

*New Issue*

Date of Sale: Wednesday, April 23, 2025 (*Alternative Bid Methods*)  
Series 2025C Between 10:00 and 10:30 A.M., C.D.T. (*Closed SpeerAuction*)  
Before 10:30 A.M., C.D.T. (*Sealed Bids*)  
Series 2025D Between 10:30 and 11:00 A.M., C.D.T. (*Closed SpeerAuction*)  
Before 11:00 A.M., C.D.T. (*Sealed Bids*)

Investment Rating:  
Moody's Investors Service ...  
(*Rating Requested*)

### Official Statement

*Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2025C Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest maybe taken into account in computing the alternative minimum tax imposed on certain corporations. Interest on the Series 2025D Bonds is includable in gross income of the owners thereof for purposes of federal income taxation. The Bonds will **NOT** be designated as "qualified tax-exempt obligations". Interest on the Bonds is not exempt from present Iowa income taxes.. See "TAX MATTERS – TAX-EXEMPT BONDS (SERIES 2025C)" herein for a more detailed discussion. See "TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2025D)" herein.*



**CITY OF WATERLOO**  
**Black Hawk County, Iowa**  
**\$5,315,000\* General Obligation Bonds, Series 2025C**  
**\$685,000\* Taxable General Obligation Bonds, Series 2025D**

#### Dated Date of Delivery

#### Book-Entry

#### Due as Described Herein

The \$5,315,000\* General Obligation Bonds, Series 2025C (the "Series 2025C Bonds" or the "Tax-Exempt Bonds"); and \$685,000\* Taxable General Obligation Bonds, Series 2025D (the "Series 2025D Bonds" or the "Taxable Bonds" and collectively with the Series 2025C Bonds, the "Bonds") are being issued by the City of Waterloo, Black Hawk County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2025. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers.

### OPTIONAL REDEMPTION

The Series 2025C Bonds due June 1, 2026 - 2032, inclusive, are not subject to optional redemption. The Series 2025C Bonds due June 1, 2033 - 2037, inclusive, are callable in whole or in part on any date on or after June 1, 2032, at a price of par and accrued interest. The Series 2025D Bonds due June 1, 2026 - 2030, inclusive, are not subject to optional redemption. The Series 2025D Bonds due June 1, 2031, inclusive, are callable in whole or in part on any date on or after June 1, 2030, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

### PURPOSE, LEGALITY AND SECURITY

The Bond proceeds will be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, equipment and vehicle acquisitions; and (ii) pay the costs of issuance of the Bonds. See "THE PROJECT" herein.

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Bonds will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable, real property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

This Official Statement is dated April 10, 2025, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Official Statement Sales Calendar". Additional copies may be obtained from Kelley Felchle, City Clerk, City of Waterloo, 715 Mulberry Street, Waterloo, Iowa, 50703, or from the Registered Municipal Advisors to the City.



\*Subject to principal adjustment in accordance with the Official Terms of Offering.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

No representation is made regarding whether the Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

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APPENDIX B - DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

APPENDIX C - DRAFT FORMS OF BOND COUNSEL OPINION

APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL BID FORM

OFFICIAL TERMS OF OFFERING

    Exhibit A – Example Issue Price Certificate

## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Forms, which are provided for the convenience of potential investors and should be reviewed in their entirety by potential investors. The following descriptions apply equally to both series of the Bonds. Other terms specific to each series are provided separately herein.

<b>Issuer:</b>	City of Waterloo, Black Hawk County, Iowa.
<b>Dated Date:</b>	Date of delivery (expected to be on or about May 20, 2025).
<b>Interest Due:</b>	Each June 1 and December 1, commencing December 1, 2025.
<b>Security:</b>	The Bonds are valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable real property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.
<b>Investment Rating:</b>	An investment rating for the Bonds has been requested from Moody's Investors Service, Inc., New York, New York. See " <b>INVESTMENT RATING</b> " herein.
<b>Purpose:</b>	The proceeds of the Bonds will be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, equipment and vehicle acquisitions; and (ii) pay the costs of issuance of the Bonds. See " <b>THE PROJECT</b> " herein.
<b>Bond Registrar/Paying Agent:</b>	UMB Bank, n.a., West Des Moines, Iowa (the "Registrar").
<b>Delivery:</b>	The Bonds are expected to be delivered on or about May 20, 2025.
<b>Book-Entry Form:</b>	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

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**\$5,315,000\* GENERAL OBLIGATION BONDS, SERIES 2025C**

**AMOUNTS\*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS**

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$245,000 .....	2026	_____ %	_____ %	_____	\$460,000 .....	2032	_____ %	_____ %	_____
380,000 .....	2027	_____ %	_____ %	_____	475,000 .....	2033	_____ %	_____ %	_____
390,000 .....	2028	_____ %	_____ %	_____	495,000 .....	2034	_____ %	_____ %	_____
410,000 .....	2029	_____ %	_____ %	_____	515,000 .....	2035	_____ %	_____ %	_____
425,000 .....	2030	_____ %	_____ %	_____	535,000 .....	2036	_____ %	_____ %	_____
440,000 .....	2031	_____ %	_____ %	_____	545,000 .....	2037	_____ %	_____ %	_____

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

- Issue:** \$5,315,000\* General Obligation Bonds, Series 2025C.
- Principal Due:** Serially each June 1, commencing June 1, 2026 through 2037, as detailed above.
- Optional Redemption:** The Series 2025C Bonds maturing on or after June 1, 2033, are callable at the option of the City on any date on or after June 1, 2032, at a price of par plus accrued interest. See **“OPTIONAL REDEMPTION”** herein.
- Tax Matters:** Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Series 2025C Bonds as discussed under **“TAX MATTERS TAX-EXEMPT BONDS (SERIES 2025C Bonds)”** in this Official Statement. Interest on the Series 2025C Bonds is not exempt from present State of Iowa income taxes. See **APPENDIX C** for a draft form of legal opinion for the Series 2025C Bonds.

\*Subject to principal adjustment in accordance with the Official Terms of Offering.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth above.

**\$685,000\* TAXABLE GENERAL OBLIGATION BONDS, SERIES 2025D**

**AMOUNTS\*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS**

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$100,000.....	2026	_____ %	_____ %	_____	\$115,000.....	2029	_____ %	_____ %	_____
105,000.....	2027	_____ %	_____ %	_____	125,000.....	2030	_____ %	_____ %	_____
110,000.....	2028	_____ %	_____ %	_____	130,000.....	2031	_____ %	_____ %	_____

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

- Issue:** \$685,000\* Taxable General Obligation Bonds, Series 2025D.
- Principal Due:** Serially each June 1, commencing June 1, 2026 through 2031, as detailed above.
- Optional Redemption:** The Taxable Bonds maturing on or after June 1, 2031, are callable at the option of the City on any date on or after June 1, 2030, at a price of par plus accrued interest. See **“OPTIONAL REDEMPTION”** herein.
- Tax Matters:** The interest to be paid on the Series 2025D Bonds is subject to federal income tax. Interest on the Series 2025D Bonds is not exempt from present State of Iowa income taxes as discussed under **“TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2025D Bonds)”** in this Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Taxable Bonds.

\*Subject to principal adjustment in accordance with the Official Terms of Offering.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth above.

**CITY OF WATERLOO**  
**Black Hawk County, Iowa**

Quentin Hart  
*Mayor*

**Council Members**

Dave Boesen

John Chiles

Ray Feuss

Rob Nichols

Steve Simon

Belinda Creighton-Smith

Nia Wilder

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**Officials**

Kelley Felchle  
*City Clerk*

Bridgett Wood  
*Chief Financial Officer*

Martin M. Petersen, Esq.  
*City Attorney*

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**SECURITY AND SOURCE OF PAYMENT**

Pursuant to the Resolution and the Act, the Bonds and the interest thereon are general obligations of the City, and all taxable real property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. For a description of certain constitutional limits on the issuance of general obligation debt by the City, see “Debt Limitation” herein.

Section 76.2 of the Code of Iowa, 2025, as amended (the “Iowa Code”), provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, provide for the assessment of an annual levy upon all the taxable real property in the political subdivision sufficient to pay the interest and principal of the bonds. A certified copy of this resolution shall be filed with the County Auditor in which the Issuer is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable real property within the boundaries of the Issuer, until funds are realized to pay the bonds in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable real property in the Issuer in each of the years while the Bonds are outstanding. The Issuer shall file a certified copy of the Resolution with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the Issuer and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the Issuer and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds and for no other purpose whatsoever.



Nothing in the Resolution prohibits or limits the ability of the City to use legally available moneys other than the proceeds of the general ad valorem property taxes levied as described in the preceding paragraph to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the City may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds.

### **CERTAIN BONDHOLDERS' RISKS**

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgement as to whether the Bonds are an appropriate investment.

#### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular bond or note issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

#### **Ratings Loss**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "\_\_\_" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Various factors, including additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

#### **Redemption Prior to Maturity**

In considering whether to make an investment in the Bonds, it should be noted the Bonds are subject to optional redemption, as outlined herein, without Bondholder discretion or consent. See "**OPTIONAL REDEMPTION**" herein.

## Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “anticipated,” “plan,” “expect,” “projected,” “estimate,” “budget,” “pro-forma,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

## Tax Matters and Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS TAX-EXEMPT BONDS (SERIES 2025C Bonds)**” herein, the interest on the Series 2025C Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2025C Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Series 2025C Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Series 2025C Bonds, and there is no provision for an adjustment of the interest rate on the Series 2025C Bonds.

## DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through Indirect Participants. Neither the City nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See **APPENDIX B – Describing Book-Entry Only Issuance**.

## Pension and Other Post-Employment Benefits (“OPEB”) Information

The City participates in two public pension systems, Iowa Public Employee’s Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). See **APPENDIX A – Note 10**.

In fiscal year 2024, pursuant to the IPERS’ required rate, the City’s Regular employees (members) contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. The City’s contributions to IPERS for the year ended June 30, 2024 were \$2,051,926. The City’s share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to IPERS.

At June 30, 2024, the City reported a liability of \$10,797,560 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. 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 IPERS participating employers. While the City’s contributions to IPERS are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See “**APPENDIX A – ANNUAL COMPREHENSIVE FINANCIAL REPORT**” for additional information on pension and liabilities of the City.

In fiscal year 2024, pursuant to the MFPRSI’s required rate, the City’s employees (members) contributed 9.40% of earnable compensation and the City contributed 17.00% of earnable compensation, for a total rate of 22.98%. The City’s contribution to MFPRSI for year ended June 30, 2024 was \$4,822,369. The City’s share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to MFPRSI.

At June 30, 2024, the City reported a liability of \$34,516,674 for its proportionate share of the MFPRSI net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7.5%. 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. While the City’s contributions to MFPRSI are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See “**APPENDIX A – ANNUAL COMPREHENSIVE FINANCIAL REPORT**” hereto for additional information on pension and liabilities of the City.

Bond Counsel, Disclosure Counsel, the Municipal Advisor, and the City undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from IPERS or MFPRSI discussed above or included on the IPERS or MFPRSI websites, including, but not limited to, updates of such information on the State Auditor’s website or links to other Internet sites accessed through the IPERS or MFPRSI websites.

The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, spouses and their dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. As of June 30, 2023, No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following table shows the City’s changes to the total OPEB liability:

Total OPEB Liability Balance as of July 1, 2023 .....	<u>\$16,806,792</u>
Changes for the year:	
Service Cost.....	733,383
Interest.....	613,480
Differences between expected and actual	
economic experience .....	(564,395)
Changes in Assumptions.....	(2,039,150)
Benefit Payments .....	<u>(1,465,024)</u>
Net Changes .....	<u>(2,721,706)</u>
Total OPEB Liability Balance at June 30, 2024 .....	\$14,085,086

See **APPENDIX A – Notes (10) and (12)** herein for further discussion of the City’s employee retirement benefit obligations.

## Continuing Disclosure

A failure by the City to comply with continuing disclosure obligations (see “**CONTINUING DISCLOSURE**” herein) will not constitute an event of default on the Bonds. Material failures must be disclosed in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. See “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with the Rule.

## Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City’s operations and financial condition. The City cannot predict whether its cyber liability policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described herein. See “**SECURITY AND SOURCE OF PAYMENT**” herein.

## Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## Bankruptcy and Insolvency

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State. The various opinions of counsel to be delivered with respect to the Bonds, and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter Nine of the Federal Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the City fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Iowa Code, as amended, a city, county, or other political subdivision may become a debtor under Chapter Nine of the Federal Bankruptcy Code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, “debt” means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to Chapter 28E of the Iowa Code, or other political subdivision.

### **Matters Relating to Enforceability of Agreements**

There is no bond trustee or similar person to monitor or enforce the provisions of the Resolution. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year.

Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution. The remedies available to the owners of the Bonds upon an event of default under the Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the Federal Bankruptcy Code, certain of the remedies specified in the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Resolution, including principal of and interest on the Bonds.

### **Legislation**

From time to time, there are proposals pending in Congress and in the Iowa General Assembly that could, if enacted, alter or amend one or more of the matters described herein in certain respects or would adversely affect the market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Tax-Exempt Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

**Changes in Property Taxation** From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could adversely affect the City’s financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance future changes to property taxation by the Iowa General Assembly will not be applied retroactively. See “Property Tax Legislation” herein for a discussion on recent changes to the property tax process. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts on the City’s financial condition. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the “**SECURITY AND SOURCE OF PAYMENT**” herein.

### **Tax Levy Procedures**

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable real property within the corporate limits of the City. See “**PROPERTY ASSESSMENT AND TAX INFORMATION**” herein for more details. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable real property within the corporate limits of the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year.

### **Loss of Tax Base**

Economic and other factors beyond the City’s control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the City. In addition, the State of Iowa has been susceptible to tornados, flooding and other extreme weather wherein winds and flooding have from time to time caused significant damage, which if such events were to occur, may have an adverse impact on the City’s financial position.

### **Federal Funds Orders and State Funds Legislation**

Various federal executive orders, and Iowa Code Chapter 27A (collectively “ICE Enforcement Initiatives”), impose requirements intended to ensure compliance with the federal immigration detainment processes. The ICE Enforcement Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount could negatively impact the City’s overall financial position and may affect its rating and could slow down completion of certain of the Projects. However, the Bonds are secured by an unlimited ad valorem property tax and are not secured by state or federal funds. See “**SECURITY AND SOURCE OF PAYMENT**” herein.

### **Other Factors**

An investment in the Bonds involves an element of risk. The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **THE CITY**

The City is located in Northeastern Iowa. The City and the neighboring City of Cedar Falls are the primary urban centers in the region and in Black Hawk County (the “County”). The current land area of the City is almost 64 square miles. As of the 2020 Census, the City represented approximately 51% and Cedar Falls 31% of the County’s population. According to the 2020 U.S. Census, the population of the City was 67,314.

### **City Organization and Services**

The City was incorporated in 1868 and is the County Seat of Black Hawk County. The City is governed by a Mayor and a seven-member Council, of which five members are elected from five wards and two members are elected at large. City Council members are elected to staggered four-year terms. The Mayor is elected to a two-year term. The City Clerk and City Attorney are appointed by the City Council for two-year terms.

The City’s currently employs 537.25 full-time equivalent employees, including 122 sworn police officers and 106 firefighters. Various City employees are members of seven collective bargaining units. The Communication Workers of America represents City library staff, Teamsters Local 238, Affiliated with International Brotherhood of Teamsters, represents secretarial and clerical employees, the Police Protective Association represents police officers, the International Association of Fire Fighters Local 66 represents the fire department, and the Laborers International Union of North America, AFL-CIO Local No. 177 represents street, sewer and technician/inspection positions. The AFSCME represents two groups: police lieutenants and code enforcement officers and certain professional positions including engineers and planners. Contracts for all seven units are for four-year terms that will expire June 30, 2028.

The Fire Department has 34 fire trucks and special vehicles and operates out of six stations. City government and services are administered from City Hall. The City owns and operates the water works system and the sewage collection and secondary treatment system. The Water Works is organized as a separate entity, managed by a board of trustees appointed by the Mayor and the City Council.

The Waterloo Telecommunication Utility, also know as Waterloo Fiber, is constructing a fiber-optic broadband network to serve its municipal operations, along with fiber-to-the-home/premise (FTTH/FTTP) services for highspeed internet access. A referendum vote passed on September 13, 2022 to fund a portion of the project with General Obligation debt. This project began in 2023 and will take approximately 36 months to complete City-wide.

### **Community Life**

The City’s 51 parks provide a diversified recreation program. Other recreation facilities include the SportsPlex, an indoor facility including turf, a running track, gyms, pool and fitness areas, an outdoor aquatic center, two outdoor spray water parks, a baseball stadium, a softball complex with five diamonds, 16 youth baseball diamonds, 21 tennis courts and an ice arena with an Olympic size sheet of ice, as well as a 127 acre soccer complex, an ATV park, a skate park and a dog park. There are five 18-hole golf courses, three of which are owned and operated by the City. The City has 60+ miles of recreational bike trails, two outdoor amphitheatres and Expo Plaza. The Waterloo Symphony Orchestra and local professional baseball and hockey teams provide cultural and sports entertainment in the City.

The Cedar Valley Sportsplex, a 130,000 square foot recreation facility, opened in January 2014. Features include a 30,000 square foot field house, a running track, basketball courts, pool area including lap lanes and a water slide, in addition to weight and cardio exercise areas. The facility was built by a local development corporation with \$25 million in private donations and ownership was transferred to the City in August 2023.

## **Education**

The Waterloo Community School District is the largest of the three school districts serving the City and has a total certified enrollment of 10,731.7 students for the 2023-2024 school year. Cedar Falls Community School District and Hudson Community School District have a combined enrollment of approximately 6,250.9. The public school system is supplemented by eight parochial schools including two high schools.

