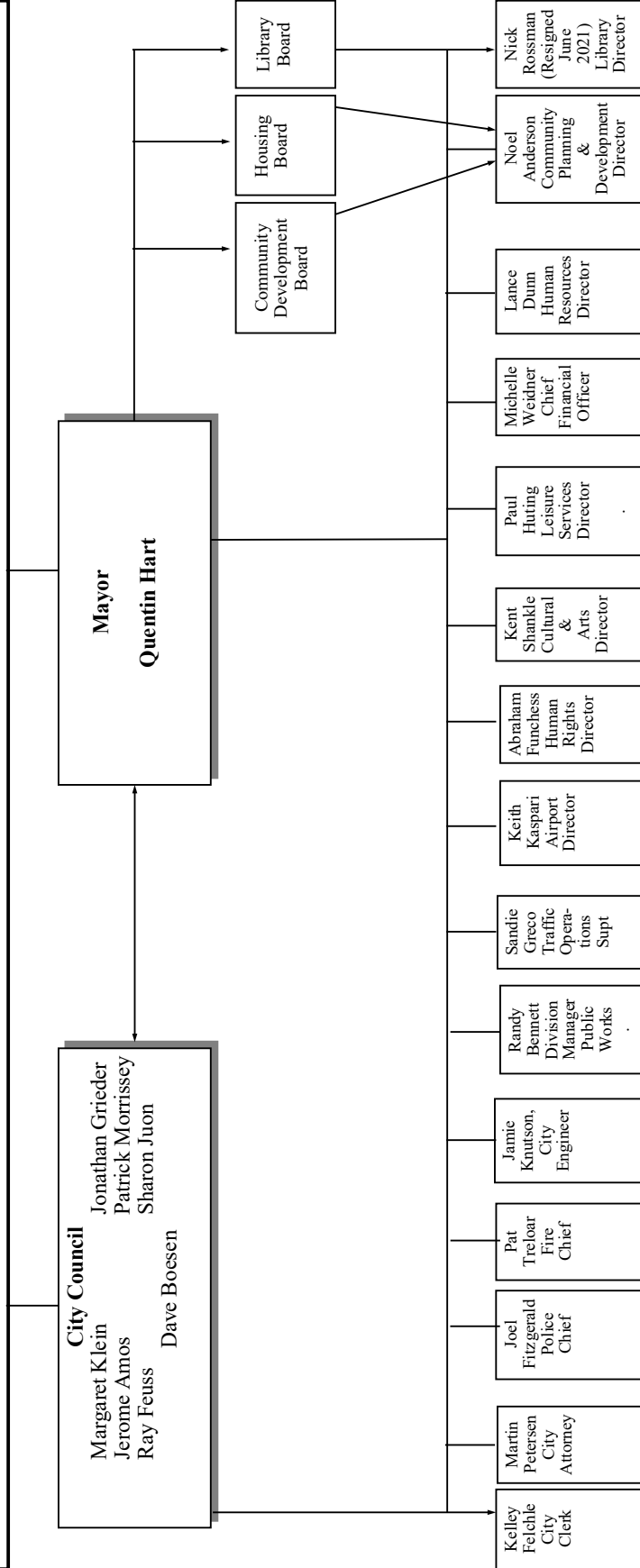
Officials

As of June 30, 2021

| Name | Title | Term Expires |
|----------------------------|-------------------------------------|--------------|
| Elected | | |
| 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 |
| Appointed | | |
| 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

CITIZENS OF WATERLOO





Government Finance Officers Association

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

Presented to

**City of Waterloo
Iowa**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

Independent Auditor's Report

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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Waterloo Convention & Visitors Bureau, Inc. were not audited in accordance with *Government Auditing Standards*.

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, 2021, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
March 16, 2022

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

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, 2021. 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 \$458,003,292 (net position). Of this amount, the City's unrestricted net position (\$31,533,724) is negative, due to recording the City's share of postemployment benefit liabilities and pension liabilities.
- The City's total net position increased by \$18,908,854 compared to the 2020 ending net position of \$439,094,438.
- As of the close of this current fiscal year, the City of Waterloo's governmental funds reported combined ending fund balances of \$83,476,483, a decrease of \$6,157,900 in comparison with the prior year. Approximately 6.9% of this total amount, \$5,780,395, 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 \$12,736,746, or 20.8% of total General Fund expenditures.
- The City of Waterloo's total long-term liabilities increased by \$27,045,417 or 14.4% during the current fiscal year, due to increased general obligation bonds and state revolving fund capital loans issued for construction projects and the issuance of a capital lease for police equipment.

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, 2021

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 18 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, and Road Use Tax Fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Waterloo's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund, a custodial fund.

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

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 \$458,003,292 at the close of the fiscal year ended June 30, 2021.

By far the largest portion of the City of Waterloo's net position (98%) 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, 2021 and 2020 follows:

| | City of Waterloo's Net Position | | | | | |
|---------------------------------------|---------------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets | | | | | | |
| Current and other assets | \$ 168,931,889 | \$ 155,294,742 | \$ 25,312,452 | \$ 22,615,485 | \$ 194,244,341 | \$ 177,910,227 |
| Capital assets | 428,326,093 | 396,727,431 | 121,928,678 | 103,850,948 | 550,254,771 | 500,578,379 |
| Total assets | 597,257,982 | 552,022,173 | 147,241,130 | 126,466,433 | 744,499,112 | 678,488,606 |
| Deferred outflows of resources | 18,333,071 | 14,460,706 | 1,068,660 | 1,057,253 | 19,401,731 | 15,517,959 |
| Liabilities | | | | | | |
| Current liabilities | 41,465,540 | 23,067,451 | 7,620,284 | 4,954,394 | 49,085,824 | 28,021,845 |
| Long-term liabilities | 169,564,952 | 153,341,347 | 33,309,943 | 20,625,573 | 202,874,895 | 173,966,920 |
| Total liabilities | 211,030,492 | 176,408,798 | 40,930,227 | 25,579,967 | 251,960,719 | 201,988,765 |
| Deferred inflows of resources | 53,753,975 | 52,427,932 | 182,857 | 495,430 | 53,936,832 | 52,923,362 |
| Net position | | | | | | |
| Net investment in capital assets | 357,396,168 | 338,162,674 | 92,076,756 | 87,857,186 | 449,472,924 | 426,019,860 |
| Restricted | 39,925,625 | 44,923,907 | 138,467 | 19,491 | 40,064,092 | 44,943,398 |
| Unrestricted | (46,515,207) | (45,440,432) | 14,981,483 | 13,571,612 | (31,533,724) | (31,868,820) |
| Total net position | \$ 350,806,586 | \$ 337,646,149 | \$ 107,196,706 | \$ 101,448,289 | \$ 458,003,292 | \$ 439,094,438 |

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

\$40,064,092 of the City of Waterloo's net position (8.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$31,533,724) 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 2020 ending net position. Governmental-type activities' net position increased by \$13,160,437, from the 2020 net position of \$337,646,149. 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 \$5,748,417 from the 2020 net position of \$101,448,289, 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, 2021 and 2020 follows:

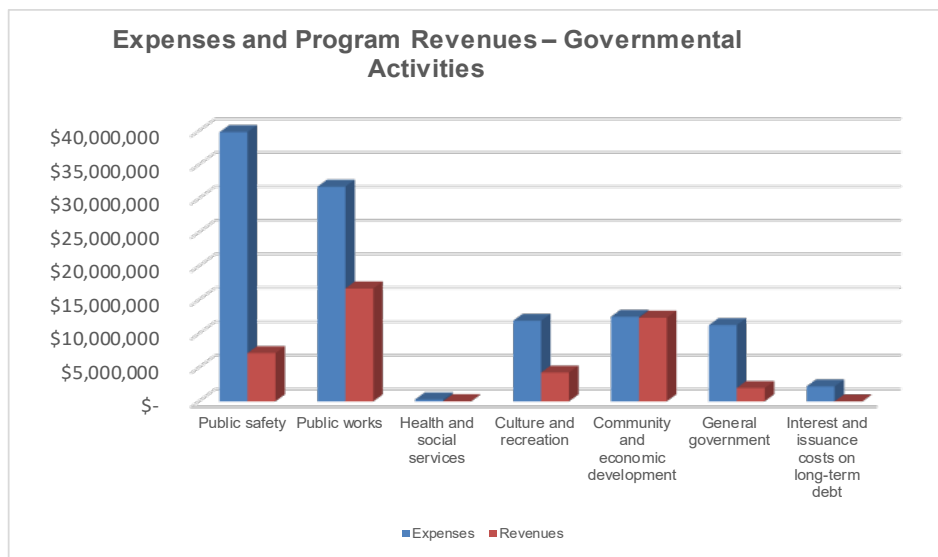
| | City of Waterloo's Changes in Net Position | | | | | |
|--|--|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 15,151,064 | \$ 13,938,071 | \$ 22,632,728 | \$ 21,702,047 | \$ 37,783,792 | \$ 35,640,118 |
| Operating grants and contributions | 16,409,982 | 12,158,925 | 274,551 | 275,862 | 16,684,533 | 12,434,787 |
| Capital grants and contributions | 10,923,191 | 7,151,415 | 204,889 | 356,837 | 11,128,080 | 7,508,252 |
| General revenues: | | | | | | |
| Property taxes | 52,877,346 | 49,332,480 | - | - | 52,877,346 | 49,332,480 |
| Other taxes | 20,577,471 | 19,039,780 | - | - | 20,577,471 | 19,039,780 |
| Other | 5,995,168 | 6,433,598 | 18,999 | 245,204 | 6,014,167 | 6,678,802 |
| Total revenues | 121,934,222 | 108,054,269 | 23,131,167 | 22,579,950 | 145,065,389 | 130,634,219 |
| Expenses: | | | | | | |
| Public safety | 39,844,040 | 38,539,492 | - | - | 39,844,040 | 38,539,492 |
| Public works | 31,393,797 | 27,453,883 | - | - | 31,393,797 | 27,453,883 |
| Health and social services | 281,594 | 265,757 | - | - | 281,594 | 265,757 |
| Culture and recreation | 11,878,940 | 11,297,723 | - | - | 11,878,940 | 11,297,723 |
| Community and economic development | 12,518,489 | 11,778,352 | - | - | 12,518,489 | 11,778,352 |
| General government | 10,644,609 | 9,792,001 | - | - | 10,644,609 | 9,792,001 |
| Interest on long-term debt | 2,212,316 | 2,413,402 | - | - | 2,212,316 | 2,413,402 |
| Sanitary sewer | - | - | 12,110,438 | 12,287,197 | 12,110,438 | 12,287,197 |
| Sanitation | - | - | 5,272,312 | 4,963,445 | 5,272,312 | 4,963,445 |
| Total expenses | 108,773,785 | 101,540,610 | 17,382,750 | 17,250,642 | 126,156,535 | 118,791,252 |
| Increase in net position before transfers | 13,160,437 | 6,513,659 | 5,748,417 | 5,329,308 | 18,908,854 | 11,842,967 |
| Transfers | - | - | - | - | - | - |
| Change in net position | 13,160,437 | 6,513,659 | 5,748,417 | 5,329,308 | 18,908,854 | 11,842,967 |
| Net position, beginning | 337,646,149 | 331,132,490 | 101,448,289 | 96,118,981 | 439,094,438 | 427,251,471 |
| Net position, ending | \$ 350,806,586 | \$ 337,646,149 | \$ 107,196,706 | \$ 101,448,289 | \$ 458,003,292 | \$ 439,094,438 |

City of Waterloo, Iowa

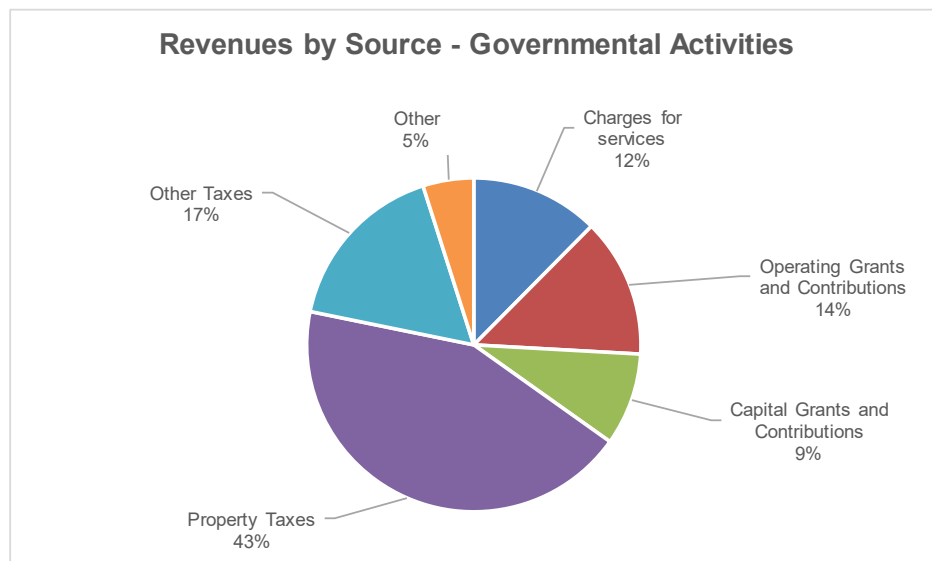
Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

Total governmental activities' revenue for the current fiscal year was \$121,934,222. The largest single revenue source for the City was property taxes of \$52,877,346. Property taxes increased by \$3,544,866 (7.2%) during the year. This increase is a result of a combination of factors, including an increase in the assessed value of property of 2.27%, a reduction of 0.08% in the taxable value of property and an increase of 5.08% in the levy rate.

Certain revenues are generated that are specific to governmental program activities. These totaled \$42,484,237 during the fiscal year ended June 30, 2021. The graph below illustrates the comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.



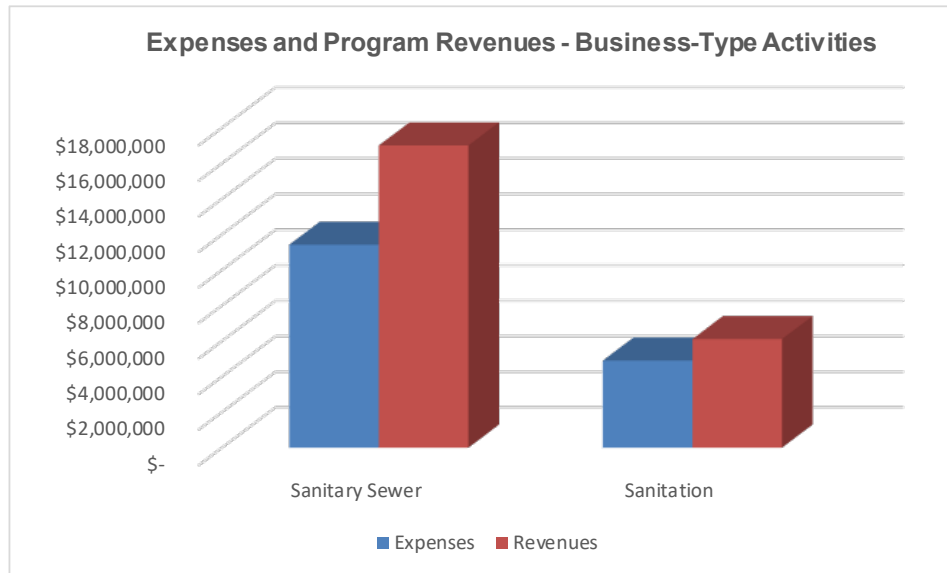
The graph below shows the percentage of the total governmental revenues allocated by each revenue type.



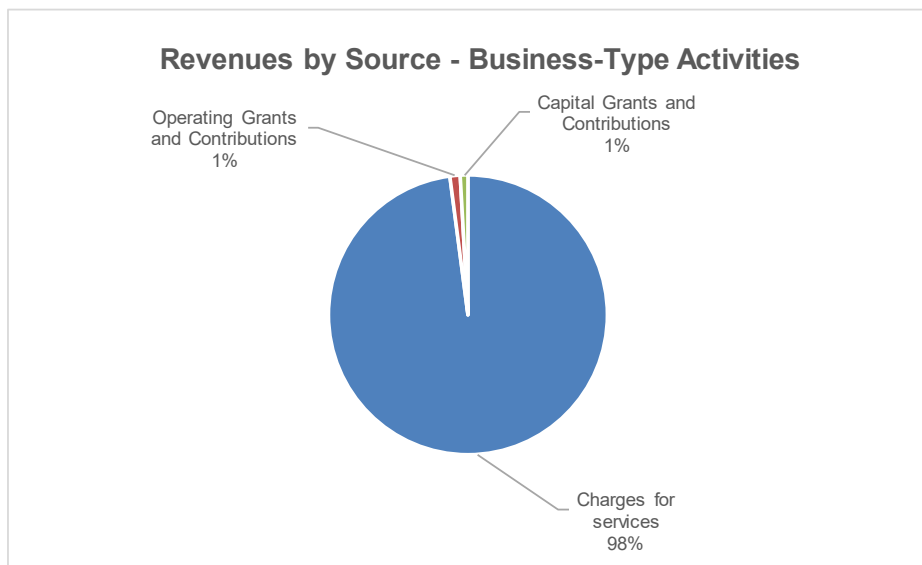
City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

Total business-type activities' revenue for the fiscal year was \$23,131,167. \$23,112,168 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 \$5,748,417 from the 2020 net position of \$101,448,289, accounting for 30.4% of the increase in the City's net position.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

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 \$83,476,483, a decrease of \$6,157,900 in comparison with the prior year. Fund balance in the amount of \$77,696,088 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 6.9% of total fund balance or \$5,780,395, 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 \$12,736,746, while total fund balance was \$26,534,227. 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 20.8% of total General Fund expenditures, while total fund balance represents 43.3% of that same amount.

Net general fund operations resulted in an increase in total general fund balance of \$3,010,287, and an increase in unassigned fund balance of \$1,548,699 for the year.

Federal funds received for COVID-19 response through the State of Iowa were used for public safety salaries of approximately \$1,600,000.

A significant source of increased revenue was again due to a 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 \$1,300,000.

Other than the ambulance program, several consequences of the pandemic affected city revenue. Building inspection fees were \$255,000 less than budgeted, reflecting supply chain delays.

The COVID-19 pandemic resulted in reduced attendance and participation in many cultural and recreational programs. The city reduced part-time staffing and delayed filling selected full-time positions 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.

One bright spot in the pandemic was that golf rounds increased. Golf revenue was \$222,000 more than budgeted. However, Young Arena, which serves as the home to the Black Hawks ice hockey team, had reduced revenue, partly due to pandemic-required attendance restrictions. Revenue was less than budget by \$358,000 or 50%.

The city's airport revenue was negatively affected by the pandemic. However, FAA COVID-19 assistance was substituted to support airport operations.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

The City took over operations of the Convention Center in January 2020. The City elected to begin major renovations while events were being delayed or cancelled due to the pandemic to hopefully allow better future performance. As a result, Convention Center operations incurred a loss of \$505,000.

Due to the city's payroll schedule, there will be an additional 27th pay period during the fiscal year ending June 30, 2023. The city set aside a portion of the increase in general fund revenue over expenses to cover this payroll so that property taxes will not need to be increased for that expense.

These items all contributed to the increase in unassigned fund balance of \$1,548,699 and the overall increase of \$3,010,287.

Trust and Agency Fund – The net increase in fund balance of \$279,188 during the current year is due primarily to property taxes collected for prior years.

TIF Fund - The total fund balance of \$5,127,534 is restricted for the payment of debt service related to tax increment financing district projects. The net increase in fund balance during the current year was \$2,598,888 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 \$6,788,960 is due primarily to the use of transfer of jurisdiction funds received in prior years from the State of Iowa for University Avenue 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 \$102,118,285, an increase of \$4,905,460 from the 2020 net position of \$97,212,825. This increase was due primarily to investments in the construction of mandated sewer infrastructure projects.

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

Budgetary Highlights

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

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

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

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

The total original expenditure budget of \$219,146,662, including transfers out, was increased to \$259,208,590 (an increase of \$40,061,928).

- In the Public Safety program category, expenses and related revenue for various law enforcement grants and non-property tax funded projects were increased (\$1.7 million).
- In the Public Works category, the use of Road Use Tax fund balance was added to fund the anticipated increase in expenses for the University Avenue reconstruction, the use of Local Option Tax fund balance was added to fund the anticipated increase in expenses for street reconstruction, (\$9.5 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 (\$.2 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 (\$4.5 million).
- Amendments reflecting the use of restricted health insurance reserves and insurance refunds to fund additional claims were made in the General Government category (\$.6 million).
- Expenses were added relating to refunding several bond issues to achieve reduced interest expense (\$9.6 million).
- In the Capital Projects program, additional expenses relating to grant revenue awarded during the year that was not originally budgeted were added. Several construction project budgets were adjusted to more accurately reflect the work expected to be completed by June 30, 2021 (\$6 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, 2021 (\$1.9 million).
- Transfers Out were increased to reflect the portion of the refunded bond issues paid by the Sewer Fund (\$6 million).

The total original revenue budget, including other financing sources of \$202,270,919 was increased to \$230,153,230 (an increase of \$27,882,311).

- 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 (\$8.1 million).
- Other city tax revenue was increased to reflect an increase in local option sales tax revenue estimate (\$2.1 million).
- Amendments were made to various charges for services to reflect higher revenues than originally anticipated with the certified budget (\$1.2 million).
- Miscellaneous revenue was increased to reflect additional donations received for various City projects, insurance and other refunds received that exceeded original budget projections (\$.4 million).
- Other financing sources were increased to reflect the issuance of refunding bond issues (\$9.9 million).
- Transfers In were increased to reflect the portion of the refunded bond issues paid by the Sewer Fund (\$6 million).

See pages 91 through 97 for the Budgetary Comparison Schedule - Budget and Actual (Modified Cash Basis) – All Governmental Funds and Proprietary Funds.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

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, 2021, amounts to \$550,254,771 (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 9.9% (a 7.4% increase for governmental activities and a 14.9% increase for business-type activities).

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

| City of Waterloo's Capital Assets at Fiscal Year End (Net of Depreciation) | | | | | | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 46,104,367 | \$ 46,081,492 | \$ 759,233 | \$ 657,900 | \$ 46,863,600 | \$ 46,739,392 |
| Land held for redevelopment | 18,227,365 | 16,640,416 | - | - | 18,227,365 | 16,640,416 |
| Buildings and improvements | 61,439,241 | 63,108,990 | 41,215,339 | 42,628,505 | 102,654,580 | 105,737,495 |
| Other improvements | - | - | 49,815,260 | 47,909,270 | 49,815,260 | 47,909,270 |
| Software | 25,779 | 50,607 | - | - | 25,779 | 50,607 |
| Infrastructure | 242,982,791 | 245,310,129 | - | - | 242,982,791 | 245,310,129 |
| Furniture, vehicles, machinery and equipment | 13,094,532 | 9,531,033 | 4,778,338 | 4,918,931 | 17,872,870 | 14,449,964 |
| Construction-in-progress | 46,452,018 | 16,004,764 | 25,360,508 | 7,736,342 | 71,812,526 | 23,741,106 |
| | <u>\$ 428,326,093</u> | <u>\$ 396,727,431</u> | <u>\$ 121,928,678</u> | <u>\$ 103,850,948</u> | <u>\$ 550,254,771</u> | <u>\$ 500,578,379</u> |

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

- The City acquired properties for economic development (\$1.8 million). Land held for redevelopment was transferred to private parties for redevelopment (\$.2 million).
- New additions to buildings and improvements totaled \$1.5 million, including the Riverside Skate Park project, Hope Martin park shelter reconstruction, W 5th Street parking ramp repairs and Truck Wash area improvements. Disposals included one runway at the airport that was taken out of service (\$1.27 million).
- The City invested \$4.6 million in new vehicles, equipment, computers and software for various city departments. The most significant of these included Police body cameras and in car recorders at \$3.9 million, a fire engine pumper (\$.65 million) and a forestry lift truck (\$.19 million).
- New investments in infrastructure assets totaled \$8.3 million, including several street reconstruction projects, and the Exhibition Hall Ceiling Renovation at the Convention Center.
- The City invested \$3.2 million in a number of sewer reconstruction projects during the year and \$.9 million in new vehicles and equipment for the sewer and sanitation departments, including a garbage truck and a street sweeper.
- There were a number of projects under construction that are included in Construction-in-progress. \$6.1 million was invested in renovations to the Convention Center. \$32.6 million was invested in street flood control projects, including \$10.2 million for University Avenue reconstruction, \$3.5 million for new roads and \$9.6 million for improvements to existing roads.
- The City invested \$3.3 million in various sewer system projects, including \$1.6 mil in reconstructed sewer lines, the completion of wing dike repairs (\$.5 million), and treatment plant improvements in the business enterprise funds.

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

- There were several major construction projects underway for business-enterprise activities at year-end. Significant projects include \$10 million that was invested in biosolids processing equipment and \$3.3 million that was invested in the Dry Run Creek Sewer Interceptor. Numerous other sewer lines were reconstructed or lined (\$2.1 million) as well as other treatment system improvements.

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

Long-term liabilities. At the end of the current fiscal year, the City of Waterloo had total bonded debt outstanding of \$103.4 million. This entire amount is comprised of debt backed by the full faith and credit of the government. This was an increase of \$3.1 million from the prior year, net of premiums and discounts. The additional debt was issued for a variety of capital improvements, including Convention Center renovations, Shaulis Road construction and the reconstruction of the Park Avenue and 11th Street bridges.

The long-term portion of the state revolving fund capital loans being issued for sewer improvements increased by \$15.4 million during the year. Funds were borrowed for the construction of the biosolids treatment system improvements, new instrumentation controls and the construction of the Dry Run Creek Sewer interceptor, as well as for sewer pipe lining.

The amount of other loans, originally issued to purchase land in the City's industrial parks for economic development projects and to provide developer incentives, increased by \$51 thousand. A new loan of \$1.1 million was entered into for the Fusion Investments development, while debt retirement on outstanding loans totaled \$1.05 million. The City has obligations to employees for benefit time not used at fiscal year-end. During the current fiscal year the balance due on these obligations increased by \$28 thousand due to additional benefits accrued.

The City of Waterloo's total long-term liabilities increased by \$31.0 million (19.7%) during the current fiscal year, due to the items discussed above and increases in estimated pension liabilities of \$9.4 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 \$202,158,094 which is significantly greater than the City of Waterloo's outstanding general obligation debt (\$105,024,478) and other debt subject to debt limitation (\$9,676,442). The total debt subject to this limitation is \$114,700,920, resulting in available debt margin of \$87,457,174.

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

City of Waterloo, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

Economic Factors and Next Year's Budgets and Rates

Property taxes provide 43% of General Fund revenues. Over the past five years, citywide assessed valuations have risen an average of 2% annually, while property tax regulations imposed by the State of Iowa resulted in taxable values increasing by an average of 1.4% over that same time period. The fiscal 2022 budget reflects an increase in total property tax and utility excise tax revenue of 1.8%. 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% to 3% for fiscal year 2022. The employer contribution rate required for the Municipal Fire and Police Retirement System will increase by 3.44% to 26.18% of eligible compensation. Anticipated health care costs for the year ending June 30, 2022 are expected to increase at a rate of approximately 18%. The City had been using excess health insurance reserves to reduce the rates for past several years.

Federal and state mandates for clean water continue to result in additional costs both for sewer system users and property taxpayers. Significant construction and revolving fund loan borrowing are anticipated during the next fiscal year. Sanitary and storm water rates were increased effective July 1, 2021 to address these issues.

These factors were considered in preparing the City of Waterloo's budget for fiscal year 2022.

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, 2021

| | Primary Government | | | Component Units | |
|--|-------------------------|--------------------------|--------------------|----------------------|---|
| | Governmental Activities | Business-Type Activities | Total | Waterloo Water Works | Waterloo Convention & Visitors Bureau, Inc. |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 75,137,720 | \$ 17,911,690 | \$ 93,049,410 | \$ 19,248,240 | \$ 499,161 |
| Restricted cash and cash equivalents | 835,947 | - | 835,947 | - | - |
| Investments | - | - | - | 548,405 | 252,793 |
| Receivables: | | | | | |
| Customer accounts, net of allowance for uncollectible accounts | 2,293,711 | 4,603,639 | 6,897,350 | 1,889,199 | - |
| Property taxes: | | | | | |
| Delinquent | 698,369 | - | 698,369 | - | - |
| Succeeding year | 52,066,688 | - | 52,066,688 | - | - |
| Internal accounts | (38,704) | 38,704 | - | - | - |
| Due from other governments: | | | | | |
| Component unit | 115,479 | 1,572,207 | 1,687,686 | - | - |
| Primary government | - | - | - | - | 185,895 |
| Other | 10,177,992 | 46,636 | 10,224,628 | - | - |
| Accrued interest | 9,844 | - | 9,844 | 14,236 | 1,018 |
| Special assessments | - | 307,662 | 307,662 | - | - |
| Inventories and prepaids | 1,211,578 | 131,608 | 1,343,186 | 482,255 | 18,176 |
| Total current assets | 142,508,624 | 24,612,146 | 167,120,770 | 22,182,335 | 957,043 |
| Noncurrent assets: | | | | | |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 25,844,853 | 700,306 | 26,545,159 | - | - |
| Investments | - | - | - | 202,628 | 190,204 |
| Receivables | 9,803 | - | 9,803 | - | 42,605 |
| Special assessments receivable | 568,609 | - | 568,609 | 189,146 | - |
| Capital assets, net of accumulated depreciation | 317,542,343 | 95,808,935 | 413,351,278 | 29,142,394 | 35,173 |
| Capital assets not being depreciated | 110,783,750 | 26,119,743 | 136,903,493 | 4,147,993 | - |
| Total noncurrent assets | 454,749,358 | 122,628,984 | 577,378,342 | 33,682,161 | 267,982 |
| Total assets | 597,257,982 | 147,241,130 | 744,499,112 | 55,864,496 | 1,225,025 |
| Deferred Outflows of Resources | | | | | |
| Pension related amounts | 16,272,514 | 753,318 | 17,025,832 | 473,260 | - |
| OPEB related amounts | 2,060,557 | 315,342 | 2,375,899 | - | - |
| Total deferred outflows of resources | 18,333,071 | 1,068,660 | 19,401,731 | 473,260 | - |

See notes to basic financial statements.

| | Primary Government | | | Component Units | |
|---|-----------------------|-----------------------|-----------------------|----------------------|------------------------------------|
| | Governmental | Business-Type | Total | Waterloo | Waterloo |
| | Activities | Activities | | Water Works | Convention & Visitors Bureau, Inc. |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts and retainages payable | \$ 7,308,578 | \$ 3,888,329 | \$ 11,196,907 | \$ 168,559 | \$ 9,257 |
| Accrued liabilities and other | 2,433,458 | 262,881 | 2,696,339 | 94,167 | 11,977 |
| Due to primary government | - | - | - | 1,564,776 | - |
| Due to component unit | 185,895 | - | 185,895 | - | - |
| Due to other governments | - | - | - | 40,972 | - |
| Noncurrent liabilities due and payable | | | | | |
| within one year | 13,729,515 | 3,428,924 | 17,158,439 | 64,162 | - |
| Unearned revenues | 16,258,428 | - | 16,258,428 | - | 29,150 |
| Current liabilities payable from restricted assets: | | | | | |
| Health claims | 835,947 | - | 835,947 | - | - |
| Other | 452,865 | - | 452,865 | - | - |
| Accrued interest | 260,854 | 40,150 | 301,004 | - | - |
| Total current liabilities | 41,465,540 | 7,620,284 | 49,085,824 | 1,932,636 | 50,384 |
| Noncurrent liabilities: | | | | | |
| Customer deposits | 45,030 | 417,030 | 462,060 | 202,628 | - |
| Worker's compensation claims | 639,327 | - | 639,327 | - | - |
| General obligation bonds and notes, net of bond discounts and premium | 83,572,511 | 10,526,967 | 94,099,478 | - | - |
| State revolving fund capital loan | - | 16,186,491 | 16,186,491 | - | - |
| Other loans and notes and capital lease | 8,154,776 | - | 8,154,776 | - | 53,720 |
| Total postemployment benefits liability | 18,442,207 | 2,822,343 | 21,264,550 | - | - |
| Compensated absences | 1,761,361 | 39,200 | 1,800,561 | - | - |
| Net pension liability | 56,949,740 | 3,317,912 | 60,267,652 | 1,899,437 | - |
| Total noncurrent liabilities | 169,564,952 | 33,309,943 | 202,874,895 | 2,102,065 | 53,720 |
| Total liabilities | 211,030,492 | 40,930,227 | 251,960,719 | 4,034,701 | 104,104 |
| Deferred Inflows of Resources | | | | | |
| Property taxes | 52,066,687 | - | 52,066,687 | - | - |
| Pension related amounts | 1,502,626 | 154,596 | 1,657,222 | 1,063,847 | - |
| OPEB related amounts | 184,662 | 28,261 | 212,923 | - | - |
| Total deferred inflows of resources | 53,753,975 | 182,857 | 53,936,832 | 1,063,847 | - |
| Net Position | | | | | |
| Net investment in capital assets | 357,396,168 | 92,076,756 | 449,472,924 | 33,290,388 | 35,173 |
| Restricted for: | | | | | |
| Debt service | 5,201,258 | 138,467 | 5,339,725 | - | - |
| Tourism promotion | 2,011,806 | - | 2,011,806 | - | - |
| Public access television | 228,668 | - | 228,668 | - | - |
| Housing | 5,072,559 | - | 5,072,559 | - | - |
| Donor specified | 1,006,009 | - | 1,006,009 | - | - |
| Library | 482,339 | - | 482,339 | - | - |
| Street and right-of-way maintenance | 12,396,513 | - | 12,396,513 | - | - |
| Improvements | 9,303,542 | - | 9,303,542 | - | - |
| Self-funded insurance | 3,557,955 | - | 3,557,955 | - | - |
| Employee benefits | 664,976 | - | 664,976 | - | - |
| Unrestricted (deficit) | (46,515,207) | 14,981,483 | (31,533,724) | 17,948,820 | 1,085,748 |
| Total net position | \$ 350,806,586 | \$ 107,196,706 | \$ 458,003,292 | \$ 51,239,208 | \$ 1,120,921 |

City of Waterloo, Iowa

Statement of Activities Year Ended June 30, 2021

| Programs/Functions | Program Revenues | | | | |
|---|-----------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | Direct Expenses | Indirect Allocations | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Public safety | \$ 39,844,040 | \$ - | \$ 6,120,115 | \$ 1,021,230 | \$ - |
| Public works | 31,773,797 | (380,000) | 2,448,785 | 10,996,193 | 3,250,527 |
| Health and social services | 281,594 | - | - | 31,038 | - |
| Culture and recreation | 11,928,940 | (50,000) | 3,897,666 | 362,367 | - |
| Community and economic development | 12,518,489 | - | 2,330,488 | 2,378,000 | 7,672,664 |
| General government | 11,283,109 | (638,500) | 354,010 | 1,621,154 | - |
| Interest and issuance costs on long-term debt | 2,212,316 | - | - | - | - |
| Total governmental activities | 109,842,285 | (1,068,500) | 15,151,064 | 16,409,982 | 10,923,191 |
| Business-type activities: | | | | | |
| Sanitary Sewer | 11,418,438 | 692,000 | 16,797,429 | 1,001 | 204,889 |
| Sanitation | 4,895,812 | 376,500 | 5,835,299 | 273,550 | - |
| Total business-type activities | 16,314,250 | 1,068,500 | 22,632,728 | 274,551 | 204,889 |
| Total primary government | \$ 126,156,535 | \$ - | \$ 37,783,792 | \$ 16,684,533 | \$ 11,128,080 |
| Component unit, Waterloo Water Works | \$ 8,001,301 | \$ - | \$ 11,013,555 | \$ - | \$ 7,818 |
| Component unit, Waterloo Convention & Visitors Bureau, Inc. | \$ 609,330 | \$ - | \$ - | \$ 503,049 | \$ - |

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. |
| \$ (32,702,695) | \$ - | \$ (32,702,695) | \$ - | \$ - |
| (14,698,292) | - | (14,698,292) | - | - |
| (250,556) | - | (250,556) | - | - |
| (7,618,907) | - | (7,618,907) | - | - |
| (137,337) | - | (137,337) | - | - |
| (8,669,445) | - | (8,669,445) | - | - |
| (2,212,316) | - | (2,212,316) | - | - |
| (66,289,548) | - | (66,289,548) | - | - |
| - | 4,892,881 | 4,892,881 | - | - |
| - | 836,537 | 836,537 | - | - |
| - | 5,729,418 | 5,729,418 | - | - |
| (66,289,548) | 5,729,418 | (60,560,130) | - | - |
| - | - | - | 3,020,072 | - |
| - | - | - | - | (106,281) |
| 52,877,346 | - | 52,877,346 | - | - |
| 11,957,710 | - | 11,957,710 | - | - |
| 1,403,017 | - | 1,403,017 | - | - |
| 1,324,236 | - | 1,324,236 | - | - |
| 799,936 | - | 799,936 | - | - |
| 4,161,915 | - | 4,161,915 | - | - |
| 648,817 | - | 648,817 | - | - |
| 81,164 | - | 81,164 | - | - |
| 200,676 | - | 200,676 | - | - |
| 124,727 | 10,999 | 135,726 | 114,888 | 12,833 |
| 5,870,441 | - | 5,870,441 | 859,390 | 11,274 |
| - | 8,000 | 8,000 | 19,800 | - |
| 79,449,985 | 18,999 | 79,468,984 | 994,078 | 24,107 |
| 13,160,437 | 5,748,417 | 18,908,854 | 4,014,150 | (82,174) |
| 337,646,149 | 101,448,289 | 439,094,438 | 47,225,058 | 1,203,095 |
| \$ 350,806,586 | \$ 107,196,706 | \$ 458,003,292 | \$ 51,239,208 | \$ 1,120,921 |

City of Waterloo, Iowa

**Balance Sheet
Governmental Funds
June 30, 2021**

| | General | Trust and Agency |
|-----------------------------|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 14,220,754 | \$ 844,776 |
| Receivables: | | |
| Customer accounts, net | 2,274,748 | - |
| Property tax: | | |
| Delinquent | 320,405 | 193,723 |
| Succeeding year | 20,731,638 | 12,507,293 |
| Special assessments | 568,609 | - |
| Accrued interest | 193 | 9 |
| Due from other funds | 7,004,681 | - |
| Due from other governments: | | |
| Federal | 224,863 | - |
| Iowa | 438,806 | - |
| Other | 245,142 | 137,529 |
| Inventories and prepaids | 898,156 | - |
| Restricted assets: | | |
| Cash and cash equivalents | 21,226,204 | 1,844,107 |
| Receivables | 9,803 | - |
| Advances to other funds | - | - |
| Total assets | \$ 68,164,002 | \$ 15,527,437 |

(Continued)

| Tax Increment Financing | Road Use Tax | Other Governmental | Total |
|----------------------------|-----------------|-----------------------|----------------|
| \$ 5,168,468 | \$ 12,959,342 | \$ 41,944,380 | \$ 75,137,720 |
| - | 4,556 | 14,407 | 2,293,711 |
| 74,273 | - | 109,968 | 698,369 |
| 10,821,510 | - | 8,006,247 | 52,066,688 |
| - | - | - | 568,609 |
| 17 | - | 9,625 | 9,844 |
| - | - | - | 7,004,681 |
| - | - | 2,190,770 | 2,415,633 |
| - | 1,705,693 | 4,906,487 | 7,050,986 |
| 58,413 | 6,059 | 379,709 | 826,852 |
| - | 281,977 | 31,445 | 1,211,578 |
| - | - | 3,610,489 | 26,680,800 |
| - | - | - | 9,803 |
| - | 108,189 | 21,423 | 129,612 |
| \$ 16,122,681 | \$ 15,065,816 | \$ 61,224,950 | \$ 176,104,886 |

City of Waterloo, Iowa

Balance Sheet (Continued)
Governmental Funds
June 30, 2021

| | General | Trust and Agency |
|---|----------------------|----------------------|
| Liabilities, Deferred Inflows of Resources and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 451,085 | \$ 76,141 |
| Retainages payable | 10,203 | - |
| Accrued liabilities | 1,852,381 | 241,194 |
| Due to other funds | - | - |
| Unearned revenue | 15,657,137 | - |
| Compensated absences | 103,229 | - |
| Due to Waterloo Convention & Visitors Bureau, Inc. | 185,895 | - |
| Payables from restricted assets | 1,288,812 | - |
| Advances from other funds | 168,316 | - |
| Total liabilities | 19,717,058 | 317,335 |
| Deferred Inflows of Resources | | |
| Unavailable revenue—property tax | 21,052,042 | 12,701,016 |
| Unavailable revenue—local option sales tax | - | - |
| Unavailable revenue—special assessments | 568,609 | - |
| Unavailable revenue—intergovernmental and other | 292,066 | - |
| Total deferred inflows of resources | 21,912,717 | 12,701,016 |
| Fund balances | | |
| Nonspendable | 898,156 | - |
| Restricted | 5,027,951 | 2,509,086 |
| Assigned | 7,871,374 | - |
| Unassigned | 12,736,746 | - |
| Total fund balances | 26,534,227 | 2,509,086 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 68,164,002 | \$ 15,527,437 |

See notes to basic financial statements.

| Tax Increment Financing | Road Use Tax | Other Governmental | Total |
|----------------------------|-----------------|-----------------------|----------------|
| \$ 99,364 | \$ 761,870 | \$ 3,422,387 | \$ 4,810,847 |
| - | 1,405,831 | 1,081,697 | 2,497,731 |
| - | 209,750 | 130,133 | 2,433,458 |
| - | - | 7,004,681 | 7,004,681 |
| - | - | 601,291 | 16,258,428 |
| - | 5,390 | 9,707 | 118,326 |
| - | - | - | 185,895 |
| - | - | 45,030 | 1,333,842 |
| - | - | - | 168,316 |
| 99,364 | 2,382,841 | 12,294,926 | 34,811,524 |
| 10,895,783 | - | 8,116,215 | 52,765,056 |
| - | - | 2,105,523 | 2,105,523 |
| - | - | - | 568,609 |
| - | 6,059 | 2,079,566 | 2,377,691 |
| 10,895,783 | 6,059 | 12,301,304 | 57,816,879 |
| - | 281,977 | 31,445 | 1,211,578 |
| 4,457,619 | 12,394,939 | 41,284,116 | 65,673,711 |
| 669,915 | - | 2,269,510 | 10,810,799 |
| - | - | (6,956,351) | 5,780,395 |
| 5,127,534 | 12,676,916 | 36,628,720 | 83,476,483 |
| \$ 16,122,681 | \$ 15,065,816 | \$ 61,224,950 | \$ 176,104,886 |