Hawkeye Community College, whose main campus is located in the City, offers more than 45 one-year and two-year programs for credit as well as business and community education classes. Hawkeye Community College has an enrollment of approximately 4,395 full-time equivalent students in addition the College serves approximately 14,000 additional registrants in continuing education programs and courses. College and graduate level degree programs are available from the University of Northern Iowa, located in adjacent Cedar Falls. The University of Northern Iowa has a fall 2023 enrollment of approximately 9,021 students and employs approximately 1,650. Other higher education opportunities in the area include Upper Iowa University (Waterloo Campus) which serves approximately 360 students, and Allen College which serves approximately 550 students in Waterloo.

## **Transportation**

The City is located 267 miles west of Chicago, Illinois and 108 miles northeast of Des Moines, Iowa. It is accessible by U.S. Highways 218, 63, and 20, and State Highways 21, 57, and 281. Interstate 380 links the City with the southeastern area of the State and connects with Interstate 80. The Union Pacific Railroad, the Iowa Northern Railroad Company, and the Illinois Central Gulf Railroad (Canadian National) provide rail service. Many motor freight carriers operate out of the City with service to Chicago, Minneapolis, Kansas City, Omaha and other urban centers. Intercity bus transportation is available on five lines, and the City subsidizes the local transit service in order to provide frequent service.

Waterloo Regional Airport (the “Airport”) is a non-hub, primary commercial service airport offering commercial, corporate, and general aviation services.

## **Economic Development**

The City is working on the infrastructure build-out of many industrial parks, business parks, and retail/medical office development areas to create shovel-ready lots. This is being successfully constructed by the City in some locations, and with partnerships with private entities in other locations throughout the community. The City continues to prepare small and large lot development to draw larger new projects as well as help small business development and expansion in area. The City has one site, the South Waterloo Business Park, that is certified with the State of Iowa process as a shovel-ready site.

The City is working on several transportation projects La Porte Road Phase II, Northeast Industrial Corridor, Broadway Street, a 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> Street 2-way conversion project, and several bridge improvements including on University, 11<sup>th</sup> Street, Park Avenue, and Hammond Avenue.

Downtown Waterloo continues to see improvements with two new bridges recently under construction under the Federal Competitive Bridge Grant. The City further invested into the lighted bridges and towers in Downtown Waterloo for added aesthetics, as well as marketing the City’s most recognizable landmark on web sites, etc. The City has several larger projects on the horizon with recent agreements approving over \$10.7 million in new investments, creating 106 new residential units in Downtown Waterloo, with the State of Iowa Workforce Housing tax credits being allocated to 69 of those units. The Tech Works Campus on the far west end of Downtown Waterloo is undergoing a transformation for a new \$34 million Hard Courts Facility (16 volleyball and 8 basketball courts) to continue the positive work at the Tech Works Campus area. The Hawkeye Community College Robotics Center and University of Northern Iowa Metal Casting classes also continue to grow and flourish, with Hawkeye already working on expanding to a second floor.



The City of Waterloo was also recently named as one of six communities in the State of Iowa as a Thriving Community, giving State applications additional points for housing projects. The City has over 215 current Workforce Housing Tax Credits approved for projects from the 2024 allocation, with additional incentives for housing anticipated from the next round of State funding.

The City has averaged \$137.85 million in new permit valuation the last six years.

### SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with the County and the State of Iowa (the “State”).

#### Population

The following table reflects population trends for the City, the County and the State.

#### Population Comparison(1)

Year	The City	Percent Change	The County	Percent Change	The State	Percent Change
1970	75,533	n/a	132,916	n/a	2,824,376	n/a
1980	75,985	0.60%	137,961	3.80%	2,913,808	3.17%
1990	66,467	(12.53%)	123,798	(10.27%)	2,776,755	(4.70%)
2000	68,747	3.43%	128,012	3.40%	2,926,324	5.39%
2010	68,406	(0.50%)	131,090	2.40%	3,046,355	4.10%
2020	67,314	(1.60%)	131,144	0.04%	3,190,369	4.73%

Note: (1) Source: U.S. Bureau of the Census.

#### Employment

Following are lists of large employers located in the City and in the surrounding area.

#### Major Area Employers(1)

Location	Name	Product/Service	Approximate Employment
Waterloo/Cedar Falls	John Deere	Manufacturing	5,800
Waterloo/Cedar Falls	United Point Health Care	Health Care	3,379
Waterloo	Tyson Fresh Meats, Inc.	Meat Packing and Processing	2,980
Waterloo/Cedar Falls	MercyOne	Health Care	2,573
Waterloo	Waterloo Community School District	Education	1,700
Cedar Falls	Target Distribution	Retail Distribution	1,700
Cedar Falls	University of Northern Iowa	Higher Education	1,650
Waterloo	VGM Group	Diversified	1,521
Waterloo/Cedar Falls	Hy-Vee	Grocery Stores	1,181
Cedar Falls	Cedar Falls Community School District	Education	1,168
Waterloo	City of Waterloo	Government	1,025
Cedar Falls	Western Home Communities	Assisted Living	962
Cedar Valley	Hawkeye Community College	Higher Education	730
Waterloo	Bertch Cabinet Manufacturing	Cabinet Manufacturing	727

Note: (1) Source: Grow Cedar Valley 2023 - 2024 Cedar Valley Fact Sheet.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the U.S. Census Bureau 2019 - 2023 American Community Survey 5-year estimated values.

### Employment By Industry(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	141	0.4%	658	1.0%	60,470	3.7%
Construction.....	1,819	5.6%	3,653	5.5%	112,119	6.9%
Manufacturing.....	6,515	20.2%	10,916	16.4%	240,105	14.7%
Wholesale trade.....	727	2.3%	1,652	2.5%	42,516	2.6%
Retail trade.....	4,312	13.4%	9,026	13.6%	186,225	11.4%
Transportation and warehousing, and utilities.....	1,793	5.6%	3,080	4.6%	83,731	5.1%
Information.....	459	1.4%	839	1.3%	22,861	1.4%
Finance and insurance, and real estate and rental and leasing.....	2,005	6.2%	3,729	5.6%	124,791	7.7%
Professional, scientific, and management, and administrative and waste management services.....	2,472	7.7%	5,263	7.9%	125,965	7.7%
Educational services, and health care and social assistance.....	6,737	20.9%	16,264	24.5%	394,835	24.2%
Arts, entertainment, and recreation, and accommodation and food services.....	3,235	10.0%	6,827	10.3%	112,729	6.9%
Other services, except public administration.....	1,237	3.8%	2,820	4.2%	69,718	4.3%
Public administration.....	828	2.6%	1,791	2.7%	53,576	3.3%
Total.....	32,280	100.0%	66,518	100.0%	1,629,641	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2019 - 2023.

### Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations.....	10,023	31.1%	24,285	36.5%	636,075	39.0%
Service occupations.....	5,300	16.4%	11,328	17.0%	246,710	15.1%
Sales and office occupations.....	6,196	19.2%	12,896	19.4%	313,730	19.3%
Natural resources, construction, and maintenance occupations.....	2,613	8.1%	5,426	8.2%	157,049	9.6%
Production, transportation, and material moving occupations.....	8,148	25.2%	12,583	18.9%	276,077	16.9%
Total.....	32,280	100.0%	66,518	100.0%	1,629,641	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2019 - 2023.

The following shows the annual average unemployment rates for the City, the County, the State and the United States.

### Annual Average Unemployment Rates(1)(2)

Calendar Year	The City	The County	The State	United States
2016.....	5.4%	4.6%	3.6%	4.9%
2017.....	4.5%	3.7%	3.1%	4.4%
2018.....	3.5%	2.8%	2.6%	3.9%
2019.....	4.0%	3.1%	2.7%	3.7%
2020(3).....	7.5%	6.1%	5.2%	8.1%
2021(3).....	5.1%	4.2%	3.8%	5.4%
2022.....	3.5%	3.0%	2.8%	3.6%
2023.....	3.8%	3.2%	2.9%	3.6%
2024.....	4.4%	3.6%	3.0%	3.9%
2025(4).....	5.5%	4.6%	4.0%	4.4%

Notes: (1) Source: Iowa Workforce Development.  
 (2) Not seasonally adjusted.  
 (3) The increase in unemployment rates may be attributable to the COVID-19 pandemic.  
 (4) Preliminary rates for the month of January 2025.

## Building Permits

Shown below is the trend of building permits issued by the City.

### City Building Permits(1) (Excludes the Value of Land)

Fiscal Year	New Construction Permits	Total Permits	Total Value
2016.....	218	10,867	\$121,493,169
2017.....	164	9,704	107,888,474
2018.....	55	8,483	104,700,306
2019.....	88	7,124	142,264,758
2020.....	109	7,011	161,102,459
2021.....	104	7,062	140,629,305
2022.....	66	7,084	113,662,019
2023.....	104	7,000	135,698,902
2024.....	87	9,665	133,281,201
2025(2).....	55	4,953	93,589,204

Notes: (1) Source: the City.  
 (2) Through February 2025.

## Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$150,200. This compares to \$182,400 for the County and \$195,900 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2019 - 2023 American Community Survey.

### Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	1,131	6.4%	2,031	5.8%	63,971	6.9%
\$50,000 to \$99,999.....	3,374	19.1%	4,268	12.2%	114,185	12.2%
\$100,000 to \$149,999.....	4,328	24.5%	6,261	17.8%	148,846	16.0%
\$150,000 to \$199,999.....	3,950	22.3%	7,195	20.5%	150,857	16.2%
\$200,000 to \$299,999.....	3,356	19.0%	8,404	23.9%	218,680	23.4%
\$300,000 to \$499,999.....	1,066	6.0%	5,359	15.3%	171,690	18.4%
\$500,000 to \$999,999.....	387	2.2%	1,364	3.9%	55,091	5.9%
\$1,000,000 or more.....	102	0.6%	220	0.6%	9,298	1.0%
Total.....	17,694	100.0%	35,102	100.0%	932,618	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 - 2023.

### Mortgage Status(1)

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage.....	11,015	62.3%	21,773	62.0%	556,909	59.7%
Housing units without a mortgage.....	6,679	37.7%	13,329	38.0%	375,709	40.3%
Total.....	17,694	100.0%	35,102	100.0%	932,618	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 - 2023.

## Income and Benefits

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$73,224. This compares to \$86,319 for the County and \$94,472 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2019 - 2023 American Community Survey.

### Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	533	3.3%	759	2.5%	18,523	2.3%
\$10,000 to \$14,999.....	270	1.7%	512	1.7%	11,137	1.4%
\$15,000 to \$24,999.....	1,115	7.0%	1,705	5.5%	28,592	3.5%
\$25,000 to \$34,999.....	1,152	7.2%	1,705	5.5%	37,338	4.6%
\$35,000 to \$49,999.....	1,885	11.8%	2,925	9.5%	71,799	8.9%
\$50,000 to \$74,999.....	3,318	20.7%	5,447	17.7%	134,430	16.7%
\$75,000 to \$99,999.....	2,614	16.3%	4,847	15.7%	128,208	15.9%
\$100,000 to \$149,999.....	3,104	19.4%	6,848	22.2%	190,685	23.6%
\$150,000 to \$199,999.....	1,137	7.1%	2,941	9.5%	93,727	11.6%
\$200,000 or more.....	908	5.7%	3,151	10.2%	92,289	11.4%
Total.....	16,036	100.0%	30,840	100.0%	806,728	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 to 2023.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$56,344. This compares to \$64,581 for the County and \$73,147 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2019 - 2023 American Community Survey.

### Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	1,573	5.4%	2,423	4.5%	52,437	4.0%
\$10,000 to \$14,999.....	1,580	5.5%	2,357	4.4%	44,479	3.4%
\$15,000 to \$24,999.....	2,652	9.2%	4,106	7.6%	90,853	7.0%
\$25,000 to \$34,999.....	2,452	8.5%	4,317	8.0%	95,297	7.3%
\$35,000 to \$49,999.....	4,194	14.5%	7,135	13.3%	152,330	11.7%
\$50,000 to \$74,999.....	6,241	21.6%	10,316	19.2%	231,910	17.8%
\$75,000 to \$99,999.....	3,806	13.1%	7,276	13.5%	183,491	14.1%
\$100,000 to \$149,999.....	3,912	13.5%	8,399	15.6%	239,899	18.4%
\$150,000 to \$199,999.....	1,393	4.8%	3,631	6.8%	108,899	8.4%
\$200,000 or more.....	1,144	4.0%	3,780	7.0%	104,168	8.0%
Total.....	28,947	100.0%	53,740	100.0%	1,303,763	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2018 - 2022.

## Agriculture

Shown below is information on the agricultural value of the County and the statewide average.

### Average Value Per Acre(1)

	2020	2021	2022	2023	2024
Average Value Per Acre:					
The County.....	\$9,174	\$11,757	\$13,591	\$14,202	\$13,385
State of Iowa.....	7,559	9,751	11,411	11,835	11,467

Note: (1) Source: Iowa State University Extension and Outreach.

## Local Option Sales Tax

The City approved a 1% local option sales and service tax (“Local Option Tax”) at a special referendum. The sales tax became effective on April 1, 1991, in the City and in the seven cities contiguous to the City. On November 7, 2023, the referendum was renewed again. Effective January 1, 2026, the City’s Local Option Tax referendum question stated that proceeds of such tax would be designated 20% for property tax relief and 80% to be used for construction, reconstruction, replacement, maintenance, and improvements of city streets, curbs, storm sewers, and related infrastructure.

The State Director of Revenue (the “Director”) administers collection and disbursement of all local option sales and services taxes in conjunction with administration of the State-wide sales, services and use tax. The Director credits the Local Option Tax receipts to the City’s account in the Local Option Tax fund. Historically, by August 15 of each fiscal year, the Director is required to send the City an estimate of the amount of local option sales and services taxes it will receive for the year and by month. By August 31, the Director is required to remit 95% of the estimated tax receipts for the City to the City’s account and by the last day of each following month. By November 10 of the next fiscal year, the Director is required to make the final payment, which could include needed adjustments for over- or under-payments when comparing actual tax receipts against the payments made based upon estimates. Beginning with the October 2022 Local Option Tax payment, the State Department of Revenue (the “Department of Revenue”) makes distributions based on actual Local Option Tax receipts in the preceding month.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of (i) certain sales of motor fuel or special fuel as defined in Chapter 452A, (ii) the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, (iii) the sales price from a pay television service consisting of a direct-to-home satellite service, or (iv) the sale of equipment by the State Department of Transportation.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approves the repeal or tax rate change (or upon motion of the governing body), provided no obligations secured by the Local Option Tax are outstanding. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. Local Option Tax may not be repealed within one year of the effective date.

The following table shows the trend of the City’s Local Option Tax receipts.

### Local Option Tax Receipts(1)

Fiscal Year Ending June 30	Local Option Sales Tax Receipts(2)	Percent Change +(-)
2016 .....	\$ 9,760,807	n/a
2017 .....	9,669,443	(0.94%)
2018 .....	9,948,293	2.88%
2019 .....	10,294,788	3.48%
2020 .....	11,092,663	7.75%
2021 .....	12,673,028	14.25%
2022 .....	12,217,130	(3.60%)
2023 .....	12,405,496	1.54%
2024 .....	13,757,793	10.90%
2025 .....	14,349,378(3)	4.30%

- Notes: (1) Source: Iowa Department of Revenue.  
 (2) Includes a reconciliation payment attributable to the previous fiscal year for fiscal years 2016 through 2022.  
 (3) Collections received or expected to be received.

**Retail Sales**

The Department of Revenue provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the City. The following amounts exclude the City’s Local Option Tax.

**Retail Taxable Sales(1)**

Fiscal Year Ending June 30	Taxable Sales	Annual Percent Change + (-)
2015.....	\$1,119,986,316	n/a
2016.....	1,147,128,289	2.42%
2017.....	1,142,882,536	(0.37%)
2018.....	1,109,149,735	(2.95%)
2019.....	1,118,491,285	0.84%
2020.....	1,108,666,160	(0.88%)
2021.....	1,250,282,417	12.77%
2022.....	1,283,252,628	2.64%
2023.....	1,341,252,034	4.52%
2024.....	1,363,267,348	1.64%
Growth from 2015 to 2024.....		21.72%

Note: (1) Source: the Iowa Department of Revenue.

**THE PROJECT**

Bond proceeds will be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, equipment and vehicle acquisitions; and (ii) pay the costs of issuance of the Bonds.

Specifically, the proceeds of the Bonds will be used to pay costs of the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, and the removal and replacement of dead or diseased trees thereon; the construction, reconstruction, and repairing of any street improvements; the acquisition, installation, and repair of traffic control devices; the acquisition, construction, improvement, and installation of street lighting fixtures, connections, and facilities; the construction, reconstruction, and repair of sidewalks and pedestrian underpasses and overpasses, and the acquisition of real estate needed for such purposes; the acquisition, construction, reconstruction, enlargement, improvement, and repair of bridges, culverts, retaining walls, viaducts, underpasses, grade crossing separations, and approaches thereto; the acquisition, construction, reconstruction, extension, improvement, and equipping of works and facilities useful for the collection, treatment, and disposal of sewage and industrial waste in a sanitary manner, and for the collection and disposal of surface waters and streams; the acquisition of peace officer communication equipment and other emergency services communication equipment and systems; the acquisition, restoration, or demolition of abandoned, dilapidated, or dangerous buildings, structures or properties or the abatement of a nuisance and for the establishment or funding of programs to provide for or assist in providing for the acquisition, restoration, or demolition of housing; the rehabilitation and improvement of parks already owned, including the removal, replacement and planting of trees in the parks, and facilities, equipment, and improvements commonly found in city parks; the reconstruction and improvement of dams; the equipping of fire, police and street departments; the acquiring, developing, and improving of a geographic computer data base system suitable for automated mapping and facilities management; the acquisition, construction, reconstruction, and improvement of all waterways, and real and personal property, useful for the protection or reclamation of property situated within the corporate limits of cities from floods or high waters, and for the protection of property in cities from the effects of flood waters, including the construction and improvement of levees; the construction, reconstruction, improvement, renovation, and equipping of downtown parking ramps and garages; the construction, reconstruction, improvement, renovation and equipping of public works garages and facilities; the equipping of city utilities, public improvements and city buildings, including the acquisition of vehicles; the construction, reconstruction, improvement, renovation, and equipping of recreation buildings and grounds, libraries, parks, golf courses, sporting facilities, community centers, and other public buildings; and the construction, reconstruction, enlargement, improvement and equipping of city hall, recreational buildings, fire stations, police stations, downtown parking ramps, libraries and other public buildings, including security and technology upgrades.

**DEFAULT RECORD**

The City has no record of default and has met its debt repayment obligations promptly.

**SHORT-TERM BORROWING**

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

**DEBT INFORMATION**

After issuance of the Bonds, the City will have outstanding \$163,290,000 principal amount of general obligation debt. In addition, the City has outstanding approximately \$55,524,000 principal amount of sewer revenue debt that does not count against the City’s debt capacity.

**Debt Limitation**

The amount of general obligation debt a political subdivision of the State can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of taxable property within the corporate limits, taken from the last County Tax list. According to and based upon the January 1, 2023 property valuations, for taxes payable in September 2024 and March 2025, the City’s debt limit, based upon said valuation, amounts to the following:

2023 100% Actual Valuation of Property .....	\$5,352,535,964
Constitutional Debt Limit .....	\$ 267,626,798
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	\$ 163,290,000*
Other Legal Indebtedness .....	<u>15,788,034</u>
Total Applicable Debt .....	<u>\$ 179,078,034*</u>
Remaining Debt Capacity.....	\$ 88,548,764*

The City does not expect to issue any additional general obligation debt in calendar year 2025.

\*Subject to change

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**Summary of Outstanding General Obligation Bonded Debt(1)**  
 (Principal Only)

Series 2014A .....	\$ 2,475,000
Taxable Series 2014B .....	2,135,000
Series 2015A .....	5,440,000
Taxable Series 2015B .....	690,000
Series 2016A .....	3,115,000
Taxable Series 2016B .....	945,000
Taxable Series 2016C .....	6,285,000
Series 2017A .....	3,385,000
Series 2017B .....	2,080,000
Series 2017C .....	5,610,000
Series 2018A .....	5,170,000
Taxable Series 2018B .....	470,000
Series 2019A .....	3,690,000
Taxable Series 2019B .....	1,725,000
Series 2019C .....	765,000
Taxable Bonds Series 2019D .....	1,095,000
Series 2020A .....	5,345,000
Taxable Series 2020B .....	5,140,000
Series 2021A .....	10,250,000
Taxable Series 2021B .....	6,155,000
Taxable Urban Renewal Series 2022A .....	12,320,000
Series 2022B .....	5,255,000
Taxable Series 2022C .....	3,960,000
Series 2023A .....	5,640,000
Series 2024B .....	5,280,000
Taxable Series 2024C .....	720,000
Series 2024D .....	20,000,000
Series 2025A .....	3,560,000
Taxable Series 2025B .....	28,590,000
The Series 2025C(2) .....	5,315,000
The Taxable Series 2025D(2) .....	685,000
Less: Debt Paid from Non-Property Tax Sources(3) .....	<u>(40,394,000)</u>
Total .....	\$122,896,000

- Notes: (1) Source: the City.  
 (2) Subject to change.  
 (3) Does not include the Bonds.

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**General Obligation Debt(1)**  
 (Principal Only)

Fiscal Year Ending June 30	Outstanding Bonds											
	Series 2014A	Taxable Series 2014B	Series 2015A	Taxable Series 2015B	Series 2016A	Taxable Series 2016B	Taxable Series 2016C	Series 2017A	Taxable Series 2017B	Taxable Series 2017C	Series 2018A	Taxable Series 2018B
2025.....	\$ 465,000	\$ 385,000	\$ 850,000	\$105,000	\$ 415,000	\$120,000	\$ 420,000	\$ 380,000	\$ 235,000	\$ 395,000	\$1,275,000	\$110,000
2026.....	480,000	410,000	870,000	110,000	425,000	125,000	435,000	390,000	240,000	410,000	650,000	115,000
2027.....	495,000	430,000	890,000	115,000	430,000	130,000	450,000	405,000	245,000	425,000	850,000	120,000
2028.....	510,000	445,000	915,000	115,000	445,000	135,000	470,000	415,000	255,000	440,000	775,000	125,000
2029.....	525,000	465,000	945,000	120,000	455,000	140,000	485,000	425,000	265,000	455,000	800,000	0
2030.....	0	0	970,000	125,000	465,000	145,000	505,000	440,000	270,000	475,000	820,000	0
2031.....	0	0	0	0	480,000	150,000	525,000	455,000	280,000	495,000	0	0
2032.....	0	0	0	0	0	0	550,000	475,000	290,000	515,000	0	0
2033.....	0	0	0	0	0	0	570,000	0	0	540,000	0	0
2034.....	0	0	0	0	0	0	595,000	0	0	565,000	0	0
2035.....	0	0	0	0	0	0	625,000	0	0	590,000	0	0
2036.....	0	0	0	0	0	0	655,000	0	0	305,000	0	0
Total.....	\$2,475,000	\$2,135,000	\$5,440,000	\$690,000	\$3,115,000	\$945,000	\$6,285,000	\$3,385,000	\$2,080,000	\$5,610,000	\$5,170,000	\$470,000

Fiscal Year Ending June 30	Outstanding Bonds											
	Series 2019A	Taxable Series 2019B	Series 2019C	Taxable Series 2019D	Series 2020A	Taxable Series 2020B	Series 2021A	Taxable Series 2021B	Taxable Series 2022A	Series 2022B	Taxable Series 2022C	Series 2023A
2025.....	\$ 670,000	\$ 320,000	\$380,000	\$ 545,000	\$ 225,000	\$ 550,000	\$ 1,350,000	\$ 825,000	\$ 1,045,000	\$ 100,000	\$ 100,000	\$ 305,000
2026.....	695,000	335,000	385,000	550,000	545,000	925,000	1,270,000	830,000	1,260,000	100,000	100,000	315,000
2027.....	445,000	345,000	0	0	570,000	995,000	1,540,000	840,000	175,000	345,000	260,000	330,000
2028.....	455,000	355,000	0	0	850,000	515,000	1,030,000	840,000	205,000	355,000	265,000	340,000
2029.....	460,000	370,000	0	0	775,000	520,000	615,000	340,000	300,000	365,000	275,000	355,000
2030.....	475,000	0	0	0	560,000	535,000	620,000	345,000	465,000	475,000	285,000	370,000
2031.....	490,000	0	0	0	495,000	545,000	625,000	350,000	620,000	485,000	335,000	385,000
2032.....	0	0	0	0	505,000	555,000	630,000	355,000	805,000	500,000	350,000	405,000
2033.....	0	0	0	0	515,000	0	635,000	355,000	815,000	510,000	360,000	425,000
2034.....	0	0	0	0	150,000	0	640,000	355,000	835,000	520,000	370,000	450,000
2035.....	0	0	0	0	155,000	0	645,000	360,000	845,000	535,000	375,000	470,000
2036.....	0	0	0	0	0	0	650,000	360,000	785,000	505,000	480,000	495,000
2037.....	0	0	0	0	0	0	0	0	800,000	460,000	405,000	495,000
2038.....	0	0	0	0	0	0	0	0	815,000	0	0	500,000
2039.....	0	0	0	0	0	0	0	0	835,000	0	0	0
2040.....	0	0	0	0	0	0	0	0	850,000	0	0	0
2041.....	0	0	0	0	0	0	0	0	865,000	0	0	0
Total.....	\$3,690,000	\$1,725,000	\$765,000	\$1,095,000	\$5,345,000	\$5,140,000	\$10,250,000	\$6,155,000	\$12,320,000	\$5,255,000	\$3,960,000	\$5,640,000

**General Obligation Debt(1)**  
 (Principal Only)  
 (continued)

Fiscal Year Ending June 30	Outstanding Bonds					Total Outstanding General Obligation Debt
	Series 2024B	Taxable Series 2024C	Series 2024D	Series 2025A	Series 2025B	
2025.....	\$ 335,000	\$105,000	\$ 0	\$ 0	\$ 0	\$ 12,025,000
2026.....	350,000	110,000	0	0	0	12,430,000
2027.....	365,000	115,000	20,000,000	140,000	1,395,000	32,845,000
2028.....	385,000	125,000	0	145,000	1,465,000	12,375,000
2029.....	400,000	130,000	0	150,000	1,535,000	11,670,000
2030.....	425,000	135,000	0	155,000	1,610,000	10,670,000
2031.....	445,000	0	0	160,000	1,695,000	9,015,000
2032.....	465,000	0	0	170,000	1,780,000	8,350,000
2033.....	490,000	0	0	175,000	1,865,000	7,255,000
2034.....	515,000	0	0	185,000	1,960,000	7,140,000
2035.....	540,000	0	0	190,000	2,055,000	7,385,000
2036.....	565,000	0	0	200,000	2,160,000	7,145,000
2037.....	0	0	0	205,000	2,265,000	4,630,000
2038.....	0	0	0	215,000	2,385,000	3,915,000
2039.....	0	0	0	220,000	2,500,000	3,555,000
2040.....	0	0	0	230,000	710,000	1,790,000
2041.....	0	0	0	240,000	745,000	1,850,000
2042.....	0	0	0	250,000	785,000	1,035,000
2043.....	0	0	0	260,000	820,000	1,080,000
2044.....	0	0	0	270,000	860,000	1,130,000
Total.....	\$5,280,000	\$720,000	\$20,000,000	\$3,560,000	\$28,590,000	\$157,290,000

Note: (1) Source: the City.

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**General Obligation Debt(1)**  
 (Principal Only)  
 (continued)

Fiscal Year Ending June 30	Total Outstanding General Obligation Debt	Series 2025C Bonds(2)	Series 2025D Bonds(2)	Total General Obligation Debt	Less G.O. Debt Paid by Other Sources(3)	Total Cumulative Paid By Property Tax(2)	Principal Retired(2)	
							Amount	Percent
2025 .....	\$ 12,025,000	\$ 0	\$ 0	\$ 12,025,000	\$ (5,174,000)	\$ 6,851,000	\$ 6,851,000	5.57%
2026 .....	12,430,000	245,000	100,000	12,775,000	(5,080,000)	7,695,000	14,546,000	11.84%
2027 .....	32,845,000	380,000	105,000	33,330,000	(3,495,000)	29,835,000	44,381,000	36.11%
2028 .....	12,375,000	390,000	110,000	12,875,000	(3,265,000)	9,619,000	54,000,000	43.94%
2029 .....	11,670,000	410,000	115,000	12,195,000	(3,092,000)	9,103,000	63,103,000	51.35%
2030 .....	10,670,000	425,000	125,000	11,220,000	(2,823,000)	8,397,000	71,500,000	58.18%
2031 .....	9,015,000	440,000	130,000	9,585,000	(2,559,000)	7,026,000	78,526,000	63.90%
2032 .....	8,350,000	460,000	0	8,810,000	(2,545,000)	6,265,000	84,791,000	68.99%
2033 .....	7,255,000	475,000	0	7,730,000	(2,100,000)	5,630,000	90,421,000	73.58%
2034 .....	7,140,000	495,000	0	7,635,000	(2,145,000)	5,490,000	95,911,000	78.04%
2035 .....	7,385,000	515,000	0	7,900,000	(2,215,000)	5,685,000	101,596,000	82.67%
2036 .....	7,145,000	535,000	0	7,680,000	(1,745,000)	5,935,000	107,531,000	87.50%
2037 .....	4,630,000	545,000	0	5,175,000	(800,000)	4,375,000	111,906,000	91.06%
2038 .....	3,915,000	0	0	3,915,000	(815,000)	3,100,000	115,006,000	93.58%
2039 .....	3,555,000	0	0	3,555,000	(835,000)	2,720,000	117,726,000	95.79%
2040 .....	1,790,000	0	0	1,790,000	(850,000)	940,000	118,666,000	96.56%
2041 .....	1,850,000	0	0	1,850,000	(865,000)	985,000	119,651,000	97.36%
2042 .....	1,035,000	0	0	1,035,000	(0)	1,035,000	120,686,000	98.20%
2043 .....	1,080,000	0	0	1,080,000	(0)	1,080,000	121,766,000	99.08%
2044 .....	1,130,000	0	0	1,130,000	(0)	1,130,000	122,896,000	100.00%
Total .....	\$157,290,000	\$5,315,000	\$685,000	\$163,290,000	\$(40,394,000)	\$122,896,000		

Notes: (1) Source: the City.  
 (2) Subject to change.  
 (3) Does not include the Bonds.

### Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2023..... \$5,352,535,964  
 City Taxable Value, January 1, 2023..... \$2,951,910,751

	Applicable		Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2020 Pop. 67,314)	
	Total	Percent				Amount
Direct Bonded Debt.....	\$163,290,000	100.00%	\$163,290,000	3.05%	5.53%	\$2,425.80
Less: Direct Debt paid from other sources(3).....	<u>(40,394,000)</u>	100.00%	<u>(40,394,000)</u>	<u>(0.75%)</u>	<u>(1.37%)</u>	<u>(600.08)</u>
Total Net Direct Debt.....	\$122,896,000	100.00%	\$122,896,000	2.30%	4.16%	\$1,825.71
Overlapping Debt:						
Hudson Community School District.....	\$ 12,234,278	9.48%	\$ 1,159,810	0.02%	0.04%	\$ 17.23
Waterloo Community School District.....	0	85.74%	0	0.00%	0.00%	0.00
Hawkeye Community College(3).....	1,880,000	24.04%	451,952	0.01%	0.02%	6.71
Black Hawk County.....	12,290,000	42.36%	<u>5,206,044</u>	<u>0.10%</u>	<u>0.18%</u>	<u>77.34</u>
Total Applicable Overlapping Debt.....			<u>\$ 6,817,806</u>	<u>0.13%</u>	<u>0.24%</u>	<u>\$ 101.28</u>
Total Direct and Overlapping Debt.....			\$129,713,806	2.43%	4.39%	\$1,927.00

Per Capita Actual Value ..... \$79,515.94  
 Per Capita Taxable Value..... \$43,852.85

- Notes: (1) Source: the City, Audited Financial Statements and Treasurer of the State of Iowa - Outstanding Obligations Report, debt as of June 30, 2024 for the School District, Community College and County.  
 (2) As of the date of issuance for the Direct Bonded Debt and June 30, 2024 for Overlapping Debt.  
 (3) Excludes \$14,445,000 in Industrial New Jobs Training Certificates, which are expected to be paid by proceeds from anticipated job credits from withholding taxes.

### PROPERTY ASSESSMENT AND TAX INFORMATION

#### Property Tax Assessment

In compliance with Section 441.21 of the Iowa Code, the Director annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. Such rollback percentages may be changed in future years. Certain historical rollback percentages for residential, multi-residential, agricultural and commercial valuations are as follows:

#### Percentages for Taxable Valuation After Rollbacks(1)

Fiscal Year	Residential	Multi-Residential	Ag Land & Buildings	Commercial & Industrial
2017/18.....	56.9391%	82.5000%	47.4996%	90.0000%
2018/19.....	55.6209%	78.7500%	54.4480%	90.0000%
2019/20.....	56.9180%	75.0000%	56.1324%	90.0000%
2020/21.....	55.0743%	71.2500%	81.4832%	90.0000%
2021/22.....	56.4094%	67.5000%	84.0305%	90.0000%
2022/23.....	54.1302%	63.7500%	89.0412%	90.0000%
2023/24.....	54.6501%	n/a	91.6430%	90.0000%
2024/25.....	46.3428%	n/a	71.8370%	90.0000%
2025/26.....	47.4316%	n/a	73.8575%	90.0000%

- Notes: (1) Source: the Iowa Department of Revenue.  
 (2) In assessment year 2024 (applicable to fiscal year 2025/26 valuations), the taxable value rollback rate is 47.4316% of actual value for residential property; 73.8575% of actual value for agricultural property and 100.0000% of the actual value of utility property. The residential taxable rollback rate of 47.4316% applies to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000), with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars (\$150,000).

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2023, are used to calculate tax liability for the tax year starting July 1, 2024 through June 30, 2025.

### Property Tax Collection

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the City. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 and March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Tuesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

### Actual (100%) Valuations for the City(1)(2)

Property Class	Fiscal Year:	2021/22	2022/23	2023/24	2024/25	Preliminary
	Levy Year:	2020	2021	2022	2023	2025/26 2024
Residential .....		\$2,680,048,880	\$2,879,517,830	\$2,988,868,039	\$3,664,833,614	\$3,703,837,653
Agricultural .....		18,226,718	17,665,978	17,658,388	21,047,849	21,175,459
Commercial .....		930,544,292	952,359,016	975,247,381	1,199,241,296	1,210,461,207
Industrial .....		197,842,020	198,048,970	200,547,290	215,880,720	225,389,120
Multi-residential(3).....		85,439,148	82,284,264	0	0	0
Railroads.....		3,743,850	3,643,870	3,897,837	5,726,734	6,076,310
Utilities without Gas and Electric(4).....		5,477,037	3,478,531	320,447	1,377,036	1,202,608
Gas and Electric Utility(4).....		173,300,700	196,258,836	248,677,423	271,314,875	292,146,195
Other.....		1,852	1,852	1,852	0	0
Less: Exceptions .....		(4,792,651)	(4,518,759)	(4,284,629)	(27,550,321)	(46,207,028)
Total .....		\$4,089,831,846	\$4,328,740,388	\$4,430,934,025	\$5,351,871,803	\$5,414,081,524
Percentage Change.....		0.70%(5)	5.84%	2.36%	20.79%	1.16%

- Notes: (1) Source: the Iowa Department of Management.  
 (2) Includes tax increment finance (TIF) valuations in the following amounts:

January 1:	2020	2021	2022	2023	2024
TIF Valuation .....	\$317,411,512	\$339,815,284	\$389,062,043	\$636,399,637	\$651,616,148

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.  
 (4) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (5) Based on 2019 Actual Valuation of \$4,061,330,973.