City of Waterloo, Iowa

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021**

| | | | |
|--|----|--------------|--------------------|
| Total governmental fund balances | | \$ | 83,476,483 |
| 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 | | | 428,326,093 |
| Certain revenues are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds | | | 5,750,192 |
| 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 | \$ | 3,010,744 | |
| Deferred outflows of resources—MFPRSI | | 13,261,770 | |
| Deferred outflows of resources—OPEB | | 2,060,557 | |
| Deferred inflows of resources—IPERS | | (624,783) | |
| Deferred inflows of resources—MFPRSI | | (877,843) | |
| Deferred inflows of resources—OPEB | | (184,662) | 16,645,783 |
| 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 | | (91,085,000) | |
| Other loans and notes | | (5,913,512) | |
| Capital lease | | (3,762,930) | |
| Bond discount | | 164,664 | |
| Bond premium | | (1,612,175) | |
| Total OPEB liability | | (18,442,207) | |
| Workers' compensation claims payable | | (639,327) | |
| Compensated absences | | (4,890,884) | |
| Net pension liability—IPERS | | (13,310,754) | |
| Net pension liability—MFPRSI | | (43,638,986) | |
| Accrued interest payable | | (260,854) | (183,391,965) |
| Net position of governmental activities | | \$ | 350,806,586 |

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, 2021

| | General | Trust and Agency |
|--|----------------------|---------------------|
| Revenues: | | |
| Property taxes | \$ 21,568,319 | \$ 13,046,309 |
| Other taxes | 8,087,266 | 464,588 |
| Licenses and permits | 1,366,440 | - |
| Investment income | 59,453 | 9,871 |
| Rent | 1,034,826 | - |
| Intergovernmental | 3,004,751 | - |
| Charges for services | 9,659,969 | - |
| Interfund charges for services | 2,366,493 | - |
| Special assessments | 169,139 | - |
| Miscellaneous | 2,095,867 | - |
| Total revenues | 49,412,523 | 13,520,768 |
| Expenditures: | | |
| Current operating: | | |
| Public safety | 30,788,173 | 4,610,638 |
| Public works | 3,200,908 | - |
| Health and social services | 286,771 | - |
| Culture and recreation | 9,518,432 | - |
| Community and economic development | 2,348,565 | - |
| General government | 10,460,828 | 11,875 |
| Debt service: | | |
| Principal | 202,035 | - |
| Interest and fees | - | - |
| Capital outlay | 4,503,811 | - |
| Total expenditures | 61,309,523 | 4,622,513 |
| Excess (deficiency) of revenues over expenditures | (11,897,000) | 8,898,255 |
| Other financing sources (uses): | | |
| Transfers in | 8,619,067 | - |
| Transfers out | - | (8,619,067) |
| Bond premium | - | - |
| Proceeds from sale of capital assets | 336,362 | - |
| Payment to escrow for refunding bonds | - | - |
| Issuance of capital lease and other long-term debt | 3,964,965 | - |
| Proceeds from insurance | 1,986,893 | - |
| Issuance of refunding bonds | - | - |
| Issuance of general obligation bonds | - | - |
| Total other financing sources (uses) | 14,907,287 | (8,619,067) |
| Net changes in fund balances | 3,010,287 | 279,188 |
| Fund balances, beginning of year | 23,523,940 | 2,229,898 |
| Fund balances, end of year | \$ 26,534,227 | \$ 2,509,086 |

See notes to basic financial statements.

| Tax Increment Financing | Road Use Tax | Other Governmental | Total |
|----------------------------|-----------------|-----------------------|---------------|
| \$ 10,245,025 | \$ - | \$ 8,017,693 | \$ 52,877,346 |
| - | - | 12,213,737 | 20,765,591 |
| - | 25,733 | - | 1,392,173 |
| 9,573 | - | 45,830 | 124,727 |
| - | - | 234,114 | 1,268,940 |
| - | 10,314,451 | 12,415,809 | 25,735,011 |
| - | 82,376 | 331,113 | 10,073,458 |
| - | 50,000 | - | 2,416,493 |
| - | - | - | 169,139 |
| - | 26,687 | 1,817,554 | 3,940,108 |
| 10,254,598 | 10,499,247 | 35,075,850 | 118,762,986 |
| - | - | - | 35,398,811 |
| - | 7,857,883 | 16,983,413 | 28,042,204 |
| - | - | - | 286,771 |
| - | - | 792,397 | 10,310,829 |
| 3,364,668 | - | 8,841,655 | 14,554,888 |
| - | - | 67,358 | 10,540,061 |
| 189,518 | - | 9,487,575 | 9,879,128 |
| 50,482 | - | 2,583,138 | 2,633,620 |
| - | 9,430,324 | 21,019,608 | 34,953,743 |
| 3,604,668 | 17,288,207 | 59,775,144 | 146,600,055 |
| 6,649,930 | (6,788,960) | (24,699,294) | (27,837,069) |
| - | - | 5,306,315 | 13,925,382 |
| (5,206,495) | - | (99,820) | (13,925,382) |
| - | - | 557,496 | 557,496 |
| - | - | - | 336,362 |
| - | - | (6,472,000) | (6,472,000) |
| 1,155,453 | - | - | 5,120,418 |
| - | - | - | 1,986,893 |
| - | - | 6,360,000 | 6,360,000 |
| - | - | 13,790,000 | 13,790,000 |
| (4,051,042) | - | 19,441,991 | 21,679,169 |
| 2,598,888 | (6,788,960) | (5,257,303) | (6,157,900) |
| 2,528,646 | 19,465,876 | 41,886,023 | 89,634,383 |
| \$ 5,127,534 | \$ 12,676,916 | \$ 36,628,720 | \$ 83,476,483 |

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, 2021

| | | | |
|---|----|--------------|-------------------|
| Net change in fund balances—governmental funds | | \$ | (6,157,900) |
| 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 | \$ | 46,089,860 | |
| Depreciation | | (16,032,557) | 30,057,303 |
| The net effect of various miscellaneous transactions involving capital assets is to increase/decrease net position: | | | |
| Proceeds from sale of capital assets | | (336,362) | |
| Capital asset contributions | | 1,883,824 | |
| Net (loss) on disposal of capital assets | | (6,103) | 1,541,359 |
| 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 | | (20,150,000) | |
| Issuance of other long-term debt, including capital lease | | (5,120,418) | |
| Repayment of general obligation bond principal | | 15,045,000 | |
| Repayment of other long-term debt principal, including capital lease | | 1,306,128 | |
| Bond premium | | (557,496) | |
| Amortization of bond discounts and premiums | | 406,777 | |
| Change in accrued interest | | 14,527 | (9,055,482) |
| Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds: | | | |
| Current year | | | 5,750,192 |
| Prior year | | | (5,427,673) |
| 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 | | | 538,723 |
| Change in workers' compensation claims payable | | | (78,004) |
| Change in compensated absences and deferred compensation liabilities | | | (29,015) |
| Pension expense—IPERS | | | (568,641) |
| Pension expense—MFPRSI | | | (3,410,425) |
| Change in net position of governmental activities | | \$ | 13,160,437 |

See notes to basic financial statements.

City of Waterloo, Iowa

Statement of Net Position Enterprise Funds June 30, 2021

| | Sanitary Sewer | Nonmajor - Sanitation | Total |
|---|-----------------------|--------------------------|-----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 14,353,188 | \$ 3,558,502 | \$ 17,911,690 |
| Customer accounts receivable, net | 3,568,042 | 1,035,597 | 4,603,639 |
| Special assessments receivable | 3,154 | 304,508 | 307,662 |
| Due from other governments: | | | |
| Waterloo Water Works | 1,008,037 | 564,170 | 1,572,207 |
| Other | 1,860 | 44,776 | 46,636 |
| Inventories | 36,284 | 95,324 | 131,608 |
| Total current assets | 18,970,565 | 5,602,877 | 24,573,442 |
| Noncurrent assets: | | | |
| Advances to other funds | 27,003 | 11,701 | 38,704 |
| Restricted cash and cash equivalents | 570,476 | 129,830 | 700,306 |
| Capital assets, net of accumulated depreciation | 94,034,292 | 1,774,643 | 95,808,935 |
| Capital assets not being depreciated | 26,119,743 | - | 26,119,743 |
| Net capital assets | 120,154,035 | 1,774,643 | 121,928,678 |
| Total noncurrent assets | 120,751,514 | 1,916,174 | 122,667,688 |
| Total assets | 139,722,079 | 7,519,051 | 147,241,130 |
| Deferred Outflows of Resources | | | |
| Pension related amounts | 542,395 | 210,923 | 753,318 |
| OPEB related amounts | 185,115 | 130,227 | 315,342 |
| Total deferred outflows of resources | 727,510 | 341,150 | 1,068,660 |
| Liabilities, Deferred Inflows of Resources, and Net Position | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 2,615,244 | 298,559 | 2,913,803 |
| Retainages payable | 974,526 | - | 974,526 |
| Accrued liabilities | 175,309 | 87,572 | 262,881 |
| Current maturities of general obligation and capital loans | 3,182,240 | - | 3,182,240 |
| Compensated absences and deferred compensation | 171,555 | 75,129 | 246,684 |
| Accrued interest | 40,150 | - | 40,150 |
| Total current liabilities | 7,159,024 | 461,260 | 7,620,284 |
| Noncurrent liabilities: | | | |
| Security deposits | 287,200 | 129,830 | 417,030 |
| General obligation bonds, net bond discount and premium | 10,526,967 | - | 10,526,967 |
| State revolving fund capital loan | 16,186,491 | - | 16,186,491 |
| Total other postemployment benefits liability | 1,656,797 | 1,165,546 | 2,822,343 |
| Compensated absences and deferred compensation | 19,110 | 20,090 | 39,200 |
| Net pension liability | 2,369,387 | 948,525 | 3,317,912 |
| Total noncurrent liabilities | 31,045,952 | 2,263,991 | 33,309,943 |
| Total liabilities | 38,204,976 | 2,725,251 | 40,930,227 |
| Deferred Inflows of Resources | | | |
| Pension related amounts | 109,738 | 44,858 | 154,596 |
| OPEB related amounts | 16,590 | 11,671 | 28,261 |
| Total deferred inflows of resources | 126,328 | 56,529 | 182,857 |
| Net Position | | | |
| Net investment in capital assets | 90,302,113 | 1,774,643 | 92,076,756 |
| Restricted for debt service | 138,467 | - | 138,467 |
| Unrestricted | 11,677,705 | 3,303,778 | 14,981,483 |
| Total net position | \$ 102,118,285 | \$ 5,078,421 | \$ 107,196,706 |

See notes to basic financial statements.

City of Waterloo, Iowa

**Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended June 30, 2021**

| | Sanitary Sewer | Nonmajor - Sanitation | Total |
|---|-------------------|--------------------------|-------------------|
| Operating revenues: | | | |
| Charges for sales and service | \$ 16,576,262 | \$ 5,818,547 | \$ 22,394,809 |
| Miscellaneous | 221,167 | 16,752 | 237,919 |
| Total operating revenues | 16,797,429 | 5,835,299 | 22,632,728 |
| Operating expenses: | | | |
| Salaries and benefits | 4,127,673 | 1,779,064 | 5,906,737 |
| Contractual services | 2,012,222 | 2,239,600 | 4,251,822 |
| Intra-city reimbursements | 692,000 | 376,500 | 1,068,500 |
| Commodities | 1,394,143 | 483,861 | 1,878,004 |
| Depreciation | 3,443,779 | 393,287 | 3,837,066 |
| Total operating expenses | 11,669,817 | 5,272,312 | 16,942,129 |
| Operating income | 5,127,612 | 562,987 | 5,690,599 |
| Nonoperating revenues (expenses): | | | |
| Interest income | 4,579 | 6,420 | 10,999 |
| Intergovernmental | 1,001 | 273,550 | 274,551 |
| Interest expense | (467,284) | - | (467,284) |
| Amortization | 26,663 | - | 26,663 |
| Gain on sale of capital assets | 8,000 | - | 8,000 |
| Total nonoperating revenues (expenses) | (427,041) | 279,970 | (147,071) |
| Income prior to capital contributions | 4,700,571 | 842,957 | 5,543,528 |
| Capital contributions | 204,889 | - | 204,889 |
| Change in net position | 4,905,460 | 842,957 | 5,748,417 |
| Net position, beginning of year | 97,212,825 | 4,235,464 | 101,448,289 |
| Net position, end of year | \$ 102,118,285 | \$ 5,078,421 | \$ 107,196,706 |

See notes to basic financial statements.

City of Waterloo, Iowa

**Statement of Cash Flows
Enterprise Funds
Year Ended June 30, 2021**

| | Sanitary Sewer | Nonmajor - Sanitation | Total |
|--|----------------------|--------------------------|----------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 16,573,908 | \$ 5,873,289 | \$ 22,447,197 |
| Payments to suppliers | (5,004,418) | (2,760,538) | (7,764,956) |
| Payments to or on behalf of employees | (3,973,483) | (1,877,263) | (5,850,746) |
| Payment for interfund services used | (692,000) | (376,500) | (1,068,500) |
| Net cash provided by operating activities | 6,904,007 | 858,988 | 7,762,995 |
| Cash flows from noncapital financing activities, intergovernmental proceeds | 2,034 | 245,152 | 247,186 |
| Cash flows from capital and related financing activities: | | | |
| Purchase and construction of capital assets | (18,194,362) | (351,567) | (18,545,929) |
| Proceeds from disposal of capital assets | 41,783 | - | 41,783 |
| Proceeds from bonds and notes | 18,657,663 | - | 18,657,663 |
| Principal paid on debt | (5,307,473) | - | (5,307,473) |
| Interest paid on debt | (461,971) | - | (461,971) |
| Net cash used in capital and related financing activities | (5,264,360) | (351,567) | (5,615,927) |
| Cash flows from investing activities, interest received | 4,579 | 6,420 | 10,999 |
| Increase in cash and cash equivalents | 1,646,260 | 758,993 | 2,405,253 |
| Cash and cash equivalents, beginning of year | 13,277,404 | 2,929,339 | 16,206,743 |
| Cash and cash equivalents, end of year | <u>\$ 14,923,664</u> | <u>\$ 3,688,332</u> | <u>\$ 18,611,996</u> |
| Reconciliation of cash and cash equivalents to statement of net position: | | | |
| Unrestricted cash and cash equivalents | \$ 14,353,188 | \$ 3,558,502 | \$ 17,911,690 |
| Restricted cash and cash equivalents | 570,476 | 129,830 | 700,306 |
| | <u>\$ 14,923,664</u> | <u>\$ 3,688,332</u> | <u>\$ 18,611,996</u> |

(Continued)

City of Waterloo, Iowa

Statement of Cash Flows (Continued)
Enterprise Funds
Year Ended June 30, 2021

| | Sanitary Sewer | Nonmajor - Sanitation | Total |
|---|---------------------|--------------------------|---------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 5,127,612 | \$ 562,987 | \$ 5,690,599 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 3,443,779 | 393,287 | 3,837,066 |
| (Increase) decrease in accounts receivable | (122,386) | 78,130 | (44,256) |
| Increase in due from Waterloo Water Works | (101,135) | (40,140) | (141,275) |
| (Increase) decrease in inventories and prepaids | 16,506 | (95,324) | (78,818) |
| Increase (decrease) in accounts payable | (1,614,559) | 58,247 | (1,556,312) |
| Increase in accrued liabilities | 10,559 | 21,628 | 32,187 |
| Increase (decrease) in other post employment benefits liability | 45,747 | (178,136) | (132,389) |
| Decrease in compensated absences and deferred compensation | (5,665) | (5,410) | (11,075) |
| Increase in net pension liability | 84,548 | 34,755 | 119,303 |
| Decrease in deferred outflows of resources | 37,266 | 39,494 | 76,760 |
| Decrease in deferred inflows of resources | (18,265) | (10,530) | (28,795) |
| Net cash provided by operating activities | \$ 6,904,007 | \$ 858,988 | \$ 7,762,995 |
| Schedule of noncash capital and related financing activities: | | | |
| Payables for acquisition of capital assets | \$ 3,197,762 | \$ - | \$ 3,197,762 |
| Capital assets contributed | 204,889 | - | 204,889 |

See notes to basic financial statements.

City of Waterloo, Iowa

**Statement of Fiduciary Net Position
Custodial Fund
June 30, 2021**

| | Custodial Fund |
|---------------------------|--------------------|
| Assets | |
| Cash and cash equivalents | <u>\$ 25,957</u> |
| Liabilities | |
| Due to other governments | <u>25,957</u> |
| Net Position | |
| Restricted for others | <u><u>\$ -</u></u> |

See notes to basic financial statements.

City of Waterloo, Iowa

Statement of Changes in Fiduciary Net Position

Custodial Fund

Year Ended June 30, 2021

| | Custodial Fund |
|-------------------------------------|--------------------|
| Additions: | |
| Property taxes collected for others | \$ 2,149,213 |
| Building permits | 129,979 |
| Other additions | 57,980 |
| Total additions | <u>2,337,172</u> |
| Deductions: | |
| Payments to other governments | <u>2,337,172</u> |
| Change in net position | <u>-</u> |
| Net position, beginning of year | <u>-</u> |
| Net position, end of year | <u><u>\$ -</u></u> |

See notes to basic financial statements.

City of Waterloo, Iowa

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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 \$122,910.

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

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

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

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.

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.

Custodial Fund: This is a custodial 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 and fiduciary fund financial statements. 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.

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)

Receivables and payables: Receivables are reported net of any allowance for uncollectible accounts. As of June 30, 2021, the General Fund and the enterprise funds had allowances for uncollectible customer accounts totaling \$746,810 and \$289,914, 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 31 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, 2019 assessed property valuations; was for the tax accrual period July 1, 2020 through June 30, 2021; and reflected the tax asking contained in the budget certified to the County Board of Supervisors in March 2020.

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. These items are 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.

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)

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 \$25,365,517. 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 \$39,925,625 of restricted net position for governmental activities of which \$7,924,071 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, 2021, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$19,895,019, 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, 2021, 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, 2021 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:

| | |
|---|-------------------|
| 2022 | \$ 328,579 |
| 2023 | 54,969 |
| 2024 | 54,969 |
| 2025 | 8,756 |
| 2026 | 4,375 |
| Total future minimum lease rentals to be received | <u>\$ 451,648</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 year ending June 30, 2022 | <u>\$ 12,070</u> |
|--------------------------------------|------------------|

Waterloo Convention Center: 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 six loans for low-income housing projects, five of which have a below-market interest rate. All have minimal payments required each year until maturity. The balance of the six loans at June 30, 2021 was \$1,073,132. Maturities range from September 2021 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, 2021, the City had made 1,785 such loans totaling \$35,685,790. 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, 2021 was as follows:

| | Due From | Due To |
|-----------------------------|---------------------|---------------------|
| Major governmental funds: | | |
| General | \$ 7,004,681 | \$ - |
| Nonmajor governmental funds | - | 7,004,681 |
| | <u>\$ 7,004,681</u> | <u>\$ 7,004,681</u> |

Advances to and from other funds as of June 30, 2021, 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 (from) governmental funds:

| | |
|----------------------|----------------|
| Road use tax | \$ (6,059) |
| Aggregate nonmajor | 121,538 |
| Due from Water Works | <u>115,479</u> |

Due to enterprise funds:

| | |
|-------------------------------|------------------|
| Sanitary sewer | 1,008,037 |
| Sanitation | 564,170 |
| Due from Waterloo Water Works | <u>1,572,207</u> |

| | |
|----------------------------|-----------|
| Total due from Water Works | 1,687,686 |
|----------------------------|-----------|

| | |
|--|-------------------|
| Waterloo Water Works—due to primary government | 1,564,776 |
| Difference | <u>\$ 122,910</u> |

The difference in the above amounts of \$122,910 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>\$ 185,895</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 | \$ 8,619,067 | \$ - |
| Trust and agency | - | 8,619,067 |
| Tax increment financing | - | 5,206,495 |
| Nonmajor governmental funds | 5,306,315 | 99,820 |
| | <u>\$ 13,925,382</u> | <u>\$ 13,925,382</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, 2021 was as follows:

| | Beginning Balance June 30, 2020 | Additions | Deletions | Transfers | Ending Balance June 30, 2021 |
|--|---------------------------------------|---------------|------------|-------------|------------------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 46,081,492 | \$ 22,875 | \$ - | \$ - | \$ 46,104,367 |
| Land held for redevelopment | 16,640,416 | 1,860,949 | 274,000 | - | 18,227,365 |
| Construction-in-progress | 16,004,764 | 40,344,938 | - | (9,897,684) | 46,452,018 |
| Total capital assets, not being depreciated | 78,726,672 | 42,228,762 | 274,000 | (9,897,684) | 110,783,750 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 137,409,130 | 79,723 | 1,652,937 | 1,428,154 | 137,264,070 |
| Infrastructure | 420,187,540 | - | - | 8,318,780 | 428,506,320 |
| Vehicles, machinery, furniture and equipment | 33,910,317 | 5,665,199 | 928,291 | 150,750 | 38,797,975 |
| Software | 817,293 | - | - | - | 817,293 |
| Total capital assets, being depreciated | 592,324,280 | 5,744,922 | 2,581,228 | 9,897,684 | 605,385,658 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 74,300,140 | 3,125,859 | 1,601,170 | - | 75,824,829 |
| Infrastructure | 174,877,411 | 10,646,118 | - | - | 185,523,529 |
| Vehicles, machinery, furniture and equipment | 24,379,284 | 2,235,752 | 911,593 | - | 25,703,443 |
| Software | 766,686 | 24,828 | - | - | 791,514 |
| Total accumulated depreciation | 274,323,521 | 16,032,557 | 2,512,763 | - | 287,843,315 |
| Total capital assets, being depreciated, net | 318,000,759 | (10,287,635) | 68,465 | 9,897,684 | 317,542,343 |
| Governmental activities capital assets, net | \$ 396,727,431 | \$ 31,941,127 | \$ 342,465 | \$ - | \$ 428,326,093 |