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For the January 1, 2024 levy year, the City's Taxable Valuation was comprised of approximately 58% residential, 33% commercial, 7% industrial, 3% utilities, 1% agriculture and less than 1% railroad and exemptions.

**Taxable ("Rollback") Valuations for the City(1)(2)**

Property Class	Fiscal Year:	2021/22	2022/23	2023/24	2024/25	Preliminary
	Levy Year:	2020	2021	2022	2023	2025/26 2024
Residential .....		\$1,511,798,865	\$1,558,688,816	\$1,633,418,845	\$1,698,387,016	\$1,756,789,151
Agricultural .....		15,139,734	15,594,074	15,871,911	14,961,216	15,492,445
Commercial .....		837,489,873	857,123,121	812,139,463	993,832,576	1,005,442,195
Industrial .....		178,057,818	178,244,073	176,131,463	188,894,905	197,522,386
Multi-residential(3).....		57,671,493	52,456,262	0	0	0
Railroads.....		3,369,465	3,279,483	3,482,695	5,116,476	5,432,478
Utilities without Gas and Electric(4).....		5,397,560	3,478,531	320,447	1,377,036	1,202,608
Gas and Electric Utility(4).....		73,253,843	80,994,683	79,955,618	76,891,847	76,685,384
Less: Exemptions.....		(4,792,651)	(4,518,759)	(4,284,629)	(27,550,321)	(46,207,028)
Total.....		\$2,677,386,000	\$2,745,340,284	\$2,717,035,813	\$2,951,910,751	\$3,012,359,619
Percentage Change.....		1.67%(5)	2.54%	(1.03%)	8.64%	2.05%

- Notes: (1) Source: the Iowa Department of Management.  
 (2) Includes tax increment finance (TIF) valuations in the following amounts:

January 1: TIF Valuation.....	2020	2021	2022	2023	2024
	\$317,411,512	\$339,815,284	\$389,062,043	\$620,394,199	\$634,646,620

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.  
 (4) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (5) Based on 2019 Taxable Valuation of \$2,633,279,135.

The following shows the trend in the City's tax extensions and collections.

**Tax Extensions and Collections(1)**

Levy Year	Fiscal Year	Amount Levied	Amount Collected(2)	Percent Collected
2014.....	2015-16.....	\$38,480,720	\$38,228,882	99.35%
2015.....	2016-17.....	38,823,734	38,731,044	99.76%
2016.....	2017-18.....	39,613,829	39,611,362	99.99%
2017.....	2018-19.....	38,984,631	39,002,329	100.05%
2018.....	2019-20.....	40,639,192	40,157,048	98.81%
2019.....	2020-21.....	42,422,199	42,990,863	101.34%
2020.....	2021-22.....	43,275,701	43,147,054	99.70%
2021.....	2022-23.....	44,829,472	44,794,609	99.92%
2022.....	2023-24.....	45,178,924	45,190,123	100.02%
2023.....	2024-25.....	51,397,687	-- In Collection --	

- Notes: (1) Source: the State of Iowa Department of Management and the City. Does not include Levies or Collections for Utility Replacement or the City's tax increment finance district.  
 (2) Includes delinquent taxes.

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### Principal Taxpayers(1)

<u>Taxpayer Name</u>	<u>Business/Service</u>	Levy Year 2023 <u>Taxable Valuation(2)</u>
MidAmerican Energy .....	Utility .....	\$ 76,758,596
Deere and Company.....	Manufacturing.....	65,084,127
GLP Capital LP.....	Casino and Hotel.....	58,963,570
ConAgra .....	Food Processing.....	31,564,754
Tyson Fresh Meats.....	Pork Processing.....	20,969,362
Ferguson Enterprises, Inc.....	Warehouse.....	19,382,497
Crystal Distribution Services Inc. ....	Cold Storage & Distribution Services .....	17,639,075
VGM Management, Inc.....	Commercial Property .....	16,164,376
FDP WTC LLC .....	Real Estate.....	15,358,705
Waterloo Cabinet Properties LLC .....	Cabinet Manufacturer .....	<u>13,513,333</u>
Total .....		<u>\$335,398,395</u>
Ten Largest Taxpayers as Percent of City's 2023 Taxable Valuation (\$2,951,910,751) .....		11.36%

- Notes: (1) Source: the County.  
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

### Levy Limits

Normal municipal operations and maintenance costs are generally funded through the corporate property tax levy. The Iowa Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2019 through levy year 2023 are shown below:

### Property Tax Rates(1)(2) (Per \$1,000 Actual Valuation)

	Fiscal Year: Levy Year:	2020/21 <u>2019</u>	2021/22 <u>2020</u>	2022/23 <u>2021</u>	2023/24 <u>2022</u>	2024/25 <u>2023</u>
City:						
General Fund .....		\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.91000
Emergency Levy.....		0.27000	0.27000	0.27000	0.27000	0.00000
Debt Service Fund.....		2.75591	2.85552	2.87924	2.80302	3.08431
Employee Benefits.....		5.49308	5.50603	5.82274	6.35145	8.35837
Capital Improvement .....		0.00000	0.00000	0.00000	0.00000	0.00000
Others .....		<u>1.82127</u>	<u>1.90033</u>	<u>1.89961</u>	<u>2.20572</u>	<u>1.72170</u>
Total City Rate.....		\$18.44026	\$18.63188	\$18.97159	\$19.73019	\$22.07438
Others:						
Black Hawk County .....		\$ 6.33625	\$ 6.17391	\$ 5.63335	\$ 5.57357	\$ 5.53278
Waterloo Community School District.....		14.20694	13.84769	13.36236	13.36032	13.96640
Hawkeye Community College.....		1.15802	1.17640	1.18571	1.21183	1.23407
Other .....		<u>0.31945</u>	<u>0.32235</u>	<u>0.34607</u>	<u>0.31139</u>	<u>0.32186</u>
Total Tax Rate.....		\$40.46092	\$40.15223	\$39.49908	\$40.18730	\$43.12949

- Notes: (1) Source: the Iowa Department of Management.  
 (2) Does not include tax rate for agriculture.

## **Tax Levy Procedures**

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable real property within the corporate limits of the City. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable real property within the corporate limits of the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bond holders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Bonds) may have to be enforced from year to year.

Notwithstanding the foregoing, Iowa Code section 76.2 provides when an Iowa political subdivision issues general obligation bonds, “the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this Resolution shall be filed with the county auditor or auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor(s) to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

## **Utility Property Tax Replacement**

Property owned by entities involved primarily in the production, delivery, service and sale of electricity, natural gas and rate-regulated water utilities (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than “taxable property” for purposes of computing the City’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 2.6% of the City’s levy year 2024 taxable valuation currently is utility property.

## **Tax Increment Financing**

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation used for this type of TIF district in the City for levy year 2024 is \$634,646,620.



The second type of tax increment financing was authorized by state legislative action in the mid-1980's. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programming for new employees of existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the cost of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates, the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. There is no current valuation for this second type of TIF district.

## **Property Tax Legislation**

Over time, the Iowa Legislature has modified the process and calculation of taxable valuations for various classifications of property. For example, in 2013 maximum annual taxable value growth due to revaluation of residential and agricultural property was reduced from 4% to 3%, rollback calculations were modified, a new multi-residential classification was created, and an appropriation made to replace some lost tax revenue due to rollbacks. In 2019, the process for hearings on total maximum property tax dollars under certain levies in the City's budget was modified and a super-majority vote required to raise taxes above a prescribed formula. In 2021, the multi-residential classification was removed, and a phase out of the appropriation for rollback initiated. In 2023, SF 181 was signed into law by the Governor on February 20, 2023, effective upon enactment. SF 181 reduced the residential rollback for the 2022 assessment year (affecting Fiscal Year 2023/24) from 56.4919% to 54.6501%. This resulted in a reduction in taxable valuation in the residential, commercial, industrial and railroad property classes upon which the City levies property taxes for Fiscal Year 2023/24.

On May 4, 2023, the Governor signed House File 718 ("HF 718"), a property tax reform law aimed at reducing property tax growth in Iowa. Among other things, HF 718 permanently consolidates several existing city property tax levies and creates a new adjusted city general fund levy ("ACGFL"). To control the growth of property taxes, the new ACGFL is subject to potential limitation or reduction by constraining growth by 2% or 3% each year depending on if certain growth triggers are met or exceeded during the prior year. The levy limitation is only applicable Fiscal Year 2024/25 through Fiscal Year 2027/28 and will be specific to each city. For Fiscal Year 2023/24, the City will calculate the new ACGFL as the baseline rate and the first annual ACGFL adjustment will begin Fiscal Year 2024/25. The ACGFL rates for Fiscal Years 2024/25 through 2027/28 are based on growth in city taxed value and the previous year's city tax rate. Beginning in Fiscal Year 2028/29, all cities go to a \$8.10 ACGFL maximum and the levy limitation calculation ceases. Certain levies like debt service, pensions, employee benefits and capital improvement reserve fund are not included in the new ACGFL limitation. The City's recent property valuation growth has, on average, not exceeded the new legislative caps, but if it did, the City's general fund levies will lag its relative valuation growth.

On May 1, 2024, new legislation ("SF 2442") was signed into law by the Governor, which amongst other things, adjusts levy rates modified under HF 718 based on default rates and certain growth parameters for taxes and budgets beginning on or after July 1, 2025.

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on standing appropriations or the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Notwithstanding any modifications to property tax revenues that may result from prior or any pending or future legislation, the Bonds are secured by an unlimited ad valorem property tax. See "**SECURITY AND SOURCE OF PAYMENT**" herein.

## FINANCIAL INFORMATION

### Financial Reports

The City’s financial statements are audited annually by certified public accountants. The City’s financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board. See **APPENDIX A – FISCAL YEAR 2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT**” for more detail.

### No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this “**FINANCIAL INFORMATION**” section are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2024 (the “2024 Audit”). The 2024 Audit has been prepared by Bergan KDV, LTD, Certified Public Accountants, St. Cloud, Minnesota, (the “Auditor”), and received by the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2024 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2024 Audit in this Final Official Statement. The inclusion of the Excerpted Financial Information and the 2024 Audit in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2024 Audit. Questions or inquiries relating to financial information of the City since the date of the 2024 Audit should be directed to the City.

### Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City’s 2024 Audit. The City’s expects its General Fund balance for the fiscal year ending June 30, 2025 to decrease by approximately \$883,000. To date, revenues and expenditures are generally within budgeted amounts.

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## Statement of Net Position Governmental Activities(1)(2)

	Audited as of June 30				
	2020	2021	2022	2023	2024
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents/Investments.....	\$ 92,051,479	\$100,982,573	\$118,864,616	\$125,840,185	\$132,716,755
Restricted Cash and Cash Equivalents.....	929,908	835,947	845,340	0	0
<b>Receivables:</b>					
Accounts Receivable Net of Allowance for Uncollectible.....	2,368,757	2,293,711	2,506,965	2,192,736	2,762,111
Interest Receivable/Accrued Interest.....	13,278	9,844	12,423	127,111	108,167
Taxes Receivable/Delinquent.....	1,246,401	698,369	488,117	630,355	272,649
Taxes Receivable - Succeeding Year.....	49,788,234	52,066,688	54,160,881	58,548,584	74,275,568
Special Assessments Receivable.....	221,774	568,609	369,561	288,338	381,309
Leases Receivable - Current.....	0	0	2,725,870	797,534	368,900
Receivables.....	11,030	9,803	8,566	0	0
Loans and Notes (Net).....	0	0	0	0	0
Internal Accounts.....	(38,704)	(38,704)	(38,704)	(38,704)	(38,704)
Due from Other Governments.....	7,899,489	10,177,992	7,941,729	9,725,047	10,780,275
Due from Component Unit.....	77,847	115,479	279,458	0	0
Inventories.....	725,249	1,211,578	1,607,453	1,299,940	1,814,872
Prepays.....	0	0	0	111,684	113,939
Lease Receivable – Noncurrent.....	0	0	0	1,359,830	1,038,593
Capital Assets Not Being Depreciated.....	78,726,672	110,783,750	118,980,414	105,660,799	126,995,748
Capital Assets Net of Accumulated Depreciation.....	<u>318,000,759</u>	<u>317,542,343</u>	<u>322,972,399</u>	<u>331,402,217</u>	<u>340,325,052</u>
<b>Total Assets.....</b>	<b><u>\$552,022,173</u></b>	<b><u>\$597,257,982</u></b>	<b><u>\$631,725,088</u></b>	<b><u>\$637,945,656</u></b>	<b><u>\$691,915,234</u></b>
<b>Deferred Outflows of Resources:</b>					
Related to Pensions.....	\$ 12,268,459	\$ 16,272,514	\$ 8,851,239	\$ 8,842,577	\$ 13,172,154
Related to OPEB.....	<u>2,192,247</u>	<u>2,060,557</u>	<u>1,690,029</u>	<u>1,419,529</u>	<u>1,160,207</u>
<b>Total Deferred Outflows of Resources.....</b>	<b><u>\$ 14,460,706</u></b>	<b><u>\$ 18,333,071</u></b>	<b><u>\$ 10,541,268</u></b>	<b><u>\$ 10,262,106</u></b>	<b><u>\$ 14,332,361</u></b>
<b>Liabilities:</b>					
Accounts and Contracts/Retainages Payable.....	\$ 5,812,492	\$ 7,308,578	\$ 5,414,618	\$ 8,409,730	\$ 17,189,179
Accrued Liabilities and Other.....	2,145,154	2,433,458	2,603,955	0	0
Interest Payable.....	275,381	260,854	291,491	315,246	428,854
Salaries and Benefits Payable.....	0	0	0	0	2,680,232
Due to Other Governments.....	111,203	185,895	215,535	217,020	40,259
Deposits Payable.....	33,926	45,030	48,070	63,678	75,840
Unearned Revenues.....	990,469	16,258,428	30,823,196	25,860,435	21,432,905
Health Claims.....	929,908	835,947	845,340	0	0
Worker's Compensation Claims.....	561,323	639,327	564,550	0	0
Other.....	312,938	452,865	312,850	0	0
Other Loans and Notes and Capital Lease.....	4,799,400	8,154,776	8,060,287	0	0
Noncurrent Liabilities Due and Payable Within One Year.....	12,489,906	13,729,515	16,899,543	0	0
<b>General Obligation Bonds Payable, Net</b>					
Payable within one year.....	0	0	0	9,805,000	10,220,000
Payable after one year.....	78,703,792	83,572,511	97,960,250	94,547,451	110,739,144
<b>Financed Purchases Payable</b>					
Payable within one year.....	0	0	0	402,724	404,980
Payable after one year.....	0	0	0	2,558,403	2,153,422
<b>Loans and Notes from direct borrowing payable</b>					
Payable within one year.....	0	0	0	1,895,074	1,105,439
Payable after one year.....	0	0	0	3,204,087	12,113,385
<b>Compensated Absences payable</b>					
Payable within one year.....	0	0	0	2,613,028	2,806,750
Payable after one year.....	2,116,077	1,761,361	120,255	2,388,868	2,555,820
<b>Total Postemployment Benefits (OPEB) Liability</b>					
Payable within one year.....	0	0	0	1,347,946	1,324,653
Payable after one year.....	19,076,867	18,442,207	14,387,107	12,705,811	10,704,911
<b>Payable After One Year</b>					
Net Pension Liability.....	<u>48,049,962</u>	<u>56,949,740</u>	<u>12,623,230</u>	<u>38,023,633</u>	<u>42,959,286</u>
<b>Total Liabilities.....</b>	<b><u>\$176,408,798</u></b>	<b><u>\$211,030,492</u></b>	<b><u>\$191,170,277</u></b>	<b><u>\$206,759,096</u></b>	<b><u>\$238,935,059</u></b>
<b>Deferred Inflows Of Resources:</b>					
Related to Pensions.....	\$ 2,419,283	\$ 1,502,626	\$ 31,404,933	\$ 1,973,805	\$ 469,372
Related to Lease Receivable.....	0	0	2,314,539	2,134,421	1,333,459
Taxes and Assessments for Subsequent Years.....	49,788,234	52,066,687	54,653,539	58,548,584	74,164,637
Related to OPEB.....	<u>220,415</u>	<u>184,662</u>	<u>2,844,728</u>	<u>2,610,439</u>	<u>4,368,279</u>
<b>Total Deferred Inflows of Resources.....</b>	<b><u>\$ 52,427,932</u></b>	<b><u>\$ 53,753,975</u></b>	<b><u>\$ 91,217,739</u></b>	<b><u>\$ 65,267,249</u></b>	<b><u>\$ 80,335,747</u></b>

**Statement of Net Position**  
**Governmental Activities(1)**  
 (continued)

	Audited as of June 30				
	2020	2021	2022	2023	2024
<b>Net Position:</b>					
Net Investment in Capital Assets .....	\$338,162,674	\$357,396,168	\$349,086,033	\$343,619,558	\$354,725,444
Restricted for					
Debt Service.....	2,493,456	5,201,258	5,364,561	852,980	459,558
Health Insurance .....	4,575,258	3,557,955	5,650,389	6,713,679	6,712,631
Donor Specified.....	1,047,504	1,006,009	1,083,235	1,886,144	1,835,771
Housing.....	4,954,936	5,072,559	5,575,790	5,884,870	6,368,090
Library.....	425,857	482,339	523,128	628,245	628,567
Tourism.....	1,732,646	2,011,806	2,455,442	2,901,125	3,255,488
Tax Increment .....	0	0	0	997,055	875,393
Street Maintenance .....	19,341,897	12,396,513	10,943,143	10,436,037	11,087,497
Employee Benefits.....	385,788	664,976	951,862	1,238,839	1,573,600
Public Access Television.....	218,701	228,668	233,671	0	0
Civil Rights Enforcement .....	82,376	0	0	0	0
Improvements.....	9,665,488	9,303,542	16,477,663	23,390,632	24,900,848
Unrestricted.....	<u>(45,440,432)</u>	<u>(46,515,207)</u>	<u>(38,466,577)</u>	<u>(22,367,747)</u>	<u>(25,446,098)</u>
Total Net Position .....	<u>\$337,646,149</u>	<u>\$350,806,586</u>	<u>\$359,878,340</u>	<u>\$376,181,417</u>	<u>\$386,976,789</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2020 through 2024.  
 (2) Charge in presentation starting in fiscal year 2023.