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

| | Beginning Balance June 30, 2020 | Additions | Deletions | Transfers | Ending Balance June 30, 2021 |
|---|---------------------------------------|---------------|-----------|-------------|------------------------------------|
| Business-Type Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 657,900 | \$ 101,333 | \$ - | \$ - | \$ 759,233 |
| Construction-in-progress | 7,736,342 | 20,937,685 | 33,783 | (3,279,736) | 25,360,508 |
| Total capital assets, not being depreciated | 8,394,242 | 21,039,018 | 33,783 | (3,279,736) | 26,119,741 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 71,699,337 | - | - | - | 71,699,337 |
| Improvements other than buildings | 68,687,192 | - | - | 3,279,736 | 71,966,928 |
| Vehicles, machinery, furniture and equipment | 13,825,416 | 909,561 | 41,341 | - | 14,693,636 |
| Total capital assets, being depreciated | 154,211,945 | 909,561 | 41,341 | 3,279,736 | 158,359,901 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 29,070,832 | 1,413,166 | - | - | 30,483,998 |
| Improvements other than buildings | 20,777,922 | 1,373,746 | - | - | 22,151,668 |
| Vehicles, machinery, furniture and equipment | 8,906,485 | 1,050,154 | 41,341 | - | 9,915,298 |
| Total accumulated depreciation | 58,755,239 | 3,837,066 | 41,341 | - | 62,550,964 |
| Total capital assets, being depreciated, net | 95,456,706 | (2,927,505) | - | 3,279,736 | 95,808,937 |
| Business-type activities capital assets, net | \$ 103,850,948 | \$ 18,111,513 | \$ 33,783 | \$ - | \$ 121,928,678 |

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

| | Beginning Balance December 31, 2020 | Additions | Deletions | Ending Balance December 31, 2021 |
|--|--|--------------|----------------|---|
| Discretely Presented Component Unit - Waterloo Water Works Capital Assets | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 472,362 | \$ - | \$ - | \$ 472,362 |
| Construction-in-progress | 3,967,250 | 1,013,563 | (1,281,182) | 3,699,631 |
| Total capital assets, not being depreciated | 4,439,612 | 1,013,563 | (1,281,182) | 4,171,993 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,799,537 | - | - | 1,799,537 |
| Water supply and distribution systems | 35,299,456 | 1,860,410 | - | 37,159,866 |
| Meters and equipment | 1,179,260 | 63,453 | - | 1,242,713 |
| Machinery and equipment | 3,927,453 | 219,610 | (75,381) | 4,071,682 |
| Total capital assets, being depreciated | 42,205,706 | 2,143,473 | (75,381) | 44,273,798 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 926,982 | 25,388 | - | 952,370 |
| Water supply and distribution systems | 10,116,596 | 799,972 | - | 10,916,568 |
| Meters and equipment | 804,276 | 14,769 | - | 819,045 |
| Machinery and equipment | 2,276,785 | 266,017 | (75,381) | 2,467,421 |
| Total accumulated depreciation | 14,124,639 | 1,106,146 | (75,381) | 15,155,404 |
| Total capital assets, being depreciated, net | 28,081,067 | 1,037,327 | - | 29,118,394 |
| Net discretely presented component unit—Waterloo Water Works capital assets, net | \$ 32,520,679 | \$ 2,050,890 | \$ (1,281,182) | \$ 33,290,387 |
| Discretely Presented Component Unit - Waterloo Convention & Visitors Bureau, Inc. | | | | |
| Capital assets, being depreciated: | | | | |
| Equipment | \$ 130,104 | \$ - | \$ - | \$ 130,104 |
| Leasehold improvements | 125,924 | - | - | 125,924 |
| Total capital assets, being depreciated | 256,028 | - | - | 256,028 |
| Less accumulated depreciation | 207,806 | 13,049 | - | 220,855 |
| Total capital assets, being depreciated, net | \$ 48,222 | \$ (13,049) | \$ - | \$ 35,173 |

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, 2021:

| | |
|--|----------------------|
| Governmental activities: | |
| Public safety | \$ 930,563 |
| Public works | 12,858,909 |
| Culture and recreation | 1,980,566 |
| Community and economic development | 149,186 |
| General government | 113,333 |
| Total governmental activities | <u>16,032,557</u> |
| Business-type activities: | |
| Sanitary sewer | 3,443,779 |
| Sanitation | 393,287 |
| Total business-type activities | <u>3,837,066</u> |
| Total primary government | <u>\$ 19,869,623</u> |
| Component unit—Waterloo Water Works | <u>\$ 1,106,146</u> |
| Component unit—Waterloo Convention & Visitors Bureau, Inc. | <u>\$ 13,049</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, 2021, there was \$3,517,883 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, 2021, there was \$48,838 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, 2021, there was \$1,658,638 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 \$118,326 in governmental funds, as the liabilities are considered matured and are expected to be liquidated with expendable available financial resources, and \$247 in an enterprise fund. Frozen sick leave, vacation pay and compensatory time liabilities are accrued when incurred in the government-wide and proprietary fund statements and reported as a liability.

Note 8. Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2021:

| | June 30, 2020 | Additions | Reductions | June 30, 2021 | Due Within One Year |
|---|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 85,980,000 | \$ 20,150,000 | \$ 15,045,000 | \$ 91,085,000 | \$ 8,960,000 |
| Loans and notes (direct borrowing) | 5,862,152 | 1,155,453 | 1,104,093 | 5,913,512 | 1,120,424 |
| Capital lease | - | 3,964,965 | 202,035 | 3,762,930 | 401,242 |
| Compensated absences | 4,970,231 | 3,860,748 | 3,821,769 | 5,009,210 | 3,247,849 |
| Total OPEB liability | 19,076,867 | - | 634,660 | 18,442,207 | - |
| Net pension liability—IPERS | 11,435,190 | 1,875,564 | - | 13,310,754 | - |
| Net pension liability—MFPRSI | 36,614,772 | 7,024,214 | - | 43,638,986 | - |
| Subtotal | 163,939,212 | 38,030,944 | 20,807,557 | 181,162,599 | 13,729,515 |
| Unamortized discounts | (172,379) | - | (7,715) | (164,664) | - |
| Bond premium | 1,469,171 | 557,496 | 414,492 | 1,612,175 | - |
| Total long-term liabilities, governmental activities | <u>\$ 165,236,004</u> | <u>\$ 38,588,440</u> | <u>\$ 21,214,334</u> | <u>\$ 182,610,110</u> | <u>\$ 13,729,515</u> |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 14,365,000 | \$ 2,830,000 | \$ 4,880,000 | \$ 12,315,000 | \$ 1,965,000 |
| State revolving fund capital loans (direct borrowing) | 2,030,495 | 15,800,709 | 427,473 | 17,403,731 | 1,217,240 |
| Compensated absences | 296,959 | 321,736 | 332,811 | 285,884 | 246,684 |
| Total OPEB liability | 2,954,732 | - | 132,389 | 2,822,343 | - |
| Net pension liability—IPERS | 2,826,664 | 491,248 | - | 3,317,912 | - |
| Subtotal | 22,473,850 | 19,443,693 | 5,772,673 | 36,144,870 | 3,428,924 |
| Unamortized discounts | (61,630) | - | (2,328) | (59,302) | - |
| Bond premium | 238,306 | 26,954 | 28,991 | 236,269 | - |
| Total long-term liabilities, business-type activities | <u>\$ 22,650,526</u> | <u>\$ 19,470,647</u> | <u>\$ 5,799,336</u> | <u>\$ 36,321,837</u> | <u>\$ 3,428,924</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. Bonds are generally issued for the purpose of financing the acquisition and construction of major capital facilities or infrastructure.

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

On June 22, 2021, the City issued \$14,370,000 in tax-exempt General Obligation Bonds, Series 2021A, maturing June 1, 2022, through June 1, 2036, at a stated interest rate of 2 percent. This issue included a portion that refunded the balance outstanding of \$2,885,000 of the Series 2012A bonds and \$2,920,000 of the Series 2013A bonds. Total debt service requirements were reduced by \$116,271, resulting in an economic gain of \$112,312 or 3.893% for the 2012A bonds. Total debt service requirements were reduced by \$195,971, resulting in an economic gain of \$188,159, or 6.444% for the 2013A bonds.

The City also issued \$8,610,000 in taxable General Obligation Bonds, Series 2021B, maturing June 1, 2022, through June 1, 2036, at stated interest rates ranging from 0.2 percent to 2.2 percent. The taxable issue included a portion that refunded the balance outstanding of \$3,525,000 of the Series 2013B bonds. Total debt service requirements for this issue were reduced by \$303,770, which resulted in an economic gain of \$290,556, or 8.243 percent.

Reasons for issuances, outside of the portion that refunded existing debt, were to finance a variety of capital improvements, including Convention Center renovations and other facility improvements, construction of the Shaulis Road project, construction of the replacement bridges on Park Avenue and 11th Streets, sidewalks and trails, traffic safety improvements, as well as equipment and technology needs, leisure facilities, demolition of blighted properties and economic development purposes.

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, 2021 |
|---------------------------------|---|----------------|------------------------------|
| Publicly issued long-term debt: | | | |
| June 2014 | Tax-exempt-capital improvements/general | 2.00 - 3.12 | \$ 3,810,000 |
| June 2014 | Taxable | 1.00 - 4.00 | 3,205,000 |
| June 2014 | Refunding | 2.00 | 570,000 |
| June 2015 | Tax-exempt-capital improvements/general | 3.00 - 3.50 | 7,875,000 |
| June 2015 | Taxable | 1.50 - 4.00 | 995,000 |
| June 2016 | Tax-exempt-capital improvements/general | 2.00 - 2.25 | 5,025,000 |
| June 2016 | Taxable | 0.80 - 3.10 | 1,285,000 |
| June 2016 | Taxable | 0.90 - 3.40 | 7,465,000 |
| June 2017 | Tax-exempt-capital improvements/general | 3.00 | 5,755,000 |
| June 2017 | Taxable | 1.35 - 3.35 | 2,755,000 |
| June 2017 | Taxable-urban renewal | 2.75 - 3.50 | 6,725,000 |
| June 2018 | Tax-exempt-capital improvements/general | 3.00 | 7,240,000 |
| June 2018 | Taxable | 2.50 - 3.50 | 780,000 |
| June 2019 | Tax-exempt-capital improvements/general | 3.00 | 5,620,000 |
| June 2019 | Taxable | 2.73 | 2,640,000 |
| October 2019 | Refunding | 2.00 | 1,955,000 |
| October 2019 | Taxable refunding | 1.56 | 2,640,000 |
| June 2020 | Tax-exempt-capital improvements/general | 2.00 | 6,605,000 |
| June 2020 | Taxable | 1.52 | 7,475,000 |
| June 2021 | Tax-exempt-capital improvements/general; refunding | 2.00 | 14,370,000 |
| June 2021 | Taxable-capital improvements general; refunding | 1.56 | 8,610,000 |
| | | | <u>\$ 103,400,000</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, 2021 are as follows:

| | GO Debt Service General Obligation Bonds | |
|-----------------------|---|----------------------|
| | Principal | Interest |
| Years ending June 30: | | |
| 2022 | \$ 8,960,000 | \$ 2,220,181 |
| 2023 | 8,430,000 | 2,040,719 |
| 2024 | 8,665,000 | 1,848,485 |
| 2025 | 8,215,000 | 1,656,399 |
| 2026 | 8,710,000 | 4,118,670 |
| 2027–2031 | 35,445,000 | 4,388,742 |
| 2032–2036 | 12,660,000 | 919,246 |
| | <u>\$ 91,085,000</u> | <u>\$ 17,192,442</u> |
| | Sanitary Sewer Enterprise General Obligation Bonds | |
| | Principal | Interest |
| Years ending June 30: | | |
| 2022 | \$ 1,965,000 | \$ 272,520 |
| 2023 | 1,930,000 | 233,666 |
| 2024 | 1,485,000 | 193,596 |
| 2025 | 1,805,000 | 153,821 |
| 2026 | 1,485,000 | 115,734 |
| 2027–2031 | 3,645,000 | 217,249 |
| 2032–2033 | - | 2,400 |
| | <u>\$ 12,315,000</u> | <u>\$ 1,188,986</u> |

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, 2021, the outstanding balance of these loans was \$5,913,512.

- 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 \$967,012 at June 30, 2021.
- 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 \$3,831,049 at June 30, 2021.
- Fusion Investments, LLC, original loan amount of \$1,155,453 plus interest at 0.56%. Payable in annual payments of \$40,000 are due beginning in fiscal year 2021, not to exceed a total of \$1,200,000. The loan balance was \$1,115,451 at June 30, 2021.

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: | | |
| 2022 | \$ 1,120,424 | \$ 146,634 |
| 2023 | 1,144,938 | 122,565 |
| 2024 | 1,170,045 | 97,767 |
| 2025 | 1,195,869 | 72,323 |
| 2026 | 357,927 | 66,898 |
| 2027-2031 | 924,309 | 16,319 |
| | <u>\$ 5,913,512</u> | <u>\$ 522,506</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. During fiscal year 2021, the City entered into three additional agreements with a total approved loan amount of \$25,452,000. During fiscal year 2021, the City made draws on these loans of \$15,800,709. As of June 30, 2021, the notes had an outstanding balance of \$17,403,731. The notes bear interest at 1.75%, with annual principal and interest payments through 2041.

These notes mature as follows:

| | Business-type activities | |
|-----------------------|--------------------------|---------------------|
| | Principal | Interest |
| Years ending June 30: | | |
| 2022 | \$ 1,217,240 | \$ 487,762 |
| 2023 | 1,246,000 | 528,075 |
| 2024 | 1,270,000 | 503,338 |
| 2025 | 1,296,000 | 478,123 |
| 2026 | 1,320,000 | 452,393 |
| 2027-2031 | 7,007,000 | 1,858,175 |
| 2032-2036 | 3,705,491 | 477,469 |
| 2037-2040 | 342,000 | 14,080 |
| | <u>\$ 17,403,731</u> | <u>\$ 4,799,415</u> |

Discretely presented component unit:

| | Balance December 31, 2019 | Additions | Deletions | Balance December 31, 2020 | Due Within One Year |
|----------------------|------------------------------|-----------|-----------|------------------------------|------------------------|
| Compensated absences | \$ 60,883 | \$ 64,162 | \$ 60,883 | \$ 64,162 | \$ 64,162 |

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 8. Long-Term Liabilities (Continued)

Capital lease: On April 12, 2021, the City entered into a 10-year capital lease agreement for police equipment, including body cameras and tasers. The lease bears interest at 0.56% and annual payments of principal and interest are due through the expiration of the lease term in April 2031. The following schedule reflects the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2021:

| | Governmental Activities Capital Lease |
|-----------------------------------|---|
| Fiscal year ending: | |
| 2022 | \$ 422,918 |
| 2023 | 419,938 |
| 2024 | 419,938 |
| 2025 | 419,938 |
| 2026 | 438,578 |
| 2027-2033 | 1,754,312 |
| Total minimum lease payments | 3,875,622 |
| Less amount representing interest | (112,692) |
| | <u>\$ 3,762,930</u> |

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 \$149,900 for the year ended June 30, 2021.

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, 2021, and no capital lease liability as of June 30, 2021.

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

City of Waterloo, Iowa

Notes to Basic Financial Statements

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, 2021:

| | IPERS | MFPRSI | Total |
|-------------------------------|---------------|---------------|---------------|
| Net pension liability | \$ 16,628,664 | \$ 43,638,986 | \$ 60,267,650 |
| Deferred outflow of resources | 3,764,062 | 13,261,770 | 17,025,832 |
| Deferred inflow of resources | 779,379 | 877,843 | 1,657,222 |
| Pension expense | 717,579 | 3,410,425 | 4,128,004 |

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.

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 6.29% of their annual pay. The City contractually required contribution rate for the year ended June 30, 2021, 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 \$1,792,019 for the year ended June 30, 2021.

Pension liabilities, pension expense, and deferred inflow and outflows of resources related to pensions: At June 30, 2021, the City reported a liability of \$16,628,664 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 0.238378%, a decrease of .007913% from the City's proportion at June 30, 2020.

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 10. Retirement Systems (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$717,579. At June 30, 2021, 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 | \$ 18,370 | \$ (394,142) |
| Changes of assumptions | 853,544 | - |
| Net difference between projected and actual earnings on pension plan investments | 934,795 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 165,334 | (385,237) |
| Total deferred amounts to be recognized in pension expense in future periods | 1,972,043 | (779,379) |
| City contributions subsequent to the measurement date | 1,792,019 | - |
| Total deferred amounts related to pensions | <u>\$ 3,764,062</u> | <u>\$ (779,379)</u> |

\$1,792,019 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, 2022. 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:

| | |
|------|---------------------|
| 2022 | \$ 155,934 |
| 2023 | 295,536 |
| 2024 | 292,319 |
| 2025 | 487,928 |
| 2026 | (39,053) |
| | <u>\$ 1,192,664</u> |

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 10. Retirement Systems (Continued)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2020, 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, 2020 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.

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% | 1.71% |
| Domestic equity | 22.0 | 5.60 |
| Global smart beta equity | 3.0 | 5.82 |
| International equity | 15.0 | 6.08 |
| Private equity | 11.0 | 10.31 |
| Private real assets | 7.5 | 4.76 |
| Public real assets | 7.0 | 2.81 |
| Public credit | 3.5 | 3.32 |
| Private credit | 3.0 | 3.01 |
| Cash | 1.0 | (0.21) |
| | <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 7.00%. 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 | \$ 27,726,894 | \$ 16,628,664 | \$ 7,322,968 |

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.

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.

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.

Notes to Basic Financial Statements

Note 10. Retirement Systems (Continued)

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.

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, 2021.

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 25.31% for the year ended June 30, 2021.

The City's contributions to MFPRSI for the year ended June 30, 2021 were \$4,528,152.

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 10. Retirement Systems (Continued)

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, 2021.

Net pension liabilities, pension expense, and deferred inflows and outflows of resources related to pensions: At June 30, 2021, the City reported a liability of \$43,638,986 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 5.471285%, a decrease of 0.11086% from the City's proportion at June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$3,410,425. At June 30, 2021, 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 | \$ 1,199,834 | \$ (237,050) |
| Changes of assumptions | 1,080,988 | (52,065) |
| Net difference between projected and actual earnings on pension plan investments | 6,419,812 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 32,983 | (588,728) |
| Total deferred amounts to be recognized in pension expense in future periods | 8,733,617 | (877,843) |
| City contributions subsequent to the measurement date | 4,528,153 | - |
| Total deferred amounts related to pensions | <u>\$ 13,261,770</u> | <u>\$ (877,843)</u> |

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 10. Retirement Systems (Continued)

\$4,528,153 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, 2022. 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:

| | |
|------|---------------------|
| 2022 | \$ 1,727,682 |
| 2023 | 2,458,162 |
| 2024 | 2,198,809 |
| 2025 | 1,477,244 |
| 2026 | (6,123) |
| | <u>\$ 7,855,774</u> |

Actuarial assumptions: The total pension liability in the June 30, 2020, 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, 2020 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 |
| Core Investments | 40.00% | |
| Private Equity/Debt | 15.00 | 9.00 |
| Private core real estate | | 6.00 |
| Private non-core real estate | | 8.00 |
| Real Estate | 10.00 | |
| Tactical Asset Allocation | 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-percentage-point lower (6.50%) or 1-percentage-point 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 | \$ 66,933,711 | \$ 43,638,986 | \$ 24,343,548 |

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 | 11 |
| Total members | <u>48</u> |

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, 6.29% for the year ending December 31, 2020. 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, 2020, the Water Works' recognized pension expense of \$98,041. At December 31, 2020, 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 | \$ - | \$ (97,416) |
| Changes of assumptions | 157,616 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (919,464) |
| Total deferred amounts related to pensions | <u>\$ 157,616</u> | <u>\$ (1,016,880)</u> |

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

Years ending December 31:

| | |
|-------|---------------------|
| 2021 | \$ (188,104) |
| 2022 | (170,465) |
| 2023 | (363,734) |
| 2024 | (136,961) |
| Total | <u>\$ (859,264)</u> |

Actuarial assumptions: The Waterloo Water Works' net pension liability was measured as of December 31, 2020, 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, 2020 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 | 7.00%, 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, 2020 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, 2020 are summarized in the following table:

| Asset Class: | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|----------------------|--|
| Cash and fixed income | 28% | 0.045% |
| Equity large cap | 56 | 4.50 |
| Equity mid cap | 9 | 4.70 |
| Equity small cap | 7 | 4.70 |
| Real estate | - | 3.75 |
| Total | 100% | |

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 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|-------------------------------|------------------------|--------------------------|------------------------|
| Net pension liability (asset) | \$ 1,488,064 | \$ 678,763 | \$ (21,923) |

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 | \$ 9,037,366 | \$ 7,319,079 | \$ 1,718,287 |
| Changes for the year: | | | |
| Service cost | 55,720 | - | 55,720 |
| Interest | 645,354 | - | 645,354 |
| Difference between expected and actual experience | (194,832) | - | (194,832) |
| Changes in assumptions | 315,233 | - | 315,233 |
| Contributions, employer | - | 591,000 | (591,000) |
| Contributions, member | - | 48,602 | (48,602) |
| Net investment income | - | 1,221,397 | (1,221,397) |
| Benefit payments including refunds of employee contributions | (677,004) | (677,004) | - |
| Balance, end of year | \$ 9,181,837 | \$ 8,503,074 | \$ 678,763 |

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, 2020.

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.

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 2020, 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, 2020 were \$153,186.