**Statement of Activities**  
**Governmental Activities(1)**

	Audited Fiscal Years Ended June 30				
	2020	2021	2022	2023	2024
<b>Functions/Programs:</b>					
Primary Government:					
General Government.....	\$ (8,909,953)	\$ (8,669,445)	\$ (7,676,587)	\$ (2,934,464)	\$ (2,674,148)
Public Safety .....	(30,644,031)	(32,702,695)	(26,041,921)	(25,771,846)	(30,219,233)
Public Works .....	(14,835,766)	(14,698,292)	(22,444,778)	(6,151,416)	(13,870,187)
Health and Social Services.....	(246,890)	(250,556)	(239,516)	(287,848)	(321,410)
Culture and Recreation.....	(7,731,715)	(7,618,907)	(7,632,621)	(5,640,161)	(9,972,255)
Community and Economic Development .....	(3,510,442)	(137,337)	(5,790,823)	(8,335,447)	(19,753,495)
Interest and Fiscal Changes .....	(2,413,402)	(2,212,316)	(2,432,132)	(3,130,041)	(3,290,775)
Total Governmental Activities .....	<u>\$ (68,292,199)</u>	<u>\$ (66,289,548)</u>	<u>\$ (72,258,378)</u>	<u>\$ (52,251,223)</u>	<u>\$ (80,101,503)</u>
<b>General Revenues:</b>					
Property Taxes Levied for General Purposes .....	\$ 49,332,480	\$ 52,877,346	\$ 53,380,778	\$ 46,359,635	\$ 39,277,456
Property Taxes Levied for Debt Service.....	0	0	0	7,839,333	7,612,253
Tax Increment Financing .....	0	0	0	11,245,922	13,649,387
Local Option Sales .....	11,083,075	11,957,710	12,217,117	12,700,706	13,765,876
Other Taxes & Payments in Lieu of Taxes.....	0	0	0	10,260,169	10,933,660
Unrestricted Investment Earnings.....	978,205	124,727	215,140	3,277,970	5,550,448
Insurance Recoveries.....	0	0	0	2,117,224	0
Utility Excise.....	1,363,258	1,403,017	1,321,657	0	0
Gaming .....	984,156	1,324,236	1,495,059	0	0
Hotel/Motel .....	985,466	799,936	1,450,699	0	0
Gas and Electric.....	3,764,060	4,161,915	4,846,341	0	0
Cable Television.....	646,853	648,817	598,604	0	0
Mobile Home.....	59,593	81,164	71,529	0	0
Bank/Credit Union .....	153,319	200,676	206,895	0	0
Miscellaneous.....	5,455,393	5,870,441	3,996,316	0	0
Transfers – Capital Assets.....	0	0	0	55,000	0
Gain on Sale of Capital Assets .....	0	0	1,529,997	0	107,795
Total General Revenues and Transfers .....	<u>\$ 74,805,858</u>	<u>\$ 79,449,985</u>	<u>\$ 81,330,132</u>	<u>\$ 86,016,626</u>	<u>\$ 90,896,875</u>
Change In Net Position.....	\$ 6,513,659	\$ 13,160,437	\$ 9,071,754	\$ 33,765,403	\$ 10,795,372
Net Position, Beginning of Year.....	<u>\$331,132,490</u>	<u>\$337,646,149</u>	<u>\$350,806,586</u>	<u>\$342,416,014(2)</u>	<u>\$376,181,417</u>
Net Position, End of Year .....	<u>\$337,646,149</u>	<u>\$350,806,586</u>	<u>\$359,878,340</u>	<u>\$376,181,417</u>	<u>\$386,976,789</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2020 through 2024.  
 (2) Restated.

**Balance Sheet  
 General Fund(1)(2)**

	Audited as of June 30				
	2020	2021	2022	2023	2024
<b>Assets:</b>					
Cash and Investments.....	\$19,832,590	\$35,446,958	\$48,663,014	\$55,627,998	\$50,969,347
Interest Receivable.....	528	193	5,432	87,579	68,767
Due from Other Governments.....	581,708	908,811	829,288	835,881	635,760
Accounts Receivable.....	2,340,694	2,274,748	2,356,148	2,167,366	1,816,968
Due from Other Funds.....	4,781,167	7,004,681	9,136,281	5,166,912	11,159,255
Property Taxes Receivable:					
Current Year/Delinquent.....	414,870	320,405	139,449	142,461	104,975
Succeeding Year.....	20,400,576	20,731,638	21,098,879	23,051,563	23,856,400
Special Assessments Receivable.....	221,774	568,609	369,561	288,338	381,309
Inventory.....	584,290	898,156	1,062,665	1,124,560	1,295,315
Prepays Items.....	0	0	0	78,634	79,733
Loans and Notes.....	0	0	0	0	0
Leases Receivable.....	0	0	2,725,870	2,157,364	1,407,493
Receivables.....	11,030	9,803	8,566	0	0
Total Assets.....	<u>\$49,169,227</u>	<u>\$68,164,002</u>	<u>\$86,395,153</u>	<u>\$90,728,656</u>	<u>\$91,775,322</u>
<b>Liabilities:</b>					
Accounts Payable.....	\$ 458,703	\$ 451,085	\$ 553,148	\$ 859,172	\$ 896,585
Due to other Governments.....	0	0	0	217,020	31,759
Salaries and Benefits Payable.....	0	0	0	2,157,223	2,391,812
Unearned Revenue.....	569,913	15,657,137	30,737,485	25,589,009	21,162,627
Accrued Liabilities.....	1,626,800	1,852,381	1,999,824	0	0
Retainages Payable.....	23,901	10,203	15,476	0	0
Compensated Absences.....	93,506	103,229	105,711	0	0
Due to Waterloo Convention & Visitors Bureau, Inc.....	111,203	185,895	215,535	0	0
Payable from Restricted Assets.....	1,242,846	1,288,812	1,158,190	0	0
Advances from Other Funds.....	168,316	168,316	168,316	0	0
Total Liabilities.....	<u>\$ 4,295,188</u>	<u>\$19,717,058</u>	<u>\$34,953,685</u>	<u>\$28,822,424</u>	<u>\$24,482,783</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue – Taxes and Assessments.....	\$21,037,220	\$2,670,651	\$22,100,547	\$23,482,867	\$24,175,710
Unavailable Revenue – Grants/Intergovernmental and Other.....	312,879	292,066	29,437	194,673	194,673
Unavailable Revenue - Lease.....	0	0	2,314,539	2,134,421	1,333,459
Total Deferred Inflows of Resources.....	<u>\$21,350,099</u>	<u>\$21,912,717</u>	<u>\$24,444,523</u>	<u>\$25,811,961</u>	<u>\$25,703,842</u>
<b>Fund Balance:</b>					
Nonspendable.....	\$ 584,290	\$ 898,156	\$ 1,062,665	\$ 1,203,194	\$1,375,048
Restricted.....	5,888,663	5,027,951	7,624,578	9,721,618	10,021,560
Committed.....	229,791	0	0	0	0
Assigned.....	5,633,149	7,871,374	5,962,271	6,278,264	3,038,419
Unassigned.....	11,188,047	12,736,746	12,347,431	18,891,195	27,153,670
Total Fund Balance.....	<u>\$23,523,940</u>	<u>\$26,534,227</u>	<u>\$26,996,945</u>	<u>\$36,094,271</u>	<u>\$41,588,697</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance.....	<u>\$49,169,227</u>	<u>\$68,164,002</u>	<u>\$86,395,153</u>	<u>\$90,728,656</u>	<u>\$91,775,322</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2020 through 2024.  
 (2) Charge in presentation starting in fiscal year 2023.

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**Statement of Revenues, Expenditures and Changes in Fund Balance  
 General Fund(1)(2)**

	Audited Fiscal Years Ended June 30				
	2020	2021	2022	2023	2024
<b>Revenues:</b>					
General Property Taxes.....	\$21,085,430	\$ 21,568,319	\$ 21,576,703	\$ 23,323,545	\$ 23,999,869
Other City Taxes .....	7,298,000	8,087,266	9,312,848	8,751,291	8,247,123
Licenses and Permits .....	1,449,113	1,366,440	1,316,691	1,474,461	1,757,463
Intergovernmental .....	1,077,524	3,004,751	1,304,518	5,068,454	6,517,754
Special Assessments .....	126,258	169,139	248,787	212,538	235,925
Charges for Services.....	9,788,667	9,659,969	12,869,207	13,180,547	12,013,854
Fines and Forfeitures.....	0	0	0	2,434,995	2,720,876
Interfund Charges for Services .....	2,130,000	2,366,493	2,376,381	2,378,522	2,528,982
Use of Money and Property .....	0	0	0	3,277,712	4,328,183
Contributions and Donations .....	0	0	0	319,604	519,981
Investment Income .....	465,149	59,453	114,154	0	0
Rent .....	1,107,525	1,034,826	1,207,789	0	0
Miscellaneous.....	2,121,921	2,095,867	2,641,916	1,709,822	2,007,818
Total Revenues .....	<u>\$46,649,587</u>	<u>\$ 49,412,523</u>	<u>\$52,968,994</u>	<u>\$62,131,491</u>	<u>\$64,877,828</u>
<b>Expenditures:</b>					
Current:					
General Government .....	\$ 9,480,205	\$ 10,460,828	\$ 7,943,077	\$ 9,740,853	\$ 13,414,385
Public Safety .....	29,722,252	30,788,173	33,190,502	34,363,108	36,922,019
Public Works .....	3,177,164	3,200,908	3,813,233	3,545,110	4,837,002
Health and Social Services.....	270,460	286,771	293,448	344,645	368,377
Culture and Recreation.....	9,317,371	9,518,432	10,596,931	13,032,615	11,913,207
Community and Economic Development .....	2,824,714	2,348,565	3,394,670	4,126,226	4,279,459
Debt Service:					
Principal .....	0	202,035	401,215	430,703	402,725
Interest and Fiscal Charges .....	0	0	6,551	0	0
Capital Outlay					
Public Safety .....	0	0	0	342,948	456,599
Public Works .....	0	0	0	497,695	303,730
Culture and Recreation.....	0	0	0	0	249,622
Community and Economic Development .....	0	4,503,811	168,557	304,012	3,000
Total Expenditures.....	<u>\$54,792,166</u>	<u>\$ 61,309,523</u>	<u>\$59,808,184</u>	<u>\$66,727,915</u>	<u>\$73,150,125</u>
Excess of Revenues Over (Under) Expenditures.....	(8,142,579)	(11,897,000)	(6,839,190)	(4,596,424)	(8,272,297)
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets.....	\$ 56,088	\$ 336,362	\$ 379,892	\$ 236,936	\$ 107,795
Proceeds from Insurance.....	1,659,358	1,986,893	1,562,760	2,117,224	3,289,039
Issuance of Capital Lease and Other Long-Term Debt .....	0	3,964,965	0	0	0
Transfers In .....	7,462,766	8,619,067	8,456,370	10,510,200	11,681,005
Transfers Out .....	(185,750)	0	(3,097,114)	(1,507,120)	(1,311,116)
Total Other Financing Sources (Uses).....	<u>\$ 8,992,462</u>	<u>\$ 14,907,287</u>	<u>\$ 7,301,908</u>	<u>\$11,357,240</u>	<u>\$13,766,723</u>
Net Changes in Fund Balance .....	\$ 849,883	\$ 3,010,287	\$ 462,718	\$ 6,760,816	\$ 5,494,426
Fund Balance:					
Beginning of Year .....	<u>22,674,057</u>	<u>23,523,940</u>	<u>26,534,227</u>	<u>29,333,455(3)</u>	<u>36,094,271</u>
End of Year .....	<u>\$23,523,940</u>	<u>\$ 26,534,227</u>	<u>\$26,996,945</u>	<u>\$36,094,271</u>	<u>\$41,588,697</u>

- Notes: (1) Source: Audited financial statements for the City for the fiscal years ended June 30, 2020 through 2024.  
 (2) Charge in presentation starting in fiscal year 2023.  
 (3) Adjusted.

**REGISTRATION, TRANSFER AND EXCHANGE**

See also **APPENDIX B – DESCRIBING BOOK-ENTRY-ONLY ISSUANCE** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding an interest payment date on such bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

## **TAX MATTERS TAX-EXEMPT BONDS (SERIES 2025C BONDS)**

### **Tax Exemption**

Federal tax law contains a number of requirements and restrictions that apply to the Series 2025C Bonds (the "Tax-Exempt Bonds"), including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Tax-Exempt Bond proceeds and facilities financed with Tax-Exempt Bond proceeds, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest maybe taken into account in computing the alternative minimum tax imposed on certain corporations.

Prospective purchasers of the Tax-Exempt Bonds should be aware that ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to collateral federal income tax consequences.

**NOT-Qualified Tax-Exempt Obligations:** The City will NOT designate the Tax-Exempt Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Interest on the Tax-Exempt Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **Discount and Premium Tax-Exempt Bonds**

The initial public offering price of certain Tax-Exempt Bonds may be less than the amount payable on such Tax-Exempt Bonds at maturity (“Discount Tax-Exempt Bonds”). Purchasers of Discount Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Tax-Exempt Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Tax-Exempt Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Tax-Exempt Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Tax-Exempt Bonds may be greater than the amount of such Tax-Exempt Bonds at maturity (“Premium Tax-Exempt Bonds”). Purchasers of the Premium Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Tax-Exempt Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Tax-Exempt Bonds.

### **Other Tax Advice**

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Tax-Exempt Bonds. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Tax-Exempt Bonds.

### **Audits**

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. To the best of the City’s knowledge, no obligations of the City are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Tax-Exempt Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Tax-Exempt Bonds until the audit is concluded, regardless of the ultimate outcome.



## Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Tax-Exempt Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

## Tax Legislation

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa General Assembly. Court proceedings may also be filed, the outcome of which could modify the tax treatment. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Tax-Exempt Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

## Bond Counsel Review

Bond Counsel has approved the language describing the Iowa and Federal law pertinent to the validity of and the tax-exempt status of interest on the Tax-Exempt Bonds included in this “**TAX MATTERS TAX-EXEMPT BONDS (SERIES 2025C BONDS)**” Section but has not otherwise participated in the preparation of this Final Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Final Official Statement and will express no opinion with respect thereto.

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE TAX-EXEMPT BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).**

## **TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2025D BONDS)**

### General

The following discussion is a summary of certain Federal income tax consequences relating to the purchase, ownership, and disposition of the Series 2025D Bonds. This discussion does not purport to deal with all aspects of Federal income taxation that may affect particular investors in light of their individual circumstances, and is limited to investors who hold the Series 2025D Bonds as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax advisors regarding the consequences of purchasing, owning, and disposing of the Series 2025D Bonds for Federal income tax purposes, and for State and local tax purposes.

## Interest Income Taxable

In the opinion of Bond Counsel, under existing law, interest on the Series 2025D Bonds will be included in gross income of the owners thereof for federal income tax purposes.

Ownership of the Series 2025D Bonds may result in other federal, state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025D Bonds. Prospective purchasers of the Series 2025D Bonds should consult their tax advisors regarding the applicability of any such federal, state and local taxes.

Interest on the Series 2025D Bonds is not exempt from present Iowa income taxes.

## Sale, Exchange, or Other Disposition

In general, upon the sale, exchange, or redemption of a Series 2025D Bond, an owner will recognize taxable gain or loss in an amount equal to the difference between the amount realized and the owner's adjusted tax basis in the Series 2025D Bond. An owner's adjusted tax basis in a Series 2025D Bond generally will equal the owner's initial cost of the Series 2025D Bond, plus any accrued original issue discount and accrued market discount previously included in the owner's taxable income. Such gain or loss generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if the owner has held the Series 2025D Bond for more than one year. Subject to various special rules, the Code currently provides preferential treatment for certain net long-term capital gains realized by individuals and generally limits the use by any taxpayer of capital losses to reduce ordinary income.

## Opinion

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise. See "APPENDIX C" for a draft form of legal opinion for the Series 2025D Bonds.

Bond Counsel has approved the language included in this "TAXABILITY OF INTEREST TAXABLE BONDS (SERIES 2025D BONDS)" section but has not otherwise participated in the preparation of this Final Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Final Official Statement, and will express no opinion with respect thereto.

**ALL POTENTIAL PURCHASERS OF THE SERIES 2025D BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE SERIES 2025D BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).**

## Enforcement

There is no trustee or similar person to monitor or enforce the terms of the Resolution. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

## The Opinion

The **FORMS OF LEGAL OPINIONS**, in substantially the form set out in **APPENDIX C** to this Final Official Statement, will be delivered at closing.

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

## CONTINUING DISCLOSURE

For the purpose of complying with paragraph (b)(5) of the Rule, the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in "**APPENDIX D – Form of Continuing Disclosure Certificate**". This covenant is being made by the City to assist the Underwriter(s) in complying with the Rule.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or Resolution, respectively. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to the Rule, in the last five years, the City believes it has complied in all material respects with regard to its prior Disclosure Covenants with the exception that the City failed to timely file a material event notice for a financial obligation entered into on February 15, 2021, and the City did not timely file notice of bond calls for the General Obligation Bonds, Series 2013A or the Taxable General Obligation Bonds, Series 2013B, or notice of its failure to file, which have now been filed. In addition, certain updated operating tables for Fiscal Year 2022, generally available in the audit, which was not available by the deadline, were not filed by the deadline, or notice of the failure to file. The City has taken steps to ensure future filing of this information in compliance with the applicable undertakings.

Bond Counsel expresses no opinion as to whether the Disclosure Covenants comply with the requirements of Section (b)(5) of the Rule.

## OPTIONAL REDEMPTION

The Series 2025C Bonds due June 1, 2026 - 2032, inclusive, are not subject to optional redemption. The Series 2025C Bonds due June 1, 2033 - 2037, inclusive, are callable in whole or in part on any date on or after June 1, 2032, at a price of par and accrued interest. The Series 2025D Bonds due June 1, 2026 - 2030, inclusive, are not subject to optional redemption. The Series 2025D Bonds due June 1, 2031, inclusive, are callable in whole or in part on any date on or after June 1, 2030, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Bonds to be called has been reached.

If less than all of the maturity is called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Thirty days' written notice of redemption shall be given to the registered owner of the Bond. Failure to give written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment. Written notice will be deemed completed upon transmission to the owner of record.

## LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

## LEGAL MATTERS

The Bonds are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the tax status of interest on the Bonds discussed in the "TAX MATTERS TAX-EXEMPT BONDS (SERIES 2025C BONDS)" and "TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2025D BONDS)" section, and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Final Official Statement, and will express no opinion with respect thereto. Legal opinions in substantially the form set forth in **APPENDIX C** to this Final Official Statement will be delivered at closing. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel for the City in connection with the issuance of the Bonds.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in the Bond Counsel's opinion. The opinion will state, in part, that the obligation of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

## OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

This Official Statement is not to be construed as a contract or agreement amongst the City, the Underwriter, or the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement or the sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in this Official Statement is not guaranteed.

## INVESTMENT RATING

The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

## UNDERWRITING

The Series 2025C Bonds were offered for sale by the City at a public, competitive sale on April 23, 2025. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the "Underwriter"). The City awarded the contract for sale of the Series 2025C Bonds to the Underwriter at a price of \$ \_\_\_\_\_ (reflecting the par amount of \$ \_\_\_\_\_, plus a reoffering premium of \$ \_\_\_\_\_, and less an Underwriter's discount of \$ \_\_\_\_\_). The Underwriter has represented to the City that the Series 2025C Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Series 2025D Bonds were offered for sale by the City at a public, competitive sale on April 23, 2025. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the "Underwriter"). The City awarded the contract for sale of the Series 2025D Bonds to the Underwriter at a price of \$ \_\_\_\_\_ (reflecting the par amount of \$ \_\_\_\_\_, plus a reoffering premium of \$ \_\_\_\_\_, and less an Underwriter's discount of \$ \_\_\_\_\_). The Underwriter has represented to the City that the Series 2025D Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

## MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

## MISCELLANEOUS

Brief descriptions or summaries of the City, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the City.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

The attached **APPENDICES A, B, C, and D** are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The City has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the City.

/s/ **KELLEY FELCHLE**  
*City Clerk*  
CITY OF WATERLOO  
Black Hawk County, Iowa

/s/ **QUENTIN M. HART**  
*Mayor*  
CITY OF WATERLOO  
Black Hawk County, Iowa

*City of Waterloo, Black Hawk County, Iowa*  
*\$5,315,000\* General Obligation Bonds, Series 2025C*  
*\$685,000\* Taxable General Obligation Bonds, Series 2025D*

**APPENDIX A**

**CITY OF WATERLOO  
BLACK HAWK COUNTY, IOWA**

**FISCAL YEAR 2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30, 2024  
CITY OF WATERLOO, IOWA**



**City of Waterloo, Iowa**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended**  
**June 30, 2024**

**Prepared by:**  
**City of Waterloo Finance Department**  
**Bridgett Wood, Finance Director**  
**Kim Bahr, Assistant Finance Director**  
**Emily Graham, Financial Analyst**

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# **INTRODUCTORY SECTION**

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# CITY OF WATERLOO

## Finance Office

January 14, 2025

Mayor  
QUENTIN  
HART

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

COUNCIL  
MEMBERS

We are pleased to present the Annual Comprehensive Financial Report of the City of Waterloo, Iowa (City) for the year ended June 30, 2024, in accordance with the provisions of Chapter 11 of the Code of Iowa. This report is published to provide the City Council and citizens with detailed information concerning the financial condition of the City. It has also been audited by an independent certified public accounting firm in accordance with generally accepted auditing standards and the federal single audit act requirements, including the provisions of *Title 2 of the U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). BergankDV issued an unmodified (“clean”) opinion on the financial statements for the year ended June 30, 2024.

JOHN  
CHILES  
Ward 1

DAVE  
BOESEN  
Ward 2

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.

NIA  
WILDER  
Ward 3

BELINDA  
CREIGHTON  
-SMITH,  
Ward 4

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

### THE CITY’S BACKGROUND AND SERVICES

RAY  
FEUSS  
Ward 5

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.

ROB  
NICHOLS  
At-Large

STEVE  
SIMON  
At-Large

## **THE CITY'S BACKGROUND AND SERVICES (CONTINUED)**

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

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

## **ECONOMIC OUTLOOK**

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

The area's regional economic development corporation, Grow Cedar Valley, works with the city to help create development in Waterloo as well as the entire metropolitan area. Total building permit valuation for Waterloo was over \$100 million for the eleventh straight year, reaching over \$133.28 million for the fiscal year ending June 30, 2023. The City has averaged \$137.85 million during the past 6 years in permit activity. New housing starts were at 87 new units, which was down from a year ago due to very little multi-family activity, no multi-family, but single- and two-family homes were up in numbers. Waterloo is a regional retail center for Black Hawk and surrounding counties. Retail sales were \$1,287.2 million in fiscal 2023, an increase of \$7.9 million from the prior year. Retail sales are estimated to be around \$1,351.7 million for fiscal 2024, which would be an increase of \$64.5 million from the prior year. Waterloo's population declined in the official 2020 census, although the City believes it has remained relatively stable during the past decade.

The overall city tax base has reflected an average annual growth of approximately -0.29% during the last five years. The City has developed a more diverse employment base in recent years, although Deere & Company continues to play a major role in the local economy. Deere (a Fortune 100 company) remains the city's largest employer and also its largest taxpayer. The company has invested over \$1.0 billion in its Waterloo facilities since 2010, including the Westfield advanced manufacturing facility and the Waterloo Foundry, the largest electric foundry in the state. The City's unemployment level as of September 30, 2024 was 4.7% compared to the state level of 2.70% and the federal level of 4.1%.

## **ECONOMIC OUTLOOK (CONTINUED)**

### **Downtown/Cedar Valley Riverfront Renaissance**

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

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

### **Downtown/Cedar Valley SportsPlex**

The Cedar Valley 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 8,142 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, and multiple uses in the Tech One building. The Marriot was the first project approved under the State of Iowa Reinvestment District (IRD) program. The Tech One Building contains advanced educational platforms for the University of Northern Iowa and their Metal Casting Center classes, Hawkeye Community College completed the renovation of the 2<sup>nd</sup> floor for their Automation and Robotics Center, with the latest in manufacturing technologies, training lab, certifications, etc. The City has entered into a lease agreement with Waterloo Development Corporation for a ground lease of 5.25 acres of land for the development of a \$34 million indoor hard court facility on campus. The City is currently completing site prep work and construction is set to begin in 2024/2025.

Lincoln Savings Bank has recently renovated a 50-year-old former Deere factory at a total project investment of \$18.3 million. LSB currently occupies two of the top three floors of the Tech One building to house their financial technology operation, which is projected to add over 300 new employees into the Downtown Waterloo area. LSB is finishing renovations of the 4<sup>th</sup> floor for expansion opportunities, and other tenant options - Invision Architecture being a first occupant, at a cost of \$4.4 million.

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



## **ECONOMIC OUTLOOK (CONTINUED)**

### **Downtown/Other Developments**

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

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

Makenda LLC has completed a \$10 million interior and exterior renovation of the former Ramada Hotel in Downtown Waterloo, which has re-opened as a dual-branded Best Western Plus and Executive Residency Hotel. The City has hired Global Spectrum, L.P. to manage the Waterloo Convention Center, located directly across the street from this hotel. The Convention Center is on the tail end of a \$13.4 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 and home to FridayLoo's was improved with a \$1 million facelift including improved infrastructure, new seating, lighting and walkways.

The City is working to re-open the Park Avenue and West 11<sup>th</sup> Streets bridges - both a part of a Federal Competitive Bridge Program which gave the City \$12.5 million in federal funds. The City further procured a \$1.7 million RISE grant for the 11<sup>th</sup> Street Bridge work to complement business expansion happening in the vicinity. The overall projects were over \$20 million.

### **North Crossing**

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

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

## **ECONOMIC OUTLOOK (CONTINUED)**

### **North Crossing (Continued)**

An additional \$13.4 million investment is under construction currently for the buildout of the North Crossing medical-retail campus, including a new senior center in partnership with Unity Point, 180-unit multi-family residential campus, and a day care center, also in partnership with Unity Point Hospital, as well as new streets, improvements for drainage, and 14 new lots for retail, restaurant, and office development. A new Taco Bell restaurant was recently built across the street, showing further private interest in the area.

### **Midport**

The City completed the construction of the majority of the infrastructure needed to open over 400 acres for commercial and industrial development in the Waterloo Air & Rail Park (WARP) located near the Waterloo Regional Airport. The City received a State of Iowa RISE award for construction of WARP Drive, which serves 38 acres of land and is now complete. The City received a second RISE award for the construction of Hyper Drive to serve an additional 32 acres, including the entrance to serve the new \$8 million CPM manufacturing plant. The City has four other projects now complete: Magnum Trucking, Camenzind Masonry, Top Notch Construction, and Ranew Industries, with 2 other projects under construction currently. The City is working on plans to extend Warp to connect to Hyper, which will open up 42 additional lots .

Several other smaller projects have been built along Geraldine Road, West Airline Highway, and Wagner Road - with over \$11 million in private investment.

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

The City recently saw a new 50,000 sq. ft. \$2.5 million industrial building on the former Schultz Manufacturing site. This was a brownfield redevelopment site, so good infill for the City of Waterloo.

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

### **Other New Development Projects**

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

## **ECONOMIC OUTLOOK (CONTINUED)**

### **Other New Development Projects (Continued)**

The former Greyhound Park has been demolished, creating new development land near the U.S. Highways 20 and 63 interchange. A Love's Travel Center and a new Casey's convenience store are now open. Warren Transport is also open for their \$8.6 million new headquarters and vehicle maintenance facility. Cedar Valley Crossing has built roadways and platted lots for a new 10-lot industrial park. They have now built a 50,000 sq. ft. building, an 87,000 sq. ft. building, and over 20,000 sq. ft. in storage buildings. Plans are for another 48,000 sq. ft. in 2025. Around the intersection of Highway 63 and West Ridgeway Avenue we also have Cardinal Construction with multiple new buildings on their site, three new 8,400 sq. ft. commercial buildings to the south of them, as well as an expansion of the Kwik Star fuel blending facility. Along Titan Trail, a new SKS Office building, new 3,000 sq. ft. warehouse and office, and MidCountry Machinery to the south side of Highway 20 has added a second building to expand their operations in Waterloo. Freedom Truck Wash has recently opened up a truck wash facility in area near Love's.

Crystal Distribution completed construction of a new 100,000 sq. ft., \$21.0 million cold storage facility in the former Rath Packing plant area in 2023 - and are currently working on a 40,000 sq. ft. \$8 million expansion for 2025. The City received a \$1.7 million RISE grant to aid with the 11<sup>th</sup> Street Bridge replacement project, for the industrial reinvestment. The City's recent \$640,400 EPA grant will aid in the asbestos removal of multi-story Rath building in area creating an additional 2.3 acres in lots for continued industrial projects. The City further received a \$1.0 million EPA Multi-Purpose Grant for projects throughout the community, which will focus on older industrial buildings for site reuse in the Downtown and Rath areas. The City has acquired the former Alstadt Langlas Bakery and Gift of Life Church in area for industrial redevelopment options. The City further has a redevelopment group looking to bring a new \$14 million housing rehabilitation to the former Rath Administration Building, with over 89 new residential units. A Line, an electrical transformer salvaging company who travels across the United States, is working with the State of Iowa for expansion, and a new \$1.2 million State Rail RISE grant for a new rail spur.

Con-trol has completed their new \$12 million cross-docking facility in the Northeast Industrial Park. The City has received a State of Iowa RISE award for the reconstruction of a portion of Newell Street, to add turning lanes and flatten out for sight visibility, to facilitate the Con-trol project. The City has recently approved a new 225,000 sq. ft. building project with Ryan Companies for a project across the street from Deere and Company. This new \$14 million project will work to bring over 20 jobs to the community and open up additional industrial land for development. The City has three other smaller buildings projects as well, with A and T Trucking recently completing their new \$300,000 site in the area, Gray Transportation expanding with a \$2.0 million new building and parking lot expansion, and another \$300,000 spec building on the land along MLK Jr Drive.

The Boys & Girls Club has finished construction of a \$5.0 million Teen Center in the Walnut Historic Neighborhood near downtown. Within this neighborhood, All-In Grocers completed construction on a \$2.5 million grocery store and there has been \$3.4 million of residential construction and rehabilitation work (over 26 units) completed in partnership with Iowa Heartland Habitat for Humanity and private developers.

## **ECONOMIC OUTLOOK (CONTINUED)**

### **Other New Development Projects (Continued)**

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, a new \$1.1 million facility for Club Car Wash, a new \$2.0 million dental clinic, and new \$800,000 medical office building. The South Waterloo Business Park, a State of Iowa Certified Site (which is an intense process of acquiring a full plat layout, archeological, historical, soil surveys, etc.) is 183 acres of land acquired by the City for business park development. The City entered into a development agreement with developers from Des Moines to begin construction of light industrial buildings on 80 acres of the South Waterloo Business Park, with an option on the remaining 103 acres. The City is applying for a RISE agreement with State of Iowa for new roadway, and the developers plans to construct two new 238,000 sq. ft. buildings for Phase I.

The City is also working on several projects in the University corridor, with recent projects completed of: the \$9.6 million Greenhill apartment project, the \$3.4 million Maple Lanes renovation, \$2.9 million in renovations completed by Digestive Healthcare, a new \$2.8 million facility for Tommy Car Wash, the \$1.8 million renovation/rebuild of the Papa John's strip center to include a Family Dollar and other tenant space. The City has recently issued permits for a new Nagle Signs \$400,000 expansion warehouse, and the American For Independent Living remodel of a vacant storefront. The City is working to approve a Development Agreement for the recent activity at the former Hy Vee store, for a new Veterans Medical Center, and other retail operations in the vacant store. The City further acquired a 657A property (abandoned property by State Code) and is working to get a new \$720,000 new 8-plex constructed on the site.

The former Schoitz Hospital, at the northeast corner of Kimball Avenue and West Ridgeway Avenue, has been demolished and will be redeveloped into three commercial lots and one residential lot. Planned projects announced include a Scooter's restaurant, a new Starbucks Restaurant, a new Kwik Star food market, and a new multi-family residential 8-plex and 12-plex.

### **Housing projects**

The City has recently worked with Waterloo Schools for more land for infill - one project will create 32 new residential units on a former school (Edison School) site, as well as a 2.2 acre park. The City is also working for a new project for the former Orange School site, and around the new Orange school site. Paradise estates began construction on their first phase of development of approximately 130 acres for single family homes near the school, with 4 new homes under construction.

The City also created the Infill Housing Program, with over 100 new units as a part of the program to reinvest into older neighborhoods in the community. The CLURA, a tax abatement program, is also raising the number of the housing units built per year on average. The City further partnered with Hawkeye Community College to have students build new homes on lots owned by the City of Waterloo (obtained through blight elimination program). The partnership built 4 homes and Hawkeye is now starting on a five-home development on the former Williston Field site. Robson Homes continues to be a major builder for Waterloo, finishing up over 50 units recently, and platting land for another 50 units just south of the Crossroads area.

## **ECONOMIC OUTLOOK (CONTINUED)**

### **Housing projects (Continued)**

The City is seeing increased activity in many State programs to aid in housing, with Workforce Housing Tax Credits awards to High Development to build a new 48-unit townhouse structure near Ridgeway and Kimball; 3350 University Avenue, a former hotel, to be redeveloped with 58 new units; Baltimore Field (land given to City by Waterloo Schools) to be platted and developed for 18 infill homes; the former west-side Courier building, across the street from the Waterloo Convention Center, to be rehabilitated for 69 new residential units; St Johns - a church in the former Rath area - to be redeveloped into 19 new residential units, and a church in the Walnut Neighborhood to be redeveloped with 3 new units in a portion of the building. The City was further awarded a Thriving Community - one of 6 - by the State of Iowa, which will give developers extra points for the highly competitive next round of tax credits.

The City is also seeing further State of Iowa Brownfield/Greyfield awards for projects in Waterloo - for the aforementioned 3350 University, west-side Courier building, St Johns Church, Rath Administration building, and Cierra Newman, the downtown's first African American female owner of a building, with an award another award for the Main Street Challenge Grant for renovation of a building. These awards work to compliment City incentives and programs and efforts for redevelopment in all of these areas.

### **Street Improvements**

The one-cent local option tax was approved in 2023 for another ten years, to be used for 80% street repairs and improvements, and now 20% tax relief. Other major construction initiatives that are primarily funded with Metropolitan Planning Organization (MPO) funds and grants, and include the reconstruction of Highway 63 through the northern part of the City, which was completed in 2020, with pedestrian enhancements completed in 2022.