As December 31, 2020, the Waterloo Water Works' liability for its proportionate share of the net pension liability totaled \$1,220,674. The net pension liability was measured as of June 30, 2020, 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, 2020, the Water Works' collective proportion was 0.017377%, which was an increase of 0.000940% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Water Works recognized pension expense of \$71,365. At December 31, 2020, 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 | \$ 1,348 | \$ (28,933) |
| Changes of assumptions | 62,657 | - |
| Net difference between projected and actual earnings on IPERS' investments | 68,622 | - |
| Changes in proportion and differences between Water Works contributions and proportionate share of contributions | 98,547 | (18,034) |
| Total deferred amounts to be recognized in pension expense in future periods | 231,174 | (46,967) |
| Water Works contributions subsequent to the measurement date | 84,470 | - |
| Total deferred amounts related to pensions | <u>\$ 315,644</u> | <u>\$ (46,967)</u> |

Deferred outflows of resources related to pensions of \$84,470 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, 2021. 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: | |
| 2021 | \$ 47,203 |
| 2022 | 46,862 |
| 2023 | 34,462 |
| 2024 | 49,723 |
| 2025 | 5,957 |
| | <u>\$ 184,207</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, 2020 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, 2020 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% | 1.71% |
| Domestic equity | 22.0 | 5.60 |
| Global smart beta equity | 3.0 | 5.82 |
| International equity | 15.0 | 6.08 |
| Private equity | 11.0 | 10.31 |
| Private real assets | 7.5 | 4.76 |
| Public real assets | 7.0 | 2.81 |
| Public credit | 3.5 | 3.32 |
| Private credit | 3.0 | 3.01 |
| Cash | 1.0 | (0.21) |
| | <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-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%) |
|--|------------------------|--------------------------|------------------------|
| Water Work's proportionate share of the net pension liability | \$ 2,035,370 | \$ 1,220,674 | \$ 537,563 |

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.

Payables to the pension plan: At December 31, 2020, Waterloo Water Works reported payables to IPERS of \$18,515 for legally required Waterloo Water Works' contributions and \$12,337 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, 2021 were as follows:

Nonmajor governmental:

Special revenue:

Grants \$ 1,353,868

Capital projects,

Capital Improvements 5,480,868

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, 2021, the City was committed to approximately \$42.2 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, 2016 and 2021. The note matures monthly through August 17, 2025. When the loan was entered into, the City voted to extend a nonexchange financial guarantee on the Main Street Waterloo loan. In the event that Main Street Waterloo is unable to repay the loan, the City would be required to make the payment, with no requirements for Main Street Waterloo to repay the City if the City has to pay any amount on the loan. As of June 30, 2021, the loan balance was \$172,630. 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 monthly 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, 2021 are shown below:

| | PPO | Dental |
|-----------------------|--------|--------|
| Single | \$ 615 | \$ 40 |
| Subscriber and spouse | 1,560 | 100 |

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 \$21,264,550 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial methods and assumptions: The total OPEB liability in the June 30, 2021 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 | 2.21% as of July 1, 2020 and 2.16% as of June 30, 2021 |
| 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 mortality 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, 2021 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, 2020 | \$ 22,031,599 |
| Changes for the year: | |
| Service cost | 735,571 |
| Interest | 479,230 |
| Changes in assumptions or other inputs | 183,252 |
| Contributions and payments made | (2,165,102) |
| Net changes | (767,049) |
| Balance as of June 30, 2021 | \$ 21,264,550 |

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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

| | 1% Decrease 1.21% | Discount Rate 2.21% | 1% Increase 3.21% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 23,402,000 | \$ 21,264,550 | \$ 19,420,000 |

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 | \$ 19,913,000 | \$ 21,264,550 | \$ 22,749,000 |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2021, the City recognized OPEB benefit of \$652,784. At June 30, 2021, 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 | \$ 1,582,703 | \$ - |
| Changes of assumptions or other inputs | 793,196 | (212,923) |
| | <u>\$ 2,375,899</u> | <u>\$ (212,923)</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: | |
| 2022 | \$ 297,517 |
| 2023 | 297,517 |
| 2024 | 297,517 |
| 2025 | 297,517 |
| 2026 | 297,517 |
| Thereafter | 675,391 |
| | <u>\$ 2,162,976</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 2021, 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:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Estimated unpaid claims, beginning of year | \$ 929,908 | \$ 1,050,406 |
| Estimated claims incurred | 11,607,771 | 10,560,167 |
| Claims payments | (11,701,732) | (10,680,665) |
| Estimated unpaid claims, end of year | <u>\$ 835,947</u> | <u>\$ 929,908</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, 2021, and is recorded as a liability in the government-wide statement of net position. \$73,194 is considered matured and is recorded in the General Fund and governmental activities with accrued liabilities. Changes and balances are as follows:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Estimated unpaid claims, beginning of year | \$ 585,665 | \$ 550,508 |
| Estimated claims incurred | 1,504,831 | 977,761 |
| Claims payments | (1,377,975) | (942,604) |
| Estimated unpaid claims, end of year | <u>\$ 712,521</u> | <u>\$ 585,665</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 (\$2,207,193 during the year ended June 30, 2021). Also, during the year ended June 30, 2021, 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, 2021 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, 2021, the City has assigned \$1,884,359 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, 2021, the City abated \$2,480,959 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 | Road Use Tax | Nonmajor Governmental | Total |
|---------------------------------------|---------------|------------------|-------------------------|---------------|-----------------------|---------------|
| Nonspendable: | | | | | | |
| Inventories | \$ 817,273 | \$ - | \$ - | \$ 281,977 | \$ - | \$ 1,099,250 |
| Prepays | 80,883 | - | - | - | 31,445 | 112,328 |
| Total nonspendable | 898,156 | - | - | 281,977 | 31,445 | 1,211,578 |
| Restricted: | | | | | | |
| Debt service | - | - | 4,457,619 | - | - | 4,457,619 |
| Self-funded health insurance | 1,713,845 | 1,844,110 | - | - | - | 3,557,955 |
| Tourism promotion | 2,011,806 | - | - | - | - | 2,011,806 |
| Public access television | 228,668 | - | - | - | - | 228,668 |
| Housing | 65,949 | - | - | - | 5,006,610 | 5,072,559 |
| Donor specified | 1,006,109 | - | - | - | - | 1,006,109 |
| Employee benefits | - | 664,976 | - | - | - | 664,976 |
| Library | - | - | - | - | 482,339 | 482,339 |
| Street and right-of-way maintenance | 1,574 | - | - | 12,394,939 | - | 12,396,513 |
| Improvements | - | - | - | - | 35,795,167 | 35,795,167 |
| Total restricted | 5,027,951 | 2,509,086 | 4,457,619 | 12,394,939 | 41,284,116 | 65,673,711 |
| Assigned: | | | | | | |
| Insurance | 1,884,359 | - | - | - | - | 1,884,359 |
| Other postemployment benefits | 1,040,792 | - | - | - | - | 1,040,792 |
| Improvements | - | - | - | - | 2,175,849 | 2,175,849 |
| Other | 1,048,718 | - | 669,915 | - | 93,661 | 1,812,294 |
| Use of fund balance for future budget | 3,897,505 | - | - | - | - | 3,897,505 |
| Total assigned | 7,871,374 | - | 669,915 | - | 2,269,510 | 10,810,799 |
| Unassigned | 12,736,746 | - | - | - | (6,956,351) | 5,780,395 |
| Total fund balances | \$ 26,534,227 | \$ 2,509,086 | \$ 5,127,534 | \$ 12,676,916 | \$ 36,628,720 | \$ 83,476,483 |

City of Waterloo, Iowa

Notes to Basic Financial Statements

Note 21. New GASB Statements and Pending Pronouncements

As of June 30, 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This Statement changed the City's previously reported agency fund to a custodial fund. As a result, a statement of changes in fiduciary net position was added to the basic financial statements for the year ending June 30, 2021 and the method of accounting for this fund was changed to full accrual.

This City also adopted GASB Statement No. 98, which changed the name of the City's annual report from the Comprehensive Annual Financial Report to the Annual Comprehensive Financial Report (ACFR).

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. 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. Subsequent Events

Subsequent to June 30, 2021, the City entered into a development agreement with Lost Island Themepark, Inc. for the development of the Lost Worlds Theme Park, including the City's commitment to make a grant to the company in the amount of \$14 million and road improvements to Shualis Road. The agreement also requires the payment of tax rebates at 50% of certain property taxes paid for a period of 20 years to the developer. The company will transfer 56 acres of land to the City under the agreement.

The City issued \$14,200,000 taxable general obligation bonds January 4, 2022, at stated interest rates ranging from 2% to 2.6%, maturing over 20 years to fund the grant to the developer.

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)

| | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 735,571 | \$ 719,666 | \$ 697,815 | \$ 671,816 |
| Interest | 479,230 | 698,071 | 774,392 | 804,928 |
| Changes of assumptions or other inputs | 183,252 | 2,428,145 | 474,740 | (379,447) |
| Benefit payments | (2,165,102) | (2,079,011) | (1,989,054) | (1,835,828) |
| Net change in total OPEB liability | (767,049) | 1,766,871 | (42,107) | (738,531) |
| Total OPEB liability—beginning | 22,031,599 | 20,264,728 | 20,306,835 | 21,045,366 |
| Total OPEB liability—ending | <u>\$ 21,264,550</u> | <u>\$ 22,031,599</u> | <u>\$ 20,264,728</u> | <u>\$ 20,306,835</u> |
| Covered payroll | \$ 34,676,000 | \$ 33,584,175 | \$ 32,673,000 | \$ 31,567,648 |
| Total OPEB liability as a percentage of covered payroll | 61% | 66% | 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:

| | |
|-------------|------------------------|
| 2021 | 2.16% per annum |
| 2020 | 2.21% per annum |
| 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**

| | 2021 | 2020 |
|--|----------------------|---------------|
| | June 30, 2020 | June 30, 2019 |
| Measurement date | | |
| City's proportion of the net pension liability | 0.2383780% | 0.2446470% |
| City's proportionate share of the net pension liability | \$ 16,628,664 | \$ 14,261,854 |
| City's covered payroll | \$ 18,786,254 | \$ 18,743,655 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 88.52% | 76.09% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.90% | 85.45% |

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.

| 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------|---------------|---------------|---------------|---------------|
| June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| 0.2406008% | 0.2379165% | 0.2438592% | 0.2452672% | 0.2415504% |
| \$ 15,225,810 | \$ 15,848,247 | \$ 15,346,827 | \$ 12,117,384 | \$ 9,579,663 |
| \$ 18,074,184 | \$ 17,759,314 | \$ 17,523,333 | \$ 16,800,363 | 18816626 |
| 84.24% | 89.24% | 87.58% | 72.13% | 50.91% |
| 83.62% | 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: | | | | | |
| 2021 | \$ 1,792,019 | \$ 1,792,019 | - | \$ 18,983,244 | 9.44% |
| 2020 | 1,773,422 | 1,773,422 | - | 18,786,254 | 9.44 |
| 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 |

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, 2021**

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**

| | 2021 | 2020 |
|--|----------------------|---------------|
| Measurement date | June 30, 2020 | June 30, 2019 |
| City's proportion of the net pension liability | 5.471285% | 5.582145% |
| City's proportionate share of the net pension liability | \$ 43,638,986 | \$ 36,614,772 |
| City's covered payroll | \$ 17,382,462 | \$ 16,897,902 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 251.05% | 216.68% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.47% | 79.94% |

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.

| 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------|---------------|---------------|---------------|---------------|
| June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| 5.600213% | 5.703286% | 5.688362% | 5.724535% | 5.720520% |
| \$ 33,343,863 | \$ 33,448,350 | \$ 46,723,287 | \$ 36,408,843 | \$ 26,777,406 |
| \$ 16,277,606 | \$ 16,060,279 | \$ 15,365,321 | \$ 15,012,366 | \$ 14,608,497 |
| 204.85% | 208.27% | 304.08% | 242.53% | 183.30% |
| 81.07% | 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: | | | | | |
| 2021 | \$ 4,528,153 | \$ 4,528,153 | - | \$ 17,890,764 | 25.31% |
| 2020 | 4,243,059 | 4,243,059 | - | 17,382,462 | 24.41 |
| 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 |

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, 2021**

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, 2021

| | Budgeted Amounts | |
|---|---------------------|---------------------|
| | Original | Final |
| Receipts and other financing sources: | | |
| Receipts: | | |
| Property taxes | \$ 42,422,199 | \$ 42,422,199 |
| Tax increment financing | 9,388,510 | 9,388,510 |
| Other City taxes | 18,277,691 | 20,398,441 |
| Licenses and permits | 1,434,585 | 1,434,585 |
| Use of money and property | 1,864,528 | 1,998,872 |
| Intergovernmental | 31,324,100 | 39,450,773 |
| Charges for services | 32,993,040 | 34,285,576 |
| Special assessments | 250,000 | 250,000 |
| Miscellaneous | 8,175,752 | 8,603,760 |
| Total receipts | 146,130,405 | 158,232,716 |
| Other financing sources: | | |
| Transfer from other funds | 18,940,514 | 24,860,514 |
| Issuance of long-term debt | 37,200,000 | 47,060,000 |
| Proceeds from sale of capital assets | - | - |
| Total other financing sources | 56,140,514 | 71,920,514 |
| Total receipts and other financing sources | 202,270,919 | 230,153,230 |
| Disbursements and other financing uses: | | |
| Governmental-type activities: | | |
| Public safety | 35,548,857 | 37,259,429 |
| Public works | 34,111,524 | 43,639,069 |
| Health and social services | 323,760 | 323,760 |
| Culture and recreation | 12,013,361 | 12,237,173 |
| Community and economic development | 18,072,846 | 22,619,040 |
| General government | 10,776,650 | 11,432,986 |
| Debt service | 13,157,973 | 22,737,973 |
| Capital projects | 28,644,365 | 34,641,834 |
| Business-type activities | 47,556,812 | 49,456,812 |
| Total disbursements | 200,206,148 | 234,348,076 |
| Other financing uses, transfers to other funds | 18,940,514 | 24,860,514 |
| Total disbursements and other financing uses | 219,146,662 | 259,208,590 |
| Receipts and other financing sources over (under) disbursements and other financing uses | (16,875,743) | (29,055,360) |
| Balances, beginning of year | 96,198,146 | 96,198,146 |
| Balances, end of year | \$ 79,322,403 | \$ 67,142,786 |

See note to required supplementary information.

| Actual Amounts Budgetary Basis | | Variance With Final Budget | |
|-----------------------------------|-------------|----------------------------------|--------------|
| \$ | 42,990,863 | \$ | 568,664 |
| | 10,101,233 | | 712,723 |
| | 20,360,825 | | (37,616) |
| | 1,415,152 | | (19,433) |
| | 1,607,671 | | (391,201) |
| | 42,743,701 | | 3,292,928 |
| | 32,809,348 | | (1,476,228) |
| | 215,170 | | (34,830) |
| | 9,641,481 | | 1,037,721 |
| | 161,885,444 | | 3,652,728 |
| | | | |
| | 19,853,415 | | (5,007,099) |
| | 39,237,899 | | (7,822,101) |
| | 341,462 | | 341,462 |
| | 59,432,776 | | (12,487,738) |
| | | | |
| | 221,318,220 | | (8,835,010) |
| | | | |
| | | | |
| | 35,865,343 | | 1,394,086 |
| | 37,202,342 | | 6,436,727 |
| | 284,836 | | 38,924 |
| | 10,066,047 | | 2,171,126 |
| | 13,723,687 | | 8,895,353 |
| | 10,450,936 | | 982,050 |
| | 22,615,474 | | 122,499 |
| | 26,171,846 | | 8,469,988 |
| | 33,872,642 | | 15,584,170 |
| | 190,253,153 | | 44,094,923 |
| | | | |
| | 19,853,415 | | 5,007,099 |
| | | | |
| | 210,106,568 | | 49,102,022 |
| | | | |
| | | | |
| | 11,211,652 | | 40,267,012 |
| | | | |
| | 109,293,283 | | 96,198,146 |
| | | | |
| \$ | 120,504,935 | \$ | 136,465,158 |

City of Waterloo, Iowa

Note to Required Supplementary Information—Budgetary Reporting Year Ended June 30, 2021

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 \$40,061,928. The budget amendments are 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, 2021**

| | Governmental Fund Types GAAP Basis Actual Amounts | Enterprise Fund Types GAAP Basis Actual Amounts | Total Funds |
|---|--|--|---------------------|
| Revenue/Receipts: | | | |
| Property taxes and TIF revenue | \$ 52,877,346 | \$ - | \$ 52,877,346 |
| Other taxes | 20,765,591 | - | 20,765,591 |
| Licenses and permits | 1,392,173 | - | 1,392,173 |
| Use of money and property | 1,393,667 | 10,999 | 1,404,666 |
| Intergovernmental | 25,735,011 | 274,551 | 26,009,562 |
| Charges for fees and service | 10,073,458 | 22,394,809 | 32,468,267 |
| Interfund charges for services | 2,416,493 | - | 2,416,493 |
| Special assessments | 169,139 | - | 169,139 |
| Miscellaneous | 3,940,108 | 477,471 | 4,417,579 |
| Total revenue/receipts | 118,762,986 | 23,157,830 | 141,920,816 |
| Expenditures and expenses/disbursements: | | | |
| Public safety | 35,398,811 | - | 35,398,811 |
| Public works | 28,042,204 | - | 28,042,204 |
| Health and social services | 286,771 | - | 286,771 |
| Culture and recreation | 10,310,829 | - | 10,310,829 |
| Community and economic development | 14,554,888 | - | 14,554,888 |
| General government | 10,540,061 | - | 10,540,061 |
| Debt service | 12,512,748 | - | 12,512,748 |
| Capital projects | 34,953,743 | - | 34,953,743 |
| Business-type activities | - | 17,409,413 | 17,409,413 |
| Total expenditures and expenses/ disbursements | 146,600,055 | 17,409,413 | 164,009,468 |
| Net | (27,837,069) | 5,748,417 | (22,088,652) |
| Other financing sources (uses): | | | |
| Transfers in | 13,925,382 | - | 13,925,382 |
| Transfers out | (13,925,382) | - | (13,925,382) |
| Bond premium | 557,496 | - | 557,496 |
| Proceeds from sale of capital assets | 336,362 | - | 336,362 |
| Payment to escrow from refunding bonds | (6,472,000) | - | (6,472,000) |
| Issuance of capital lease and other long-term debt | 5,120,418 | - | 5,120,418 |
| Proceeds from insurance | 1,986,893 | - | 1,986,893 |
| Issuance of refunding bonds | 6,360,000 | - | 6,360,000 |
| Issuance of long-term debt | 13,790,000 | - | 13,790,000 |
| Total other financing sources (uses) | 21,679,169 | - | 21,679,169 |
| Change in fund balance/net position | (6,157,900) | 5,748,417 | (409,483) |
| Balance, beginning of year | 89,634,383 | 101,448,289 | 191,082,672 |
| Balance, end of year | \$ 83,476,483 | \$ 107,196,706 | \$ 190,673,189 |

| Budgetary Basis Exceptions | Property Tax Collected for and Remitted to MET, Grout and Water Works | Other GAAP Conversion Adjustments | Budgetary Basis |
|----------------------------------|--|---|--------------------|
| \$ - | \$ 2,207,193 | \$ (1,992,443) | \$ 53,092,096 |
| - | - | (404,766) | 20,360,825 |
| - | - | 22,979 | 1,415,152 |
| - | - | 203,005 | 1,607,671 |
| - | - | 16,734,139 | 42,743,701 |
| - | - | 341,081 | 32,809,348 |
| - | - | (2,416,493) | - |
| - | - | 46,031 | 215,170 |
| - | - | 5,223,902 | 9,641,481 |
| - | 2,207,193 | 17,757,435 | 161,885,444 |
| - | - | 466,532 | 35,865,343 |
| - | 2,207,193 | 6,952,945 | 37,202,342 |
| - | - | (1,935) | 284,836 |
| - | - | (244,782) | 10,066,047 |
| - | - | (831,201) | 13,723,687 |
| - | - | (89,125) | 10,450,936 |
| - | - | 10,102,726 | 22,615,474 |
| - | - | (8,781,897) | 26,171,846 |
| - | - | 16,463,229 | 33,872,642 |
| - | 2,207,193 | 24,036,492 | 190,253,153 |
| - | - | (6,279,057) | (28,367,709) |
| - | - | 5,928,033 | 19,853,415 |
| - | - | (5,928,033) | (19,853,415) |
| - | - | (557,496) | - |
| - | - | 5,100 | 341,462 |
| - | - | 6,472,000 | - |
| - | - | (5,120,418) | - |
| - | - | (1,986,893) | - |
| - | - | (6,360,000) | - |
| - | - | 25,447,899 | 39,237,899 |
| - | - | 17,900,192 | 39,579,361 |
| - | - | 11,621,135 | 11,211,652 |
| - | - | (81,789,389) | 109,293,283 |
| \$ - | \$ - | \$ (70,168,254) | \$ 120,504,935 |

City of Waterloo, Iowa

**Required Supplementary Information
Schedule of Employer Contributions for Waterloo Water Works Pension Plan
Last Ten Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 |
|--|-------------------|------------|------------|--------------|
| Actuarially determined contribution | \$ 587,599 | \$ 563,701 | \$ 529,242 | \$ 505,125 |
| Contributions in relation to actuarially determined contribution | 639,602 | 615,910 | 577,408 | 565,374 |
| Contribution deficiency (excess) | (52,003) | (52,209) | (48,166) | (60,249) |
| Covered payroll | \$ 810,194 | \$ 979,376 | \$ 943,430 | \$ 1,047,371 |
| Contributions as a percentage of covered payroll | 78.9% | 62.9% | 61.2% | 54.0% |

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 489,448 | \$ 475,911 | \$ 481,861 | \$ 480,199 | \$ 423,689 | \$ 383,404 |
| 550,161 | 540,043 | 570,419 | 538,658 | 473,114 | 445,212 |
| (60,713) | (64,132) | (88,558) | (58,459) | (49,425) | (61,808) |
| \$ 1,004,723 | \$ 1,045,603 | \$ 1,064,651 | \$ 1,100,185 | \$ 1,105,893 | \$ 1,248,200 |
| 54.8% | 51.6% | 53.6% | 49.0% | 42.8% | 35.7% |

City of Waterloo, Iowa

Required Supplementary Information

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

| | 2021 | 2020 | 2019 |
|---|------------|--------------|--------------|
| Total pension liability | | | |
| Service cost | \$ 55,720 | \$ 42,951 | \$ 46,090 |
| Interest | 645,354 | 672,982 | 665,421 |
| Difference between expected and actual experience | (194,832) | (36,258) | 76,594 |
| Changes in assumptions | 315,233 | 325,945 | (72,427) |
| Benefit payments including refunds | (677,004) | (675,155) | (560,887) |
| Change in total pension liability | 144,471 | 330,465 | 154,791 |
| Total pension liability, beginning of year | 9,037,366 | 8,706,901 | 8,552,110 |
| Total pension liability, end of year | 9,181,837 | 9,037,366 | 8,706,901 |
| Plan fiduciary net position | | | |
| Contributions, employer | 591,000 | 563,701 | 529,242 |
| Contributions, member | 48,602 | 52,209 | 48,166 |
| Net investment income | 1,221,397 | 1,594,221 | (466,923) |
| Benefit payments including refunds | (677,004) | (675,155) | (560,887) |
| Change in plan fiduciary net position | 1,183,995 | 1,534,976 | (450,402) |
| Plan fiduciary net position, beginning of year | 7,319,079 | 5,784,103 | 6,234,505 |
| Plan fiduciary net position, end of year | 8,503,074 | 7,319,079 | 5,784,103 |
| Net pension liability, end of year | \$ 678,763 | \$ 1,718,287 | \$ 2,922,798 |
| Plan fiduciary net position as a % of total pension liability | 92.6% | 81.0% | 66.4% |
| Covered payroll | \$ 744,456 | \$ 810,194 | \$ 979,376 |
| Net pension liability as a % of covered payroll | 91.2% | 212.1% | 298.4% |

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

| 2018 | 2017 | 2016 |
|-----------|-----------|-----------|
| \$ 45,849 | \$ 53,886 | \$ 53,008 |
| 640,457 | 616,847 | 607,558 |
| (45,362) | 164,103 | (28,037) |
| 225,356 | 13,141 | 12,600 |
| (548,118) | (541,494) | (518,306) |
| 318,182 | 306,483 | 126,823 |
| 8,233,928 | 7,927,445 | 7,800,622 |
| 8,552,110 | 8,233,928 | 7,927,445 |

| | | |
|--------------|--------------|--------------|
| 507,287 | 489,448 | 481,000 |
| 58,087 | 60,713 | 59,043 |
| 821,539 | 281,674 | (157,690) |
| (548,118) | (541,494) | (518,306) |
| 838,795 | 290,341 | (135,953) |
| 5,395,710 | 5,105,369 | 5,241,322 |
| 6,234,505 | 5,395,710 | 5,105,369 |
| \$ 2,317,605 | \$ 2,838,218 | \$ 2,822,076 |

| | | |
|------------|--------------|--------------|
| 72.9% | 65.5% | 64.4% |
| \$ 943,430 | \$ 1,047,371 | \$ 1,004,723 |
| 245.7% | 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, 2020**

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 | 7.0% |
| Retirement age | 100% at age 62 |
| Mortality rates | 2020 Dataset 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, | 2020 | 2019 |
|--|---------------------|--------------|
| Water Work's proportion of the net pension liability | 0.017377% | 0.016437% |
| Water Work's total proportionate share of the net pension liability | \$ 1,220,674 | \$ 951,791 |
| Water Work's covered payroll | \$ 1,267,605 | \$ 1,270,103 |
| Water Work's proportionate share of the net pension liability as a percentage of its covered payroll | 96% | 75% |
| IPERS' net position as a percentage of the total pension liability | 81.87% | 85.45% |

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

| 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------|--------------|--------------|------------|------------|
| 0.016820% | 0.015549% | 0.014805% | 0.014220% | 0.012797% |
| \$ 1,064,406 | \$ 1,035,776 | \$ 923,262 | \$ 706,956 | \$ 524,011 |
| \$ 1,251,971 | \$ 1,079,261 | \$ 1,018,040 | \$ 885,398 | \$ 791,254 |
| 85% | 96% | 91% | 80% | 61% |
| 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

City of Waterloo, Iowa

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

| | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|--------------|--------------|--------------|
| Statutorily required contribution | \$ 153,186 | \$ 119,662 | \$ 116,656 | \$ 111,801 |
| Contributions in relation to the Statutorily required contribution | (153,186) | (119,662) | (116,656) | (111,801) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Water Work's covered payroll | \$ 1,622,730 | \$ 1,267,605 | \$ 1,270,103 | \$ 1,251,971 |
| Contributions as a percentage of covered payroll | 9.44% | 9.44% | 9.18% | 8.93% |

| 2016 | | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
|------|-----------|------|-----------|------|----------|------|----------|------|----------|------|----------|
| \$ | 96,378 | \$ | 90,911 | \$ | 79,066 | \$ | 70,659 | \$ | 56,189 | \$ | 43,676 |
| | (96,378) | | (90,911) | | (79,066) | | (70,659) | | (56,189) | | (43,676) |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| \$ | 1,079,261 | \$ | 1,018,040 | \$ | 885,398 | \$ | 791,254 | \$ | 648,085 | \$ | 541,214 |
| | 8.93% | | 8.93% | | 8.93% | | 8.93% | | 8.67% | | 8.07% |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department

General Fund

Year Ended June 30, 2021

| | |
|---------------------------------------|-------------------|
| Public safety function | |
| Mayor | |
| Blackhawk emergency management agency | |
| Contractual services | \$ 95,815 |
| Total activity and department | 95,815 |
| Police department | |
| Police operations | |
| Compensation and benefits | 13,317,179 |
| Contractual services | 1,098,821 |
| Commodities | 196,206 |
| Capital outlay | 3,964,965 |
| Debt service | 202,035 |
| Total activity | 18,779,206 |
| Police computer services | |
| Contractual services | 98,229 |
| Commodities | 118,224 |
| Total activity | 216,453 |
| Police grants | |
| Compensation and benefits | 556,742 |
| Contractual services | 10,375 |
| Commodities | 66,452 |
| Capital outlay | 33,470 |
| Total activity | 667,039 |
| Law enforcement programs | |
| Compensation and benefits | 46,499 |
| Contractual services | 431,755 |
| Commodities | 333,250 |
| Total activity | 811,504 |
| Police tobacco enforcement | |
| Compensation and benefits | 3,612 |
| Total activity | 3,612 |
| Public safety administration | |
| Contractual services | 5,000 |
| Total activity | 5,000 |
| Total Department | 20,482,814 |

City of Waterloo, Iowa

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

General Fund

Year Ended June 30, 2021

| | |
|--------------------------------------|-------------------|
| Fire Department | |
| Fire protection | |
| Compensation and benefits | 9,170,939 |
| Contractual services | 544,934 |
| Commodities | 96,820 |
| Total activity | 9,812,693 |
| Fire ambulance | |
| Compensation and benefits | 1,832,261 |
| Contractual services | 809,272 |
| Commodities | 180,173 |
| Capital outlay | 287,905 |
| Total activity | 3,109,611 |
| Fire restricted programs | |
| Compensation and benefits | 2,859 |
| Commodities | 8,925 |
| Capital outlay | 42,903 |
| Total activity | 54,687 |
| Hazmat regional training center | |
| Compensation and benefits | 143,258 |
| Contractual services | 22,150 |
| Commodities | 606 |
| Total activity | 166,014 |
| Fire federal CDC grant | |
| Compensation and benefits | 107,474 |
| Contractual services | 21,826 |
| Total activity | 129,300 |
| Total Department | 13,272,305 |
| Building inspection department | |
| Building & housing safety | |
| Compensation and benefits | 1,062,572 |
| Contractual services | 143,250 |
| Commodities | 42,076 |
| Total activity and department | 1,247,898 |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)
General Fund
Year Ended June 30, 2021

| | |
|---|----------------------|
| Central Garage | |
| Fire - garage parts & service | |
| Compensation and benefits | 93,172 |
| Contractual services | 5,112 |
| Commodities | 64,425 |
| Total activity | <u>162,709</u> |
| Ambulance - Garage Parts & Services | |
| Commodities | 24,440 |
| Total activity | <u>24,440</u> |
| Total Department | <u>187,149</u> |
| Public safety function totals | |
| Compensation and benefits | 26,336,567 |
| Contractual services | 3,286,539 |
| Commodities | 1,131,597 |
| Capital Outlay | 4,329,243 |
| Debt service | 202,035 |
| Function total | <u>\$ 35,285,981</u> |
| Public works function | |
| City engineer | |
| Sidewalk repair/construction | |
| Commodities | \$ 880 |
| Capital outlay | 331,756 |
| Total activity and department | <u>332,636</u> |
| Traffic Operations | |
| Parking Maintenance | |
| Compensation and benefits | 12,078 |
| Total activity and department | <u>12,078</u> |
| Central Garage | |
| Central Garage | |
| Compensation and benefits | 815,264 |
| Contractual services | 19,783 |
| Commodities | 103,826 |
| Total activity | <u>938,873</u> |
| Garage-motor pool service | |
| Commodities | 519,369 |
| Total activity | <u>519,369</u> |
| Total Department | <u>1,458,242</u> |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | |
|--|---------------------|
| Airport Commission | |
| Airport Administration | |
| Compensation and benefits | 652,495 |
| Contractual services | 323,635 |
| Commodities | 70,313 |
| Total activity | 1,046,443 |
| Airport Administration | |
| Contractual services | 14,500 |
| Total activity | 14,500 |
| Total Department | 1,060,943 |
| Building Inspection | |
| Parking Operations | |
| Contractual services | 307,529 |
| Commodities | 29,480 |
| Total activity and department | 337,009 |
| Public works function totals | |
| Compensation and benefits | 1,479,837 |
| Contractual services | 665,447 |
| Commodities | 723,868 |
| Capital Outlay | 331,756 |
| Function Total | \$ 3,200,908 |
| Health and social services function | |
| Human rights commission | |
| Human rights | |
| Compensation and benefits | 244,048 |
| Contractual services | 10,705 |
| Commodities | 955 |
| Total activity | 255,708 |
| EEOC Contract | |
| Compensation and benefits | 10,000 |
| Contractual services | 17,179 |
| Commodities | 701 |
| Capital outlay | 3,183 |
| Total activity | 31,063 |
| Total Department | 286,771 |
| Health and social services function totals | |
| Compensation and benefits | 254,048 |
| Contractual services | 27,884 |
| Commodities | 1,656 |
| Capital Outlay | 3,183 |
| Function Total | \$ 286,771 |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | | |
|--------------------------------------|----|------------------|
| Culture and recreation function | | |
| Mayor | | |
| Fairview cemetery association | | |
| Contractual services | \$ | 50,000 |
| Total activity and department | | 50,000 |
| Cultural/Arts Commission | | |
| Youth Pavilion | | |
| Compensation and benefits | | 306,606 |
| Contractual services | | 37,745 |
| Commodities | | 7,746 |
| Total activity | | 352,097 |
| Center for the arts | | |
| Compensation and benefits | | 555,804 |
| Contractual services | | 61,502 |
| Commodities | | 31,117 |
| Total activity | | 648,423 |
| River Loop event facilities | | |
| Compensation and benefits | | 126 |
| Contractual services | | 9,356 |
| Commodities | | 2,000 |
| Total activity | | 11,482 |
| Cultural/arts grants & projects | | |
| Compensation and benefits | | 14,980 |
| Contractual services | | 57,982 |
| Total activity | | 72,962 |
| Total department | | 1,084,964 |
| Library | | |
| Library services | | |
| Compensation and benefits | | 1,354,618 |
| Contractual services | | 156,331 |
| Commodities | | 247,798 |
| Total activity | | 1,758,747 |
| Library Enrich | | |
| Compensation and benefits | | 6,585 |
| Commodities | | 3,846 |
| Total activity | | 10,431 |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | |
|---------------------------|------------------|
| Library Access Plus | |
| Commodities | 2,985 |
| Total activity | <u>2,985</u> |
| Library grants & projects | |
| Contractual services | 13,950 |
| Commodities | 11,717 |
| Capital outlay | 70,538 |
| Total activity | <u>96,205</u> |
| Library gift & memorial | |
| Contractual services | 20,399 |
| Commodities | 16,745 |
| Total activity | <u>37,144</u> |
| Iowa library services | |
| Commodities | 4,011 |
| Total activity | <u>4,011</u> |
| County library system | |
| Compensation and benefits | 64,486 |
| Commodities | 2,273 |
| Total activity | <u>66,759</u> |
| County open access | |
| Contractual services | 2,506 |
| Total activity | <u>2,506</u> |
| Total department | <u>1,978,788</u> |
| Leisure services | |
| Leisure services - parks | |
| Compensation and benefits | 1,842,945 |
| Contractual services | 246,197 |
| Commodities | 188,569 |
| Total activity | <u>2,277,711</u> |
| Leisure services projects | |
| Compensation and benefits | 8,731 |
| Contractual services | 27,237 |
| Commodities | 39,292 |
| Capital outlay | 122,623 |
| Total activity | <u>197,883</u> |
| Downtown area maintenance | |
| Compensation and benefits | 300,766 |
| Contractual services | 41,532 |
| Commodities | 19,910 |
| Total activity | <u>362,208</u> |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | |
|--|----------------------------|
| Golf courses | |
| Compensation and benefits | 849,429 |
| Contractual services | 119,319 |
| Commodities | 131,702 |
| Total activity | <u>1,100,450</u> |
| Golf course improvements | |
| Contractual services | 679 |
| Total activity | <u>679</u> |
| SportsPlex | |
| Compensation and benefits | 759,384 |
| Contractual services | 297,738 |
| Commodities | 136,983 |
| Total activity | <u>1,194,105</u> |
| Sports & youth services | |
| Compensation and benefits | 471,716 |
| Contractual services | 36,982 |
| Commodities | 107,629 |
| Total activity | <u>616,327</u> |
| Young arena | |
| Compensation and benefits | 466,382 |
| Contractual services | 191,089 |
| Commodities | 68,384 |
| Total activity | <u>725,855</u> |
| Total department | <u>6,475,218</u> |
| Culture and recreation function totals | |
| Compensation and benefits | 7,002,558 |
| Contractual services | 1,370,544 |
| Commodities | 1,022,707 |
| Capital Outlay | 193,161 |
| Function total | <u><u>\$ 9,588,970</u></u> |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | |
|---|------------------|
| Community and economic development function | |
| Mayor | |
| Iowa Northland Council of Governments | |
| Contractual services | \$ 34,887 |
| Total activity | 34,887 |
| Tourism promotion | |
| Contractual services | 66,767 |
| Total activity | 66,767 |
| Tourism promotion - discretionary | |
| Contractual services | 13,619 |
| Total activity | 13,619 |
| Waterloo Convention Center - operations | |
| Contractual services | 790,221 |
| Commodities | 34,400 |
| Total activity | 824,621 |
| Waterloo Convention & Visitors Bureau | |
| Contractual services | 493,279 |
| Total activity | 493,279 |
| Total department | 1,433,173 |
| Planning & zoning | |
| Planning & zoning | |
| Compensation and benefits | 677,593 |
| Contractual services | 13,978 |
| Commodities | 3,209 |
| Total activity | 694,780 |
| City property management | |
| Contractual services | 107,400 |
| Total activity | 107,400 |
| Economic development | |
| Compensation and benefits | 108,371 |
| Total activity | 108,371 |
| Special projects | |
| Capital outlay | 137,500 |
| Total activity | 137,500 |
| Total department | 1,048,051 |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | |
|--|---------------------|
| Building Inspections | |
| Five Sullivans Convention Center - maintenance | |
| Contractual services | 6,308 |
| Total activity and department | 6,308 |
| Community and economic development totals | |
| Compensation and benefits | 785,964 |
| Contractual services | 1,526,459 |
| Commodities | 37,609 |
| Capital Outlay | 137,500 |
| Function total | \$ 2,487,532 |
| General Government function | |
| Mayor | |
| Mayor's office | |
| Compensation and benefits | \$ 296,017 |
| Contractual services | 67,085 |
| Commodities | 1,218 |
| Total activity | 364,320 |

City of Waterloo, Iowa

Schedule of Expenditures by Function and Department (Continued)

General Fund

Year Ended June 30, 2021

| | |
|--------------------------------------|------------------|
| Mayor Restricted Projects. | |
| Contractual services | 34,484 |
| Commodities | 3,132 |
| Total activity | <u>37,616</u> |
| Administrative SVCS/MIS | |
| Compensation and benefits | 240,110 |
| Contractual services | 138,322 |
| Commodities | 46,712 |
| Total activity | <u>425,144</u> |
| Communications | |
| Contractual services | 2,391 |
| Total activity | <u>2,391</u> |
| Total department | <u>829,471</u> |
| City Council | |
| City Council | |
| Compensation and benefits | 74,313 |
| Contractual services | 3,160 |
| Total activity and department | <u>77,473</u> |
| City Clerk and Finance | |
| Electronic media | |
| Compensation and benefits | 155,446 |
| Contractual services | 260 |
| Commodities | 5,489 |
| Total activity | <u>161,195</u> |
| City Clerk & Finance | |
| Compensation and benefits | 894,980 |
| Contractual services | 135,735 |
| Commodities | 119,775 |
| Total activity | <u>1,150,490</u> |
| Liability insurance | |
| Compensation and benefits | 93,891 |
| Contractual services | 1,613,529 |
| Total activity | <u>1,707,420</u> |
| Life/disability insurance | |
| Compensation and benefits | 2,640 |
| Total activity | <u>2,640</u> |
| Self-funded health insurance | |
| Contractual services | 3,721,561 |
| Commodities | 207 |
| Total activity | <u>3,721,768</u> |
| Self funded workers | |
| Contractual services | 1,423,516 |
| Total activity | <u>1,423,516</u> |

Schedule of Expenditures by Function and Department (Continued)
General Fund
Year Ended June 30, 2021

| | |
|--------------------------------------|-----------------------------|
| Printing | |
| Contractual services | 11,857 |
| Total activity | <u>11,857</u> |
| Total department | <u>8,178,886</u> |
| City Attorney | |
| City Attorney | |
| Compensation and benefits | 185,736 |
| Contractual services | 94,041 |
| Commodities | 6,615 |
| Total activity and department | <u>286,392</u> |
| Human resources | |
| Employee assistance program | |
| Contractual services | 13,338 |
| Total activity | <u>13,338</u> |
| Human resources | |
| Compensation and benefits | 417,777 |
| Contractual services | 49,002 |
| Commodities | 2,132 |
| Total activity | <u>468,911</u> |
| Safety and wellness | |
| Commodities | 12,794 |
| Total activity | <u>12,794</u> |
| Total department | <u>495,043</u> |
| Building inspection | |
| Facilities maintenance | |
| Compensation and benefits | 366,940 |
| Contractual services | 179,830 |
| Commodities | 37,048 |
| Total activity | <u>583,818</u> |
| Facilities restricted project | |
| Commodities | 1,423 |
| Total activity | <u>1,423</u> |
| Veterans Memorial Hall | |
| Contractual services | 6,855 |
| Total activity | <u>6,855</u> |
| Total department | <u>592,096</u> |
| General government totals | |
| Compensation and benefits | 2,727,850 |
| Contractual services | 7,494,966 |
| Commodities | 236,545 |
| Function total | <u><u>\$ 10,459,361</u></u> |

City of Waterloo, Iowa

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

| | Special Revenue | Capital Projects | General Obligation Debt Service | Total |
|---|----------------------|----------------------|------------------------------------|----------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 14,272,801 | \$ 26,959,765 | \$ 711,814 | \$ 41,944,380 |
| Receivables: | | | | |
| Customer accounts | 14,407 | - | - | 14,407 |
| Property taxes: | | | | |
| Delinquent | 9,500 | - | 100,468 | 109,968 |
| Succeeding year | 613,322 | - | 7,392,925 | 8,006,247 |
| Accrued interest | 9,562 | 60 | 3 | 9,625 |
| Due from other governments: | | | | |
| Federal | 2,190,770 | - | - | 2,190,770 |
| Iowa | 4,906,487 | - | - | 4,906,487 |
| Other | 128,298 | 177,746 | 73,665 | 379,709 |
| Inventories and prepaids | 31,445 | - | - | 31,445 |
| Restricted assets, cash and cash equivalents | 3,354,399 | - | 256,090 | 3,610,489 |
| Advances to other funds | 21,423 | - | - | 21,423 |
| Total assets | \$ 25,552,414 | \$ 27,137,571 | \$ 8,534,965 | \$ 61,224,950 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,259,781 | \$ 1,125,527 | \$ 37,079 | \$ 3,422,387 |
| Retainages payable | 390,883 | 690,814 | - | 1,081,697 |
| Accrued liabilities | 130,133 | - | - | 130,133 |
| Due to other funds | 1,745,846 | 5,258,835 | - | 7,004,681 |
| Compensated absences | 9,707 | - | - | 9,707 |
| Payable from restricted assets | 45,030 | - | - | 45,030 |
| Unearned revenue | 601,291 | - | - | 601,291 |
| Total liabilities | 5,182,671 | 7,075,176 | 37,079 | 12,294,926 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue—property taxes | 622,822 | - | 7,493,393 | 8,116,215 |
| Unavailable revenue—local option sales tax | 2,105,523 | - | - | 2,105,523 |
| Unavailable revenue—intergovernmental and other | 1,901,820 | 177,746 | - | 2,079,566 |
| Total deferred inflows of resources | 4,630,165 | 177,746 | 7,493,393 | 12,301,304 |
| Fund Balances: | | | | |
| Nonspendable | 31,445 | - | - | 31,445 |
| Restricted | 14,847,766 | 25,431,857 | 1,004,493 | 41,284,116 |
| Assigned | 2,269,510 | - | - | 2,269,510 |
| Unassigned | (1,409,143) | (5,547,208) | - | (6,956,351) |
| Total fund balances | 15,739,578 | 19,884,649 | 1,004,493 | 36,628,720 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 25,552,414 | \$ 27,137,571 | \$ 8,534,965 | \$ 61,224,950 |