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

Construction is underway for Phase I of the La Porte Road corridor to improve streets and bike trails near the new Lost Island Theme Park and the Crossroads Shopping Center area. The La Porte Road segments include over \$10.5 million in federal roadway (MPO) funding, and the City was awarded a \$340,000 RISE grant for improvements to the adjoining Shaulis Road area for additional improvements to turning lanes, flood control, and intersection improvements to accommodate anticipated theme park traffic. The City of Waterloo just received a \$20.5 million RAISE grant from the federal government, matching that with the MPO funds, we will work to complete the \$35-40 million project over the next 3 years.

### **Infrastructure Improvements**

The City of Waterloo is in Phase I of III for construction of a fiber system backbone and to home program throughout the City - having worked with Magellan Advisors for a plan and design, conducting a consumer survey, passing a local referendum vote for bonding over \$20 million for fiber installation. Receiving an EDA grant for fiber design, applying for a Middle Mile grant for over \$20 million in fiber backbone funds, and moving ahead with this tremendous Smart City initiative to work towards the future of Waterloo for its own utility operations, improving the environment for its business and residential communities, and improving our future ability to draw both new business and new homeowners to the area. The City recently won the State of Iowa Prometheus Award for the project.

## **ECONOMIC OUTLOOK (CONTINUED)**

### **Recreational Facilities**

The City is also continuing to develop its extensive system of bike trails, which are being connected to countywide and regional trail networks, creating a system of more than 117 miles of trails. The Riverwalk Loop trail in downtown Waterloo has been completed and a new trail has been constructed along the newly constructed Shaulis Road connection from Highway 63 to the Isle of Capri Boulevard. This trail system connects directly into the American Discovery Trail. Major trail facilities have been added as part of the University Avenue reconstruction project, including a new 10 ft. wide concrete recreational trail from the West Waterloo city limits to U.S. Highway 63. A new trailhead, parking lot, and trail underpass has been constructed at the University Avenue and Highway 63 intersection. A recreational area for all-terrain vehicle trails has also been developed in the Riverview neighborhood. The City recently built a new Riverfront Skateboard park near MidAmerican Energy Company. The City has received a grant for the construction of the Shaulis Road Recreational Trail in the southeast part of the City, which was completed in 2023, and recently received MPO Enhancement Funds of over \$700,000 for the replacement of seven railroad bridges along the Highway 63 trail which connects Waterloo to Hudson. The new La Porte Road redevelopment will also work to link into the Downtown Waterloo trail system at its northeast-most point.

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

Construction is currently underway for the redevelopment of Waterloo's aquatic facilities at Byrnes Park (\$9.8 million) and Gates Park (\$10.1 million).

### **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 2023. This is the twentieth year that the City received this award, which is a prestigious national award, recognizing conformance with the highest standards for the preparation of state and local government financial reports.

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

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

### **FINANCIAL MANAGEMENT INFORMATION**

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

## FINANCIAL MANAGEMENT INFORMATION (CONTINUED)

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

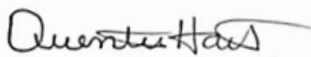
Long-term financial and capital improvement planning are crucial strategic functions of the City. The City's management staff, coordinated by the Planning Department, prepares and presents the five-year Capital Improvement Program (CIP) to the Mayor and City Council for their review and approval annually.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

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

## ACKNOWLEDGMENTS

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

Sincerely,



Quentin Hart  
Mayor



Bridgett Wood  
Finance Director

**City of Waterloo**  
**Elected Officials and Administration**  
 June 30, 2024

**Elected Officials**

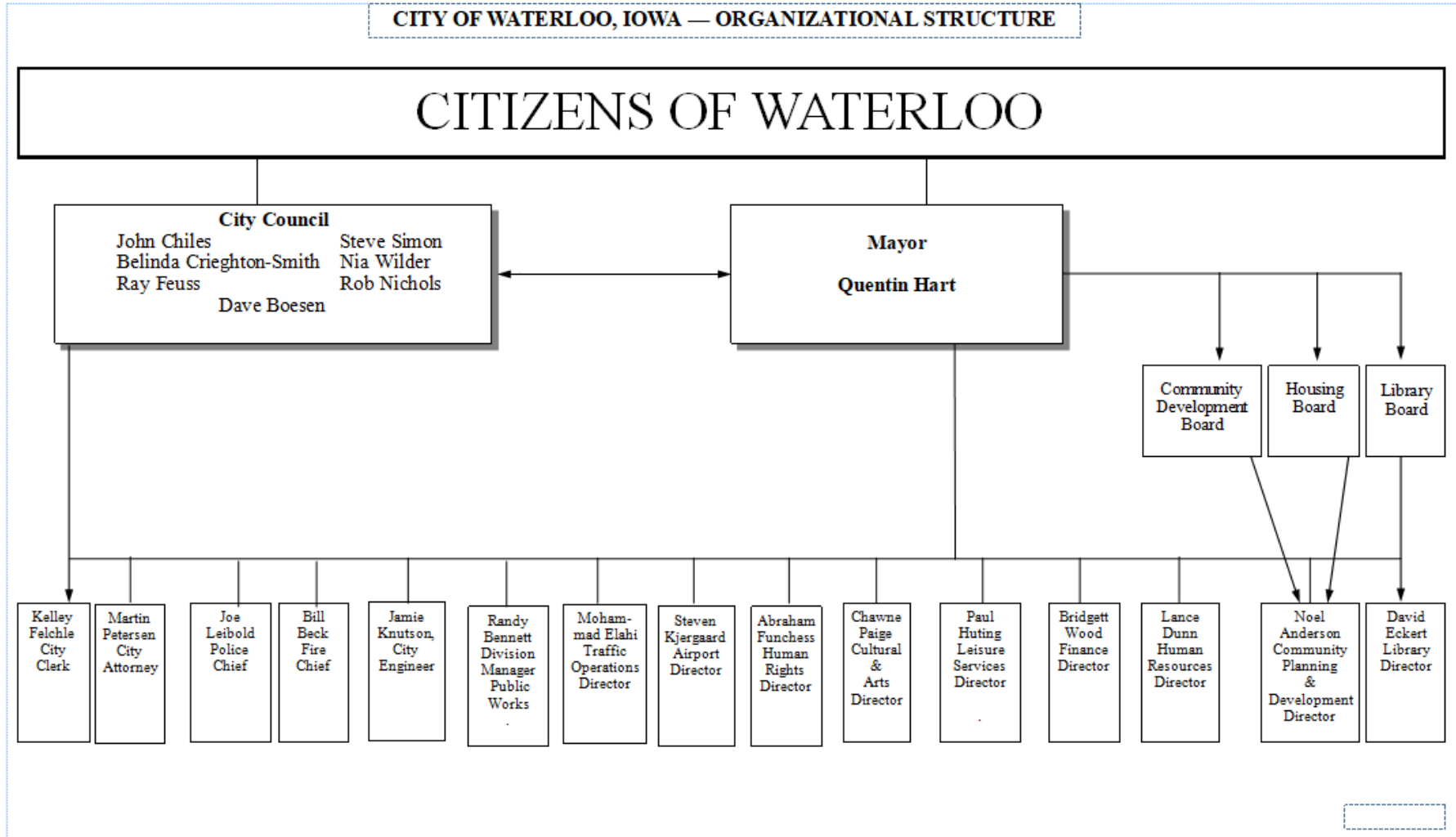
Name	Title	Term Expires
Quentin Hart	Mayor	January, 2026
John Chiles	Council Member - 1st Ward	January, 2026
Dave Boesen	Council Member - 2nd Ward	January, 2028
Nia Wilder	Council Member - 3rd Ward	January, 2026
Belinda Creighton-Smith	Council Member - 4th Ward	January, 2028
Ray Feuss	Council Member - 5th Ward	January, 2026
Rob Nichols	Council Member - At-Large	January, 2026
Steve Simon	Council Member - At-Large	January, 2028

**Appointed Officials**

Bridgett Wood, MBA	Chief Financial Officer	Indefinite
Kelley Felche, CMC	City Clerk	Indefinite
Jamie Knutson, PE	City Engineer	Indefinite
Martin Petersen	City Attorney	Indefinite
Joseph Leibold	Chief of Waterloo Police Department	Indefinite
William Beck	Chief of Fire Services	Indefinite



**City of Waterloo  
Organizational Chart**



City of Waterloo  
Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Waterloo  
Iowa**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa, as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

### **Responsibilities of Management for the Financial Statements (Continued)**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Required Supplementary Information**

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

**Supplementary Information**

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

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

**Other Information**

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

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bergank DV, Ltd.

St. Cloud, Minnesota  
January 14, 2025

## City of Waterloo, Iowa Management's Discussion and Analysis

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, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at page 3 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 \$517,648,857 (net position). Of this amount, the City's unrestricted net position is \$8,128,754.
- The City's total net position increased by \$18,992,250 compared to the 2023 ending net position of \$498,656,607.
- As of the close of this current fiscal year, the City of Waterloo's governmental funds reported combined ending fund balances of \$104,917,079, an increase of \$6,288,120 in comparison with the prior year. Approximately 15.9% of this total amount, \$16,685,085, 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, the unassigned fund balance for the General Fund was \$27,153,670, or 37.1% of total General Fund expenditures.
- The City of Waterloo's total long-term liabilities increased by \$29,367,996 or 14.7% during the current fiscal year, due to increased general obligation bonds and state revolving fund capital loans issued for construction projects as well as increased net pension liability to do changes in actuarial assumptions.

### Overview of the Financial Statements

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

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

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**

**Overview of the Financial Statements (Continued)**

**Government-Wide Financial Statements. (Continued)** 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.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Overview of the Financial Statements (Continued)**

**Governmental Funds. (Continued)** The City of Waterloo maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Trust and Agency Fund, Tax Increment Financing Fund, Local Option Sales Tax, Road Use Tax Fund and Capital Improvements, all of which are considered to be major funds. Data from the other 15 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 three 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, the sanitation fund and the telecommunications fund. The sanitary sewer and Sanitation funds are considered to be major funds of the City of Waterloo.

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

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

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the City of Waterloo, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$517,648,857 at the close of the fiscal year ended June 30, 2024.

By far the largest portion of the City of Waterloo's net position (87%) 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.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Statement of Net Position**

A condensed version of the Statement of Net Position as of June 30, 2024, and 2023 follows:

	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>	Business-type Activities <u>2024</u>	Business-type Activities <u>2023</u>	Total <u>2024</u>	Total <u>2023</u>
Current and other assets	\$ 224,594,434	\$ 200,882,640	\$ 39,649,949	\$ 34,992,267	\$ 264,244,383	\$ 235,874,907
Capital assets	467,320,800	437,063,016	146,053,911	140,911,323	613,374,711	577,974,339
Total assets	<u>691,915,234</u>	<u>637,945,656</u>	<u>185,703,860</u>	<u>175,903,590</u>	<u>877,619,094</u>	<u>813,849,246</u>
Total deferred outflows of resources	<u>14,332,361</u>	<u>10,262,106</u>	<u>1,068,412</u>	<u>816,631</u>	<u>15,400,773</u>	<u>11,078,737</u>
Current liabilities	57,709,091	53,330,843	7,149,404	6,835,437	64,858,495	60,166,280
Long-term liabilities	181,225,968	153,428,253	48,141,747	46,571,466	229,367,715	199,999,719
Total liabilities	<u>238,935,059</u>	<u>206,759,096</u>	<u>55,291,151</u>	<u>53,406,903</u>	<u>294,226,210</u>	<u>260,165,999</u>
Total deferred inflows of resources	<u>80,335,747</u>	<u>65,267,249</u>	<u>809,053</u>	<u>838,128</u>	<u>81,144,800</u>	<u>66,105,377</u>
Net Position						
Net Investment in capital assets	354,725,444	343,619,558	96,839,702	95,173,776	451,565,146	438,793,334
Restricted	57,697,443	54,929,606	257,514	220,032	57,954,957	55,149,638
Unrestricted	<u>(25,446,098)</u>	<u>(22,367,747)</u>	<u>33,574,852</u>	<u>27,081,382</u>	<u>8,128,754</u>	<u>4,713,635</u>
Total net position	<u>\$ 386,976,789</u>	<u>\$ 376,181,417</u>	<u>\$ 130,672,068</u>	<u>\$ 122,475,190</u>	<u>\$ 517,648,857</u>	<u>\$ 498,656,607</u>

\$57,954,957 of the City of Waterloo's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$8,128,754 (2%) is available for spending.

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

The City's total net position increased compared to the 2023 ending net position. Governmental-type activities' net position increased by \$10,795,372, from the 2023 net position of \$376,181,417. This increase was largely related to capital invested in City infrastructure projects and a reduction in pension liabilities. See page 27 for a reconciliation of this increase. The total business-type activities' net position increased by \$8,196,678 from the 2023 net position of \$122,475,190, due to capital invested in City infrastructure projects and debt retirement payments.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Statement of Activities**

A condensed version of the Statement of Activities as of June 30, 2024, and 2023 follows:

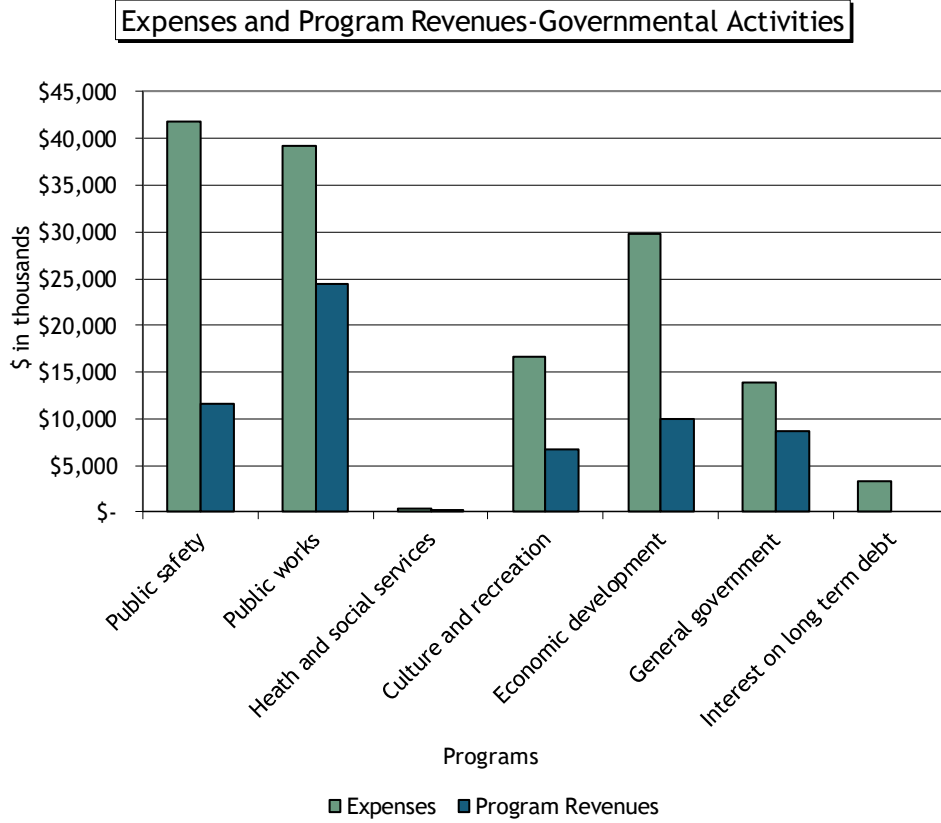
	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>	Business-type Activities <u>2024</u>	Business-type Activities <u>2023</u>	Total <u>2024</u>	Total <u>2023</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 22,846,159	\$ 20,488,282	\$ 30,475,413	\$ 26,046,341	\$ 53,321,572	\$ 46,534,623
Operating grants and contributions	27,895,678	24,727,309	336,570	336,570	28,232,248	25,063,879
Capital grants and contributions	14,052,797	16,209,450	-	-	14,052,797	16,209,450
General revenues						
Property taxes	60,539,096	57,605,557	-	-	60,539,096	57,605,557
Other taxes	24,699,536	22,960,875	-	-	24,699,536	22,960,875
Other	5,658,243	5,395,194	1,381,566	513,233	7,039,809	5,908,427
<b>Total Revenues</b>	<u>155,691,509</u>	<u>147,386,667</u>	<u>32,193,549</u>	<u>26,896,144</u>	<u>187,885,058</u>	<u>174,282,811</u>
<b>Expenses</b>						
General government	13,855,322	9,683,416	-	-	13,855,322	9,683,416
Public safety	41,783,924	37,740,508	-	-	41,783,924	37,740,508
Public works	39,158,159	32,206,124	-	-	39,158,159	32,206,124
Culture and recreation	16,689,387	13,116,095	-	-	16,689,387	13,116,095
Economic development	29,748,699	17,480,977	-	-	29,748,699	17,480,977
Health and social services	369,871	319,103	-	-	369,871	319,103
Interest on long-term debt	3,290,775	3,130,041	-	-	3,290,775	3,130,041
Sanitary sewer	-	-	14,574,137	12,961,526	14,574,137	12,961,526
Sanitation	-	-	5,280,253	5,969,686	5,280,253	5,969,686
Telecommunications	-	-	4,142,281	-	4,142,281	-
<b>Total Expenses</b>	<u>144,896,137</u>	<u>113,676,264</u>	<u>23,996,671</u>	<u>18,931,212</u>	<u>168,892,808</u>	<u>132,607,476</u>
<b>Change in net position</b>						
before transfers and contributions	10,795,372	33,710,403	8,196,878	7,964,932	18,992,250	41,675,335
Transfers and contributions	-	55,000	-	(55,000)	-	-
Change in net position	10,795,372	33,765,403	8,196,878	7,909,932	18,992,250	41,675,335
Net position - beginning	376,181,417	359,878,340	122,475,190	114,565,258	498,656,607	474,443,598
Prior Period Adjustment	-	(17,462,326)	-	-	-	(17,462,326)
<b>Net position - ending</b>	<u>\$ 386,976,789</u>	<u>\$ 376,181,417</u>	<u>\$ 130,672,068</u>	<u>\$ 122,475,190</u>	<u>\$ 517,648,857</u>	<u>\$ 498,656,607</u>