City of Waterloo, Iowa

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021**

| | Special Revenue | Capital Projects | Debt Service | Total |
|---|-------------------|---------------------|--------------------|---------------------|
| Revenues: | | | | |
| Property taxes | \$ 642,334 | \$ - | \$ 7,375,359 | \$ 8,017,693 |
| Other taxes | 11,980,555 | - | 233,182 | 12,213,737 |
| Investment income | 22,014 | 16,557 | 7,259 | 45,830 |
| Rent | 190,114 | - | 44,000 | 234,114 |
| Intergovernmental | 12,415,809 | - | - | 12,415,809 |
| Charges for services | 331,113 | - | - | 331,113 |
| Miscellaneous | 2,322 | 1,600,263 | 214,969 | 1,817,554 |
| Total revenues | 25,584,261 | 1,616,820 | 7,874,769 | 35,075,850 |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 16,983,413 | - | - | 16,983,413 |
| Culture and recreation | 792,397 | - | - | 792,397 |
| Community and economic development | 8,084,155 | 757,500 | - | 8,841,655 |
| General government | 37,148 | 30,210 | - | 67,358 |
| Debt service: | | | | |
| Principal | - | 914,575 | 8,573,000 | 9,487,575 |
| Interest expense | - | 245,899 | 2,337,239 | 2,583,138 |
| Capital outlay | 53,523 | 20,966,085 | - | 21,019,608 |
| Total expenditures | 25,950,636 | 22,914,269 | 10,910,239 | 59,775,144 |
| Revenues over (under) expenditures | (366,375) | (21,297,449) | (3,035,470) | (24,699,294) |
| Other financing sources (uses): | | | | |
| Transfers in | - | 2,297,972 | 3,008,343 | 5,306,315 |
| Transfers out | (99,820) | - | - | (99,820) |
| Bond premium | - | 315,894 | 241,602 | 557,496 |
| Payment to escrow from refunding bonds | - | - | (6,472,000) | (6,472,000) |
| Issuance of refunding bonds | - | - | 6,360,000 | 6,360,000 |
| Issuance of long-term debt | - | 13,790,000 | - | 13,790,000 |
| Total other financing sources (uses) | (99,820) | 16,403,866 | 3,137,945 | 19,441,991 |
| Net change in fund balance | (466,195) | (4,893,583) | 102,475 | (5,257,303) |
| Fund balance, beginning of year | 16,205,773 | 24,778,232 | 902,018 | 41,886,023 |
| Fund balance, end of year | \$ 15,739,578 | \$ 19,884,649 | \$ 1,004,493 | \$ 36,628,720 |

City of Waterloo, Iowa

Nonmajor Special Revenue Funds June 30, 2021

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:

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, 2021**

| | Local Option Sales Tax | Library Tax Levy | Community Development Block Grant |
|---|---------------------------|---------------------|---|
| Assets | | | |
| Cash and cash equivalents | \$ 11,002,424 | \$ 595,506 | \$ 110,021 |
| Receivables: | | | |
| Customer accounts | - | - | - |
| Property taxes: | | | |
| Delinquent | - | 9,500 | - |
| Succeeding year | - | 613,322 | - |
| Accrued interest | 45 | 3 | 9,501 |
| Due from other governments: | | | |
| Federal | - | - | 309,600 |
| Iowa | 3,017,958 | - | - |
| Other | 121,538 | 6,760 | - |
| Inventories and prepaids | - | - | - |
| Restricted cash and cash equivalents | - | - | - |
| Advances to other funds | 13,598 | 7,825 | - |
| Total assets | \$ 14,155,563 | \$ 1,232,916 | \$ 429,122 |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | |
| Liabilities: | | | |
| Accounts payable | \$ 930,443 | \$ - | \$ 52,143 |
| Retainages payable | 235,929 | - | 7,524 |
| Accrued liabilities | 44,249 | 31,852 | 27,418 |
| Due to other funds | - | - | 141,001 |
| Compensated absences | - | 2,242 | 3,627 |
| Payable from restricted assets | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 1,210,621 | 34,094 | 231,713 |
| Deferred inflows of resources: | | | |
| Unavailable revenue - property taxes | - | 622,822 | - |
| Unavailable revenue - local option sales tax | 2,105,523 | - | - |
| Unavailable revenue - intergovernmental | - | - | 8,646 |
| Total deferred inflows of resources | 2,105,523 | 622,822 | 8,646 |
| Fund balances (deficit): | | | |
| Nonspendable | - | - | - |
| Restricted | 8,665,127 | 482,339 | 188,763 |
| Assigned | 2,174,292 | 93,661 | - |
| Unassigned | - | - | - |
| Total fund balances (deficit) | 10,839,419 | 576,000 | 188,763 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 14,155,563 | \$ 1,232,916 | \$ 429,122 |

| Special Revenue | | | | | |
|------------------|-----------|--------------|-------------------------------------|----------------------------------|---------------|
| Housing Programs | | Grants | Federal Aviation Agency Projects | Iowa Reinvestment District | Total |
| \$ | 2,525,759 | \$ - | \$ - | \$ 39,091 | \$ 14,272,801 |
| | 14,407 | - | - | - | 14,407 |
| | - | - | - | - | 9,500 |
| | - | - | - | - | 613,322 |
| | 13 | - | - | - | 9,562 |
| | 788 | 20,431 | 1,859,951 | - | 2,190,770 |
| | - | 1,829,107 | 12,403 | 47,019 | 4,906,487 |
| | - | - | - | - | 128,298 |
| | 31,445 | - | - | - | 31,445 |
| | 2,953,553 | 55,275 | 345,571 | - | 3,354,399 |
| | - | - | - | - | 21,423 |
| <hr/> | | | | | |
| \$ | 5,525,965 | \$ 1,904,813 | \$ 2,217,925 | \$ 86,110 | \$ 25,552,414 |
| <hr/> | | | | | |
| \$ | 75,626 | \$ 424,743 | \$ 776,826 | \$ - | \$ 2,259,781 |
| | - | 58,637 | 88,793 | - | 390,883 |
| | 26,614 | - | - | - | 130,133 |
| | - | 661,274 | 943,571 | - | 1,745,846 |
| | 3,838 | - | - | - | 9,707 |
| | 45,030 | - | - | - | 45,030 |
| | 336,802 | 264,489 | - | - | 601,291 |
| | 487,910 | 1,409,143 | 1,809,190 | - | 5,182,671 |
| <hr/> | | | | | |
| | - | - | - | - | 622,822 |
| | - | - | - | - | 2,105,523 |
| | - | 1,849,538 | 12,403 | 31,233 | 1,901,820 |
| <hr/> | | | | | |
| | - | 1,849,538 | 12,403 | 31,233 | 4,630,165 |
| <hr/> | | | | | |
| | 31,445 | - | - | - | 31,445 |
| | 5,006,610 | 55,275 | 396,332 | 53,320 | 14,847,766 |
| | - | - | - | 1,557 | 2,269,510 |
| | - | (1,409,143) | - | - | (1,409,143) |
| | 5,038,055 | (1,353,868) | 396,332 | 54,877 | 15,739,578 |
| <hr/> | | | | | |
| \$ | 5,525,965 | \$ 1,904,813 | \$ 2,217,925 | \$ 86,110 | \$ 25,552,414 |
| <hr/> | | | | | |

City of Waterloo, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
Year Ended June 30, 2021**

| | Local Option Sales Tax | Library Tax Levy | Community Development Block Grant |
|---|---------------------------|---------------------|---|
| Revenues: | | | |
| Property taxes | \$ - | \$ 642,334 | \$ - |
| Other taxes | 11,957,710 | 22,845 | - |
| Investment income | 19,883 | 915 | - |
| Rent | - | - | - |
| Intergovernmental | - | - | 2,153,636 |
| Charges for services | 25,722 | - | 228,246 |
| Miscellaneous | - | - | - |
| Total revenues | 12,003,315 | 666,094 | 2,381,882 |
| Expenditures: | | | |
| Current: | | | |
| Public works | 12,586,712 | - | - |
| Culture and recreation | - | 608,698 | - |
| Community and economic development | - | - | 2,128,209 |
| General government | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | 12,586,712 | 608,698 | 2,128,209 |
| Excess of revenues over expenditures | (583,397) | 57,396 | 253,673 |
| Other financing uses, transfers out | - | - | - |
| Total other financing uses | - | - | - |
| Change in fund balances (deficit) | (583,397) | 57,396 | 253,673 |
| Fund balances (deficit), beginning of year | 11,422,816 | 518,604 | (64,910) |
| Fund balances (deficit), end of year | \$ 10,839,419 | \$ 576,000 | \$ 188,763 |

| Special Revenue | | | | | |
|------------------|-----------|----------------|-------------------------------------|----------------------------------|---------------|
| Housing Programs | | Grants | Federal Aviation Agency Projects | Iowa Reinvestment District | Total |
| \$ | - | \$ | - | \$ | - |
| | - | | - | | 642,334 |
| | 560 | | 505 | 151 | 11,980,555 |
| | 190,114 | | - | - | 22,014 |
| | 5,899,791 | 1,546,996 | 2,744,678 | 70,708 | 190,114 |
| | 48,304 | - | 28,841 | - | 12,415,809 |
| | 2,322 | - | - | - | 331,113 |
| | 6,141,091 | 1,546,996 | 2,774,024 | 70,859 | 2,322 |
| | | | | | 25,584,261 |
| | - | 2,282,629 | 2,114,072 | - | 16,983,413 |
| | - | 183,699 | - | - | 792,397 |
| | 5,891,901 | 64,045 | - | - | 8,084,155 |
| | - | - | 37,060 | 88 | 37,148 |
| | 53,523 | - | - | - | 53,523 |
| | 5,945,424 | 2,530,373 | 2,151,132 | 88 | 25,950,636 |
| | 195,667 | (983,377) | 622,892 | 70,771 | (366,375) |
| | - | - | - | (99,820) | (99,820) |
| | - | - | - | (99,820) | (99,820) |
| | 195,667 | (983,377) | 622,892 | (29,049) | (466,195) |
| | 4,842,388 | (370,491) | (226,560) | 83,926 | 16,205,773 |
| \$ | 5,038,055 | \$ (1,353,868) | \$ 396,332 | \$ 54,877 | \$ 15,739,578 |

City of Waterloo, Iowa

Capital Projects Funds

June 30, 2021

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

June 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, 2021**

| | June 2017 GO Bonds | June 2018 GO Bonds | June 2019 GO Bonds |
|---|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 584,704 | \$ 1,564,578 | \$ 4,933,338 |
| Receivables, other | - | - | - |
| Accrued interest | 2 | 4 | 12 |
| Total assets | \$ 584,706 | \$ 1,564,582 | \$ 4,933,350 |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | |
| Liabilities: | | | |
| Accounts payable | \$ 23,789 | \$ 57,282 | \$ 158,336 |
| Retainages payable | 10,195 | 205,991 | 15,119 |
| Due to other funds | - | - | - |
| Total liabilities | 33,984 | 263,273 | 173,455 |
| Deferred inflows of resources, unavailable revenue—other | - | - | - |
| Fund balances (deficit): | | | |
| Restricted | 550,722 | 1,301,309 | 4,759,895 |
| Unassigned | - | - | - |
| Total fund balances (deficit) | 550,722 | 1,301,309 | 4,759,895 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 584,706 | \$ 1,564,582 | \$ 4,933,350 |

| June 2020 GO Bonds | June 2021 GO Bonds | Capital Improvements | Total |
|-----------------------|-----------------------|-------------------------|----------------------|
| \$ 6,406,580 | \$ 13,404,225 | \$ 66,340 | \$ 26,959,765 |
| - | - | 177,746 | 177,746 |
| 15 | 27 | - | 60 |
| <u>\$ 6,406,595</u> | <u>\$ 13,404,252</u> | <u>\$ 244,086</u> | <u>\$ 27,137,571</u> |
| | | | |
| \$ 253,715 | \$ 507,710 | \$ 124,695 | \$ 1,125,527 |
| 32,001 | 263,830 | 163,678 | 690,814 |
| - | - | 5,258,835 | 5,258,835 |
| <u>285,716</u> | <u>771,540</u> | <u>5,547,208</u> | <u>7,075,176</u> |
| | | | |
| - | - | 177,746 | 177,746 |
| | | | |
| 6,120,879 | 12,632,712 | 66,340 | 25,431,857 |
| - | - | (5,547,208) | (5,547,208) |
| <u>6,120,879</u> | <u>12,632,712</u> | <u>(5,480,868)</u> | <u>19,884,649</u> |
| | | | |
| <u>\$ 6,406,595</u> | <u>\$ 13,404,252</u> | <u>\$ 244,086</u> | <u>\$ 27,137,571</u> |

City of Waterloo, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Capital Projects Funds
Year Ended June 30, 2021**

| | June 2016 GO Bonds | June 2017 GO Bonds | June 2018 GO Bonds |
|--|-----------------------|-----------------------|-----------------------|
| Revenues: | | | |
| Investment income | \$ 222 | \$ 904 | \$ 2,599 |
| Miscellaneous | - | - | - |
| Total revenues | <u>222</u> | <u>904</u> | <u>2,599</u> |
| Expenditures: | | | |
| Community and economic development | - | - | - |
| General government | - | 47 | 28 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest expense | - | 3,500 | - |
| Capital outlay | 710,573 | 1,029,506 | 3,033,059 |
| Total expenditures | <u>710,573</u> | <u>1,033,053</u> | <u>3,033,087</u> |
| Revenues under expenditures | <u>(710,351)</u> | <u>(1,032,149)</u> | <u>(3,030,488)</u> |
| Other financing sources: | | | |
| Transfers in | - | - | - |
| Bond premium | - | - | - |
| Issuance of long-term debt | - | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances (deficit) | <u>(710,351)</u> | <u>(1,032,149)</u> | <u>(3,030,488)</u> |
| Fund balances (deficit), beginning of year | <u>710,351</u> | <u>1,582,871</u> | <u>4,331,797</u> |
| Fund balances (deficit), end of year | <u>\$ -</u> | <u>\$ 550,722</u> | <u>\$ 1,301,309</u> |

| June 2019 GO Bonds | June 2020 GO Bonds | June 2021 GO Bonds | Capital Improvements | Total |
|-----------------------|-----------------------|-----------------------|-------------------------|---------------|
| \$ 5,371 | \$ 7,434 | \$ 27 | \$ - | \$ 16,557 |
| - | - | - | 1,600,263 | 1,600,263 |
| 5,371 | 7,434 | 27 | 1,600,263 | 1,616,820 |
| - | 757,500 | - | - | 757,500 |
| 78 | 230 | 75 | 29,752 | 30,210 |
| - | - | - | 914,575 | 914,575 |
| - | 16 | 156,958 | 85,425 | 245,899 |
| 2,849,552 | 6,264,218 | 1,316,176 | 5,763,001 | 20,966,085 |
| 2,849,630 | 7,021,964 | 1,473,209 | 6,792,753 | 22,914,269 |
| (2,844,259) | (7,014,530) | (1,473,182) | (5,192,490) | (21,297,449) |
| - | - | - | 2,297,972 | 2,297,972 |
| - | - | 315,894 | - | 315,894 |
| - | - | 13,790,000 | - | 13,790,000 |
| - | - | 14,105,894 | 2,297,972 | 16,403,866 |
| (2,844,259) | (7,014,530) | 12,632,712 | (2,894,518) | (4,893,583) |
| 7,604,154 | 13,135,409 | - | (2,586,350) | 24,778,232 |
| \$ 4,759,895 | \$ 6,120,879 | \$ 12,632,712 | \$ (5,480,868) | \$ 19,884,649 |

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.

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|---|--------------------|
| 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. | 130 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 135 |
| 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. | 139 |
| 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. | 144 |
| 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. | 146 |

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

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 357,396,168 |
| Restricted | 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 | 39,925,625 |
| Unrestricted | 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) | (46,515,207) |
| Total governmental activities net position | <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> | <u>\$ 350,806,586</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 92,076,757 |
| Restricted | 1,655,694 | 1,383,659 | 1,310,099 | 727,235 | 672,515 | 672,515 | 672,515 | 47,826 | 19,491 | 138,467 |
| Unrestricted | 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 | 14,981,482 |
| Total business-type activities net position | <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> | <u>\$ 107,196,706</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 449,472,925 |
| Restricted | 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 | 40,064,092 |
| Unrestricted | 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) | (31,533,725) |
| Total primary government net position | <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> | <u>\$ 458,003,292</u> |

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Public safety | \$ 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 | \$ 39,844,040 |
| Public works | 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 | 31,393,797 |
| Health and social services | 278,589 | 299,282 | 368,173 | 325,607 | 295,088 | 381,203 | 369,832 | 279,470 | 265,757 | 281,594 |
| Culture and recreation | 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 | 11,878,940 |
| Community and economic development | 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 | 12,518,489 |
| General government | 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 | 10,644,609 |
| Interest on long-term debt | 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 | 2,212,316 |
| Total governmental activities expenses | <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> | <u>108,773,785</u> |
| Business-type activities: | | | | | | | | | | |
| Sanitary sewer | 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 | 12,110,438 |
| Sanitation | 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 | 5,272,312 |
| Total business-type activities expenses | <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> | <u>17,382,750</u> |
| Total primary government expenses | <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> | <u>\$ 126,156,535</u> |
| Program Revenue | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Public safety | \$ 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 | \$ 6,120,115 |
| Public works | 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 | 2,448,785 |
| Culture and recreation | 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 | 3,897,666 |
| Other activities | 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 | 2,684,498 |
| Operating grants and contributions | 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 | 16,409,982 |
| Capital grants and contributions | 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 | 10,923,191 |
| Total governmental activities program revenue | <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> | <u>42,484,237</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sanitary sewer | 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 | 16,797,429 |
| Sanitation | 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 | 5,835,299 |
| Operating grants and contributions: | | | | | | | | | | |
| Sanitary sewer | 54,041 | - | - | 24,236 | 1,892 | 206,145 | 37,055 | - | 2,005 | 1,001 |
| Sanitation | 215,584 | 273,869 | 272,755 | 274,324 | 273,624 | 290,513 | 273,624 | 273,624 | 273,857 | 273,550 |
| Capital grants and contributions: | | | | | | | | | | |
| Sanitary sewer | 82,443 | - | - | - | 1,271,776 | 192,977 | 145,656 | 310,250 | 356,837 | 204,889 |
| Sanitation | 560 | 13,585 | - | - | - | - | - | - | - | - |
| Total business-type activities program revenue | <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> | <u>23,112,168</u> |
| Total primary government program revenue | <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> | <u>\$ 65,596,405</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (66,289,548) |
| Business-type activities | <u>3,661,655</u> | <u>2,515,388</u> | <u>3,699,964</u> | <u>414,556</u> | <u>1,535,216</u> | <u>2,059,238</u> | <u>128,471</u> | <u>2,682,950</u> | <u>5,084,104</u> | <u>5,729,418</u> |
| Total primary government net expense | <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> | <u>\$ (60,560,130)</u> |

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Revenue and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 52,877,346 |
| Other taxes | 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 | 20,577,471 |
| Investment earnings | 54,485 | 45,578 | 117,515 | 180,123 | 187,046 | 339,895 | 842,018 | 1,468,222 | 978,205 | 124,727 |
| Miscellaneous | 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 | 5,870,441 |
| Gain on sale of assets | - | - | - | - | 188,433 | 34,865 | - | - | - | - |
| Transfers | (44,167) | (4,740) | - | (2,035) | - | - | - | (633,323) | - | - |
| Total governmental activities | <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> | <u>79,449,985</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 18,612 | 16,555 | 25,122 | 39,714 | 49,277 | 51,489 | 104,439 | 246,059 | 205,504 | 10,999 |
| Gain (loss) on sale of assets | - | - | - | 1,711 | - | - | 46,298 | 3,850 | 39,700 | 8,000 |
| Transfers | 44,167 | 4,740 | - | 2,035 | - | - | - | 633,323 | - | - |
| Total business-type activities | <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> | <u>18,999</u> |
| Total primary government | <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> | <u>\$ 79,468,984</u> |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 13,160,437 |
| Business-type activities | <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> | <u>5,748,417</u> |
| Total primary government | <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> | <u>\$ 18,908,854</u> |

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 326,276 | \$ 322,077 | \$ 392,741 | \$ 323,781 | \$ 267,413 | \$ 197,324 | \$ 528,775 | \$ 392,145 | \$ 584,290 | \$ 898,156 |
| Restricted | 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 | 5,027,951 |
| Committed | - | - | 36,595 | - | - | - | 33,004 | 154,511 | 229,791 | - |
| Assigned | 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 | 7,871,374 |
| Unassigned | 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 | 12,736,746 |
| Total general fund | <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> | <u>\$ 26,534,227</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 297,516 | \$ 233,192 | \$ 466,165 | \$ 298,880 | \$ 290,117 | \$ 261,770 | \$ 131,211 | \$ 219,283 | \$ 140,959 | \$ 313,422 |
| Restricted | 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 | 60,645,760 |
| Assigned | 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 | 2,939,425 |
| Unassigned | (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) | (6,956,351) |
| Total all other governmental funds | <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> | <u>\$ 56,942,256</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)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Revenue | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 52,877,346 |
| Other taxes | 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 | 20,765,591 |
| Licenses and permits | 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 | 1,392,173 |
| Investment income | 54,485 | 45,578 | 117,515 | 183,938 | 187,047 | 339,895 | 842,018 | 1,468,222 | 978,205 | 124,727 |
| Rent* | 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 | 1,268,940 |
| Intergovernmental | 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 | 25,735,011 |
| Charges for services* | 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 | 10,073,458 |
| Interfund charges for service | 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 | 2,416,493 |
| Special assessments | 93,870 | 124,467 | 139,408 | 127,266 | 138,434 | 133,943 | 176,382 | 201,637 | 126,258 | 169,139 |
| Miscellaneous | 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 | 3,940,108 |
| Total revenue | <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> | <u>118,762,986</u> |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Public safety | 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 | 35,398,811 |
| Public works | 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 | 28,042,204 |
| Health and social services | 346,952 | 370,275 | 365,847 | 407,060 | 375,769 | 379,958 | 365,193 | 276,922 | 270,460 | 286,771 |
| Culture and recreation | 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 | 10,310,829 |
| Community and economic development | 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 | 14,554,888 |
| General government | 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 | 10,540,061 |
| Debt service | | | | | | | | | | |
| Principal | 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 | 9,879,128 |
| Interest and fees | 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 | 2,633,620 |
| Capital outlay | 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 | 34,953,743 |
| Total expenditures | <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> | <u>146,600,055</u> |
| Revenue over (under) expenditures | <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> | <u>(27,837,069)</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 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 | 13,925,382 |
| Transfers out | (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) | (13,925,382) |
| Insurance proceeds | 19,968 | 173,397 | 356,454 | 1,400 | 766,470 | 1,624,380 | 1,112,624 | - | 1,659,358 | 1,986,893 |
| Proceeds from sale of assets | - | 71,014 | 47,937 | (6,168) | 335,618 | 95,564 | 206,006 | 171,426 | 56,088 | 336,362 |
| Refunding bonds issued | 4,200,000 | 2,630,000 | 8,670,000 | - | - | - | 1,425,000 | - | - | 6,472,000 |
| Payment to refunded bond escrow agent | - | (6,744,723) | (8,806,014) | - | - | (2,040,000) | - | - | - | (6,472,000) |
| Proceeds from debt issued | 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 | 18,798,418 |
| Bond discounts and premiums | 269,088 | 118,687 | 205,713 | 129,606 | 107,806 | 276,585 | 118,355 | 320,689 | 445,298 | 557,496 |
| Total other financing sources (uses) | <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> | <u>21,679,169</u> |
| Net change in fund balances | <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> | <u>\$ (6,157,900)</u> |
| Debt service as a percentage of noncapital expenditures | <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> | <u>12.4%</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 |
|----------------------------------|---|-------------------------|------------------------|------------------------|-----------------|-------------------|---|------------------------------------|-----------------------------|----------------------------|--|
| 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% |
| 2019 | 2021 | 1,439,257,464 | 648,885,677 | 105,155,528 | 284,405,439 | 145,359,250 | 4,675,374 | 2,618,387,984 | 18.44026 | 4,043,161,870 | 64.76% |

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.
 - (3) A new category for multi-residential property was created by the state beginning in FYE2017. These values are included in the "Other Property" category
 - (4) A rollback from assessed to taxable valuation was implemented for commercial and industrial property beginning in FYE2017. The factor was 5% for FYE2017 and

**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 | | |
| 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 |
| 2021 | 15.68435 | 2.75591 | 18.44026 | 5.94328 | 0.39297 | 6.33625 | 11.63405 | 2.57289 | 14.20694 | 1.47747 | 40.46092 |

Source: Black Hawk County Auditor.

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

| Employer | 2021 | | | 2012 | | |
|--|-------------------------------|------|--|-------------------------------|------|--|
| | Assessed Value 1/1/2019 | Rank | Percentage of Total Assessed Value | Assessed Value 1/1/2010 | Rank | Percentage of Total Assessed Value |
| MidAmerican Energy | \$ 78,315,653 | 1 | 1.94% | \$ 133,305,953 | 1 | 3.56% |
| Deere and Company | 50,559,222 | 2 | 1.25% | 28,300,210 | 4 | 0.76% |
| IOC Black Hawk County, Inc. | 48,954,195 | 3 | 1.21% | 73,670,230 | 2 | 1.97% |
| Con Agra k/n/a Hunt Wesson, Inc. | 31,500,000 | 4 | 0.78% | 26,580,220 | 5 | 0.71% |
| Ferguson Enterprises, Inc. | 18,636,903 | 5 | 0.46% | 24,732,360 | 6 | 0.66% |
| FDP WTC LLC | 16,711,938 | 6 | 0.41% | | | |
| VGM Management, Inc. | 16,594,492 | 7 | 0.41% | | | |
| Tyson Fresh Meats (formerly IBP, Inc.) | 15,992,295 | 8 | 0.40% | 17,306,720 | 7 | 0.46% |
| Bertch Cabinet Manufacturing, Inc. | 14,318,676 | 9 | 0.35% | 15,607,970 | 8 | 0 |
| Walmart | 12,011,454 | 10 | 0.30% | | | |
| Crossroads Realty LLC | - | | -- | 39,530,390 | 3 | 1.05% |
| Howard Allen Investments | -- | | -- | 15,590,980 | 9 | 0.42% |
| Qwest Corporation (formerly US West) | -- | | -- | 13,138,639 | 10 | 0.35% |
| | -- | | -- | | | |
| Total | <u>\$ 303,594,828</u> | | <u>7.51%</u> | <u>\$ 387,763,672</u> | | <u>10.36%</u> |

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

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

| <u>Assessment Date January 1,</u> | <u>Fiscal Year Ended June 30,</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percent of Current Tax Collections To Tax Levy</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percent of Total Tax Collections To Tax Levy</u> |
|---|---|---------------------------|--|---|---|--------------------------------------|---|
| 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% |
| 2019 | 2021 | 42,422,199 | 42,700,728 | 100.66% | 290,135 | 42,990,863 ^ | 101.34% |

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.

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

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

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 | | | |
| 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 |
| 2021 | 92,697,175 | -- | 3,762,929 | 5,913,513 | 12,512,539 | 17,403,732 | -- | -- | 132,289,888 | 3.92% | 1,934 |

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> |
|------------------------|---|---|---|------------------------|
| 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 |
| 2021 | 105,209,714 | 4,043,161,870 | 2.60% | 1,538 |

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, 2021

| <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>\$ 102,373,617</u> | 100.00% | <u>\$ 102,373,617</u> |
| Overlapping: | | | |
| Black Hawk County | \$ 22,350,000 | 42.99% | 9,608,265 |
| Hawkeye Community College | <u>11,560,000</u> | 24.30% | <u>2,809,080</u> |
| Subtotal, overlapping debt | <u>\$ 33,910,000</u> | | <u>\$ 12,417,345</u> |
| Total direct and overlapping debt | <u><u>\$ 136,283,617</u></u> | | <u><u>\$ 114,790,962</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**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Limit | \$ 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 | \$ 202,158,094 |
| Total net debt applicable to limit | 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 | 114,700,920 |
| Legal debt margin | <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> | <u>\$ 87,457,174</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 48.91% | 49.70% | 49.02% | 49.44% | 49.44% | 56.85% | 55.26% | 55.13% | 54.59% | 56.74% |

Legal Debt Margin Calculation for Fiscal Year 2021:

| | |
|---|----------------------|
| Estimated actual valuation (assessed) as of January 1, 2019 | \$ 4,043,161,870 |
| Debt limit (5% of total estimated actual valuation) | 202,158,094 |
| Debt applicable to debt limit: | |
| General obligation bonds | 105,024,478 |
| Capital leases | 5,913,513 |
| General obligation capital loan notes | <u>3,762,929</u> |
| Total net debt applicable to limit | <u>114,700,920</u> |
| Legal debt margin | <u>\$ 87,457,174</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> |
|------------------------|--------------------------|--|---|--|-----------------|
| 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 |
| 2021 | 16,811,009 | 8,563,164 | 8,247,845 | 505,522 | 16.3155 |

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>Population¹</u> | <u>Personal Income</u> | <u>Per Capita Personal Income²</u> | <u>Median Age¹</u> | <u>Unemployment Rate³</u> | <u>School Enrollment⁴</u> |
|-------------|-------------------------------|----------------------------|---|-----------------------------------|--|--|
| 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 |
| 2020 | 67,314 | 3,374,759,000 | 50,126 | 36.8 | 6.6% | 10,196 |

N/A = Not available.

Sources:

¹ 2000 and 2010 U.S. Census

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

³ Iowa Workforce Development

⁴ Waterloo Community Schools

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

| Employer | 2021 | | | 2012 | | |
|--|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Deere & Company | 5,600 | 1 | 17.18% | 5,600 | 1 | 15.73% |
| Tyson Fresh Meats | 2,950 | 2 | 9.05% | 2,500 | 3 | 7.02% |
| Mercy One (formerly Wheaton Franciscan) | 2,655 | 3 | 8.14% | 2,680 | 2 | 7.53% |
| Waterloo Community Schools | 1,730 | 4 | 5.31% | 1,560 | 6 | 4.38% |
| University of Northern Iowa | 1,650 | 5 | 5.06% | 1,850 | 5 | 5.20% |
| Unity Point Health (formerly Allen Hospital) | 1,500 | 6 | 4.60% | 2,080 | 4 | 5.84% |
| Hy-Vee | 1,200 | 7 | 3.68% | 1,130 | 8 | 3.17% |
| Target Regional Distribution | 1,070 | 8 | 3.28% | 850 | 9 | 2.39% |
| VGM Group | 1,055 | 9 | 3.24% | -- | -- | -- |
| Western Home Communities | 960 | 10 | 2.94% | -- | -- | -- |
| Area Education Agency 267 | - | - | - | 1,150 | 7 | 3.23% |
| GMAC Mortgage Corp. | -- | -- | -- | 805 | 10 | 2.26% |
| Total | <u>20,370</u> | | <u>62.48%</u> | <u>20,205</u> | | <u>56.75%</u> |

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 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Public Safety | | | | | | | | | | |
| Police | 138.0 | 131.0 | 130.0 | 130.0 | 130.0 | 130.0 | 129.0 | 129.0 | 129.0 | 127.0 |
| Fire | 112.5 | 109.5 | 108.5 | 106.5 | 109.5 | 107.5 | 104.5 | 108.5 | 106.5 | 106.0 |
| Building Inspection | 12.5 | 12.5 | 12.5 | 13.5 | 13.5 | 13.0 | 11.0 | 12.0 | 17.0 | 17.0 |
| Public Works | | | | | | | | | | |
| City Engineer | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 21.0 | 21.0 | 18.0 | 19.0 |
| Traffic | 12.0 | 15.0 | 16.0 | 16.0 | 14.0 | 15.0 | 14.0 | 15.0 | 15.5 | 15.5 |
| Central Garage | 9.0 | 9.0 | 10.0 | 10.0 | 9.0 | 9.0 | 9.0 | 7.0 | 8.0 | 9.0 |
| Street | 38.0 | 36.0 | 34.0 | 37.0 | 35.0 | 36.0 | 35.0 | 38.0 | 38.0 | 36.0 |
| Airport | 6.0 | 5.0 | 6.0 | 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 | 14.5 | 13.0 | 11.0 | 13.0 | 12.0 | 13.0 | 10.0 | 10.0 | 12.0 | 12.0 |
| Library | 24.5 | 25.0 | 25.0 | 24.5 | 24.0 | 23.5 | 22.5 | 22.0 | 22.0 | 21.0 |
| Leisure Services | 39.0 | 36.0 | 40.0 | 43.0 | 42.0 | 41.0 | 43.0 | 42.0 | 40.0 | 38.0 |
| Community & Economic Development | | | | | | | | | | |
| Community Planning & Development | 24.0 | 22.0 | 23.0 | 23.0 | 22.0 | 21.0 | 22.0 | 22.0 | 19.0 | 18.0 |
| 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 | 1.0 | 1.0 | 1.0 | 2.0 | 4.0 | 5.0 | 4.0 | 5.0 | 5.0 |
| City Clerk & Finance | 13.0 | 14.0 | 14.0 | 12.0 | 12.0 | 9.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| City Attorney/Code Enforcement | 1.5 | 1.5 | 1.5 | 1.5 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Human Resources | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Facilities Maintenance | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 5.0 | 4.0 | 4.0 | 4.0 |
| Waste Management Services | | | | | | | | | | |
| Sewer | 35.0 | 33.9 | 41.0 | 39.0 | 40.0 | 39.0 | 36.0 | 38.0 | 38.0 | 38.0 |
| Sanitation | 14.0 | 17.1 | 13.0 | 17.0 | 13.0 | 13.0 | 13.0 | 11.0 | 13.0 | 14.0 |
| Total | <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> | <u>509.5</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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Public Safety | | | | | | | | | |
| Police * | | | | | | | | | |
| Traffic accidents | 1,598 | 1,839 | 1,726 | 1,607 | 1,633 | 1,441 | 1,527 | 1,235 | 1,184 |
| Cases | 11,344 | 11,298 | 11,111 | 10,110 | 9,683 | 8,930 | 9,103 | 8,028 | 7,298 |
| Citations | 6,448 | 6,989 | 5,060 | 4,917 | 3,947 | 3,748 | 4,195 | 3,681 | 2,424 |
| Calls for service | 75,626 | 77,161 | 67,717 | 61,944 | 60,652 | 50,773 | 50,986 | 47,979 | 37,752 |
| Total arrests | 4,984 | 4,931 | 4,728 | 4,004 | 3,874 | 3,444 | 3,496 | 2,777 | 2,351 |
| Fire | | | | | | | | | |
| Fire responses | 4,622 | 5,011 | 5,129 | 5,232 | 5,638 | 5,542 | 5,623 | 5,233 | 5,301 |
| Ambulance responses | 6,997 | 6,729 | 6,830 | 6,650 | 7,036 | 8,720 | 9,180 | 8,956 | 9,833 |
| Building Inspection | | | | | | | | | |
| Construction permits issued | 8,682 | 9,969 | 10,327 | 10,620 | 9,704 | 8,483 | 7,124 | 7,011 | 7,062 |
| Construction value of permits | \$ 91,192,766 | \$ 101,677,108 | \$ 100,224,478 | \$ 127,513,038 | \$ 108,699,337 | \$ 104,700,306 | \$ 142,264,758 | \$ 161,102,459 | \$ 140,629,305 |
| Public Works | | | | | | | | | |
| Engineering | | | | | | | | | |
| Street reconstruction (miles) | 3.08 | 3.15 | 1.59 | 2.61 | 3.35 | 3.08 | 3.30 | 2.81 | 2.50 |
| Street resurfacing (miles) | 14.05 | 12.21 | 18.63 | 12.53 | 0.64 | 1.66 | 2.60 | 3.34 | 2.10 |
| Street Department | | | | | | | | | |
| Tons of salt used for streets | 5,700.00 | 5,162.00 | 4,217.00 | 3,024.00 | 3,307.00 | 5,699.72 | 4,000.00 | 2,500.00 | 2,273.00 |
| Man hours for road maintenance | 67,345 | 66,650 | 67,320 | 79,357 | 66,924 | 68,644 | 38,485 | 47,104 | 30,452 |
| Airport | | | | | | | | | |
| Commercial Enplanements | 19,897 | 21,573 | 26,170 | 27,325 | 25,534 | 22,836 | 23,446 | 15,055 | 7,859 |
| Aircraft take-offs and landings | 20,589 | 19,109 | 19,550 | 21,037 | 18,585 | 18,943 | 20,072 | 19,006 | 19,946 |
| Based aircraft | 104 | 104 | 74 | 75 | 75 | 75 | 81 | 70 | 70 |
| Health & Social Services | | | | | | | | | |
| Human Rights | | | | | | | | | |
| Civil Rights complaints | | | | | | | | | |
| New cases opened | 106 | 64 | 66 | 50 | 57 | 49 | 58 | 41 | 31 |
| Cases closed | 59 | 43 | 100 | 50 | 69 | 72 | 85 | 68 | 47 |
| Active cases at year-end | 154 | 177 | 143 | 142 | 129 | 105 | 83 | 52 | 40 |
| Culture & Recreation | | | | | | | | | |
| Leisure Services | | | | | | | | | |
| SportsPlex Members | N/A | 2,594 | 4,450 | 4,965 | 5,095 | 5,243 | 6,167 | 5,456 | 5,751 |
| Young Arena facility usage | | | | | | | | | |
| Event Visitors | 118,639 | 119,903 | 100,064 | 100,913 | 103,547 | 105,938 | 104,635 | 81,507 | 38,606 |
| Recreational Visitors | 174,780 | 186,384 | 189,121 | 189,586 | 183,749 | 180,545 | 167,900 | 124,700 | 40,099 |
| Sports - youth programs | 5,451 | 5,571 | 5,623 | 5,689 | 5,573 | 5,434 | 5,413 | 4,238 | 4,374 |
| Sports - adult programs | 1,588 | 1,598 | 1,617 | 1,543 | 1,497 | 1,412 | 1,384 | 954 | 1,112 |
| Pool attendance @ | 39,611 | 37,603 | 33,866 | 34,733 | 28,861 | 22,065 | 9,980 | 15,734 | 24,113 |
| Golf rounds | 81,218 | 75,737 | 74,891 | 76,137 | 69,989 | 60,640 | 52,076 | 56,192 | 74,449 |
| Annual flowers grown for parks | 23,304 | - | - | - | - | - | - | - | - |
| Public Library | | | | | | | | | |
| Total Circulation | 405,341 | 422,204 | 470,786 | 446,467 | 365,656 | 299,035 | 295,877 | 500,974 | 146,010 |
| Total Library Visits # | 263,261.00 | 271,603.00 | 278,431.00 | 253,929.00 | 262,073.00 | 250,804.00 | 181,867.00 | 92,342.00 | 37,579.00 |
| Waterloo Center for the Arts | | | | | | | | | |
| In House Visitors | 125,958.00 | 118,970.00 | 128,140.00 | 122,334.00 | 157,628.00 | 189,153.00 | 191,675.00 | 120,000.00 | 48,500.00 |
| Events, meetings, and programs | 1,563.00 | 1,074.00 | 1,103.00 | 1,003.00 | 1,261.00 | 1,513.00 | 1,757.00 | 1,100.00 | 633.00 |

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

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Community & Economic Development | | | | | | | | | |
| Planning and Zoning | | | | | | | | | |
| Planning commission agenda items | 72 | 91 | 100 | 86 | 63 | 70 | 59 | 47 | 73 |
| CURA applications received ** | 24 | 30 | 41 | 31 | 35 | 25 | 28 | 22 | 13 |
| CURA improvements value | \$ 2,776,663 | \$ 11,368,905 | \$ 7,856,518 | \$ 13,451,612 | \$ 13,439,875 | \$ 3,793,731 | \$ 3,037,684 | \$ 5,367,551 | \$ 8,610,759 |
| CLURA applications received*** | 19 | 58 | 69 | 41 | 74 | 46 | 39 | 46 | 45 |
| CLURA improvements value | \$ 4,385,349 | \$ 14,418,617 | \$ 15,057,131 | \$ 8,849,239 | \$ 17,426,350 | \$ 11,090,817 | \$ 11,533,082 | \$ 13,682,420 | \$ 14,222,172 |
| Community Development | | | | | | | | | |
| Down payment assistance | 10 | 3 | 4 | 8 | 7 | - | - | | 3 |
| Home buyer education | - | - | - | - | - | - | - | | - |
| Owner-occupied homes rehabilitated | 31 | 42 | 26 | 24 | 24 | 25 | 33 | 31 | 35 |
| Emergency repairs (including roofs) | 49 | 37 | 33 | 34 | 32 | 21 | 25 | 30 | 39 |
| Demolitions (residential & commercial) | 18 | 21 | - | 13 | - | 1 | 2 | - | - |
| Housing | | | | | | | | | |
| Vouchers used | 1,005 | 931 | 937 | 975 | 1,017 | 1,010 | 1,020 | 1,061 | 1,042 |
| Public housing units | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 49 |
| Family self sufficiency participants | 47 | 36 | 31 | 34 | 28 | 26 | 23 | 20 | 21 |
| Sewer | | | | | | | | | |
| Sewer system customers | 25,393 | 26,102 | 25,584 | 26,498 | 26,522 | 25,235 | 26,732 | 26,790 | 26,501 |

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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public Safety | | | | | | | | | |
| 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 | 31 | 29 | 29 | 30 | 33 ** | 35 | 31 | 31 | 31 |
| Public Works | | | | | | | | | |
| Miles of streets - paved | 364 | 364 | 364 | 360 | 360 | 361 | 362 | 363 | 363 |
| Miles of streets - unpaved | 72 | 72 | 72 | 68 | 68 | 68 | 68 | 73 | 73 |
| Street lights | 1,800 | 1,807 | 1,807 | 1,807 | 1,807 | 1,847 | 1,847 | 2,582 | 2,503 |
| Traffic Signals | 200 | 197 | 198 | 198 | 199 | 200 | 202 | 200 | 206 |
| 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 | CLOSED | CLOSED |
| Culture & Recreation | | | | | | | | | |
| 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 | 20 | 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 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Center for the Arts collection size | 4,352 | 4,682 | 5,102 | 5,498 | 5,647 | 6,001 | 6,475 | 6,738 | 7,122 |
| Library collection size ** | 161,462 | 164,486 | 138,540 | 138,305 | 124,649 | 112,777 | 112,777 | 107,583 | 112,620 |
| Sewer | | | | | | | | | |
| Miles of sanitary sewer | 356 | 357 | 358 | 368 | 372 | 373 | 374 | 376 | 378 |

Source: Various city departments

* Added boats

** Collection size increased due to providing additional electronic service