Total governmental activities revenue for the current fiscal year was \$155,691,509. The largest single revenue source for the City was property taxes of \$60,539,096. Property taxes increased by \$2,933,539 (5.1%) during the year. This increase is a result of a combination of factors, including an increase of 3.8% in the levy rate as well as changing how property taxes that are passed through to other governmental entities are accounted for. Operating grants and contributions increased \$3,168,369 due to increased grants received during the year.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Statement of Activities (Continued)**

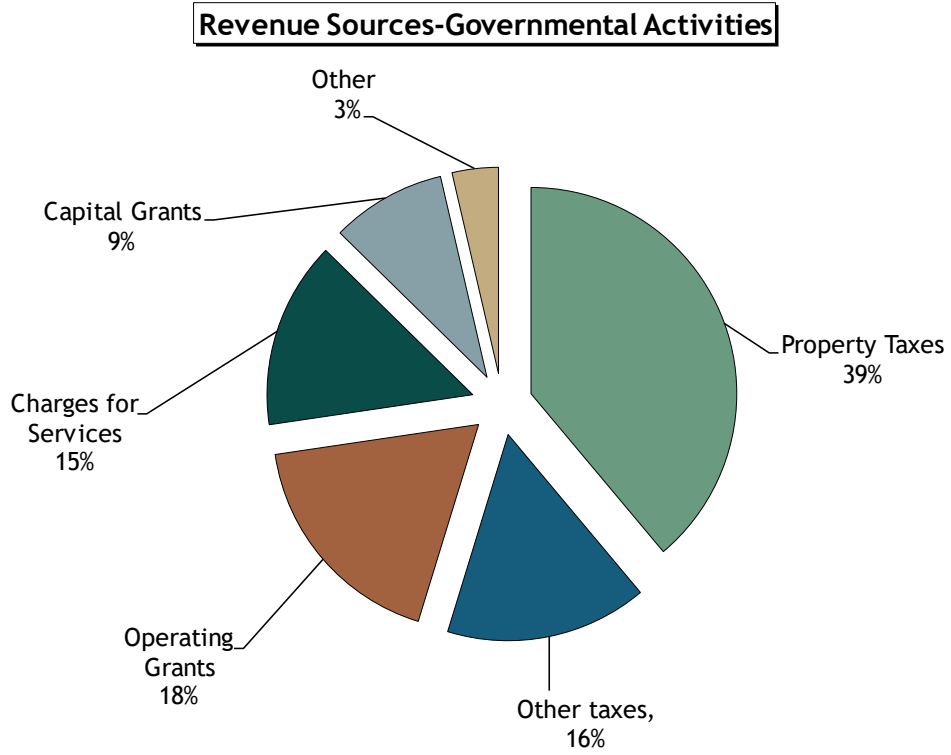
Certain revenues are generated that are specific to governmental program activities. These totaled \$64,794,634 during the fiscal year ended June 30, 2024. The graph below illustrates the comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.



City of Waterloo, Iowa  
Management's Discussion and Analysis

Statement of Activities (Continued)

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

**Statement of Activities (Continued)**

Total business-type activities' revenue for the fiscal year was \$32,193,549. \$30,811,983 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.

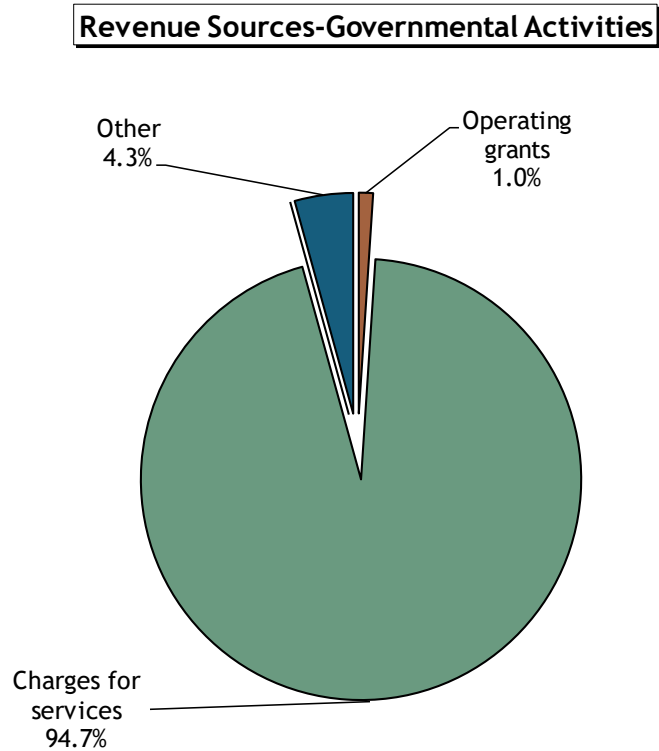
**Operating Expenses and Operating Revenues - Business Type Activities**



**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Statement of Activities (Continued)**

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 \$8,196,878 from the 2023 net position of \$122,475,190, accounting for 43.2% of the increase in the City's net position.

**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 \$104,917,079, an increase of \$6,288,120 in comparison with the prior year. Fund balance in the amount of \$88,231,994 is not available for new spending because it represents amounts previously paid for items that were not exhausted at year-end (nonspendable) or has already been restricted, committed, or assigned to be used for a variety of purposes. Approximately 15.9% of total fund balance or \$16,685,085, constitutes unassigned fund balance.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Financial Analysis of the Government's Funds (Continued)**

**Governmental Funds. (Continued)** 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 \$27,153,670, while total fund balance was \$41,588,697. 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 37.1% of total General Fund expenditures, while total fund balance represents 56.9% of that same amount.

Net general fund operations resulted in an increase in total general fund balance of \$5,494,426, and an increase in unassigned fund balance of \$8,262,475 for the year.

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

TIF Fund - The net decrease in fund balance during the current year was \$121,662 and is the result of timing differences between revenue collections and the payment of TIF obligations.

Road Use Tax Fund - The net increase in fund balance in the road use tax fund of \$651,460 is due primarily to the increased charges for services.

Local Option Sales Tax Fund - The net increase in fund balance of \$1,510,216 is due to budgeting conservatively for both revenues and expenses.

Trust and Agency Fund - The net increase in fund balance of \$334,761 during the current year is due primarily to property taxes collected for prior years.

Capital Improvements Fund - The net decrease in fund balance of 6,443,506 during the current year is due primarily to increased capital expenditures.

**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 \$122,965,959, an increase of \$6,688,847 from the 2023 net position of \$116,277,112. This increase was due primarily to investments in the construction of mandated sewer infrastructure projects.

Total net position of the sanitation fund at the end of the year was \$7,706,109, an increase of \$1,508,031 from the 2023 net position of \$6,198,078. This increase was due primarily to investments in the construction of mandated sewer infrastructure projects.

Other factors concerning the finances of the sanitary sewer and sanitation funds 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.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Budgetary Highlights (Continued)**

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

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

The total original expenditure budget of \$251,484,591, excluding transfers out, was increased to \$271,710,149 (an increase of \$20,225,558).

- In the Public Safety program category, expenses and related revenue for various law enforcement grants and non-property tax funded projects were increased (\$1.9 million).
- In the Public Works category, additional expenses relating to airport grant revenue awarded during the year that was not originally budgeted was added, as well as additional funding for purchasing street equipment (\$3.3 million).
- The Culture & Recreation program category was increased to reflect a number of additional grants and donations received by the Cultural and Arts department, the Library and Leisure Services. Revenue and expenses were increased for Young Arena to more closely match operations (\$.6 million).
- Additional federal revenue and expense expected to be completed using Healthy Homes and Housing funds were added to the Community and Economic Development category (\$2.6 million).
- Amendments reflecting the use of restricted health insurance reserves and insurance refunds to fund additional claims were made in the General Government category (\$2.4 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, 2024 (\$8.3 million).
- In the Business Type/Enterprises activity, which accounts for the activities of the sewer and garbage funds, line-item adjustments were made to more accurately reflect the amount that will be spent for capital improvement projects and the use of fund balance was increased for Sanitation equipment purchases by June 30, 2024 (\$.8 million).
- Transfers Out were increased to more accurately reflect the portion of capital projects paid by the TIF Fund (\$.3 million).

The total original revenue budget, excluding other financing sources, of \$179,986,012 was increased to \$196,059,975 (an increase of \$16,073,963).

- 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 (\$9.5 million).

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Budgetary Highlights (Continued)**

- Amendments were made to various charges for services to reflect higher revenues than originally anticipated with the certified budget (\$1.5 million).
- Miscellaneous revenue was increased to reflect additional donations received for various City projects, insurance and other refunds received that exceeded original budget projections (\$3.3 million).
- Other increases included use of money and property and other city taxes to reflect revenue not anticipated with the certified budget (\$1.7 million).

See pages 116 through 118 for the Budgetary Comparison Schedule - Budget and Actual (Modified Cash Basis) - All Governmental Funds and Proprietary Funds.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Waterloo's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$613,374,711 (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 6.11% (a 6.92% increase for governmental activities and a 3.65% 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.

	2024 Governmental Activities	2023 Governmental Activities	2024 Business- Type Activities	2023 Business- Type Activities	2024 Total	2023 Total
Land	\$ 46,205,167	\$ 46,205,167	\$ 759,233	\$ 759,233	\$ 46,964,400	\$ 46,964,400
Land held for redevelopment	-	-	-	-	-	-
Building and improvements	72,630,355	67,846,783	36,998,171	38,389,325	109,628,526	106,236,108
Other improvements	-	-	90,670,333	91,628,421	90,670,333	91,628,421
Software	-	7,450	-	-	-	7,450
Infrastructure	255,365,843	252,072,591	-	-	255,365,843	252,072,591
Machinery and Equipment	12,328,854	11,475,393	6,286,263	5,137,130	18,615,117	16,612,523
Construction in progress	80,790,581	59,455,632	11,339,911	4,997,214	92,130,492	64,452,846
<b>Total assets</b>	<b>\$ 467,320,800</b>	<b>\$ 437,063,016</b>	<b>\$ 146,053,911</b>	<b>\$ 140,911,323</b>	<b>\$ 613,374,711</b>	<b>\$ 577,974,339</b>

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

- New additions to buildings and improvements totaled \$8 million, including improvements to Airport Terminal Apron, upgrades to the Youth Area at the Public Library, City Hall temperature upgrades, a Memorial at the Convention Center, and playground equipment at various parks.
- The City invested \$3.2 million in new vehicles, equipment, computers, and software for various city departments. The most significant of these included an ambulance and a Street reclaimer.

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Capital Asset and Debt Administration (Continued)**

**Capital Assets. (Continued)**

- New investments in infrastructure assets totaled \$14.3 million, including several asphalt overlay and street reconstruction projects.
- The City invested \$1.3 million in a number of storm sewer reconstruction projects during the year and \$1.5 million in new vehicles and equipment for the sewer and sanitation departments, including 2 garbage trucks.
- There were a number of projects under construction that are included in Construction-in-progress. \$7.1 million was invested in new bridges, \$3.2 million for Shaulis Road, \$7.6 million invested in Gates and Byrnes park renovations. \$7.3 million was invested in designing a new Fiber project, \$.8 million for a new fire truck, \$3.1 million in Airport improvements, \$2.5 million was invested in economic development areas and \$11.2 million for improvements to existing roads.
- The City invested \$7.2 million in various sewer system projects, including \$2 million for work on a new pumping station. Numerous other sewer lines were lined as well as other treatment system improvements for \$5.2 million.

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

**Long-Term Liabilities.** At the end of the current fiscal year, the City of Waterloo had total bonded debt outstanding of \$127 million. This entire amount is comprised of debt backed by the full faith and credit of the government. This was an increase of \$14 million from the prior year, net of premiums and discounts. The additional debt was issued for a variety of capital improvements, including city building renovations, Virden Creek paving and various department equipment.

The long-term portion of the state revolving fund capital loans being issued for sewer improvements increased by \$3.9 million during the year. Funds were borrowed for the construction of the biosolids treatment system improvements, Highway 63 Interceptor, the construction of the Titus Lift Station, and the improvements in sanitary gatewells as well as for sewer pipe lining.

The amount of other loans, originally issued to purchase land in the City's industrial parks for economic development projects and to provide developer incentives, increased by \$12.8 million. Debt retirement on outstanding loans totaled \$4.7 million. The City has obligations to employees for benefit time not used at fiscal year-end. During the current fiscal year, the balance due on these obligations decreased by \$28 thousand due to additional benefits accrued.

The City of Waterloo's total long-term liabilities increased by \$27.8 million (18.0%) during the current fiscal year, due to the items discussed above as well as an increase in the net pension liability.

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

**City of Waterloo, Iowa  
Management's Discussion and Analysis**

**Capital Asset and Debt Administration (Continued)**

**Long-Term Liabilities. (Continued)** 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 \$220,663,782 which is significantly greater than the City of Waterloo's outstanding general obligation debt (\$125,210,000) and other debt subject to debt limitation (\$15,788,034). The total debt subject to this limitation is \$140,998,034, resulting in an available debt margin of \$79,665,748

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

**Economic Factors and Next Year's Budgets and Rates**

Property taxes provide 40% of General Fund revenues. Over the past five years, citywide assessed valuations have risen an average of 2% annually, while property tax regulations imposed by the State of Iowa resulted in taxable values increasing by an average of .4% over that same time period. The fiscal 2024 budget reflects a decrease in total property tax and utility excise tax revenue of .29%. As discussed elsewhere in this report, the City budgeted to use \$2,000,000 in ARPA lost revenue funds for general operations for the year ended June 30, 2024.

Personnel costs comprise a significant portion of City operating costs. Wage increases identified in contractual bargaining agreements range from 3% to 5% for fiscal year 2025. The employer contribution rate required for the Municipal Fire and Police Retirement System will decrease by .32% to 22.66% of eligible compensation. Anticipated health care costs for the year ending June 30, 2025, are expected to stay stable. The City had been using excess health insurance reserves to reduce the rates for past several years.

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

These factors were considered in preparing the City of Waterloo's budget for fiscal year 2025.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**



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City of Waterloo  
Statement of Net Position  
June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Waterloo Water Works	Waterloo Convention and Visitors Bureau
<b>Assets</b>					
Cash and investments (including cash equivalents)	\$ 132,716,755	\$ 31,559,269	\$ 164,276,024	\$ 24,728,951	\$ 960,797
Restricted cash	-	-	-	214,583	-
Receivables					
Accounts receivable - net of allowance for uncollectible accounts	2,762,111	6,056,060	8,818,171	2,074,423	-
Interest receivable	108,167	-	108,167	294	-
Taxes receivable	272,649	-	272,649	-	-
Taxes receivable - succeeding year	74,275,568	-	74,275,568	-	-
Special assessments receivable	381,309	269,162	650,471	474,844	-
Lease receivable - current	368,900	-	368,900	106,427	-
Internal balances	(38,704)	38,704	-	-	-
Due from other governments	10,780,275	14,367	10,794,642	-	123,523
Due from component unit	-	1,546,780	1,546,780	-	-
Inventories	1,814,872	165,607	1,980,479	716,558	-
Prepaid items	113,939	-	113,939	246,499	14,728
Lease receivable - noncurrent	1,038,593	-	1,038,593	2,788,864	304,806
Capital assets not being depreciated	126,995,748	12,099,144	139,094,892	4,061,674	-
Capital assets, net of accumulated depreciation	340,325,052	133,954,767	474,279,819	35,896,576	137,698
Total assets	<u>691,915,234</u>	<u>185,703,860</u>	<u>877,619,094</u>	<u>71,309,693</u>	<u>1,541,552</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows of resources related to pensions	13,172,154	870,165	14,042,319	1,840,130	-
Deferred outflows of resources related to OPEB	1,160,207	198,247	1,358,454	-	-
Total deferred outflows of resources	<u>14,332,361</u>	<u>1,068,412</u>	<u>15,400,773</u>	<u>1,840,130</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 706,247,595</u>	<u>\$ 186,772,272</u>	<u>\$ 893,019,867</u>	<u>\$ 73,149,823</u>	<u>\$ 1,541,552</u>
<b>Liabilities</b>					
Accounts and contracts payable	\$ 17,189,179	\$ 1,981,340	\$ 19,170,519	\$ 714,185	\$ 21,140
Interest payable	428,854	69,397	498,251	-	-
Salaries and benefits payable	2,680,232	93,956	2,774,188	145,079	22,587
Due to other governments	40,259	195,892	236,151	56,821	-
Due to primary government	-	-	-	1,645,907	-
Deposits payable	75,840	432,560	508,400	-	-
Unearned revenue	21,432,905	-	21,432,905	-	-
General obligation bonds payable, net					
Payable within one year	10,220,000	1,805,000	12,025,000	-	-
Payable after one year	110,739,144	4,848,050	115,587,194	-	-
Leases payable					
Payable within one year	-	-	-	-	32,185
Payable after one year	-	-	-	-	272,621
Financed purchases payable					
Payable within one year	404,980	-	404,980	-	-
Payable after one year	2,153,422	-	2,153,422	-	-
Loans and notes from direct borrowing payable					
Payable within one year	1,105,439	2,107,000	3,212,439	-	-
Payable after one year	12,113,385	38,978,465	51,091,850	-	-
Compensated absences payable					
Payable within one year	2,806,750	237,912	3,044,662	79,626	-
Payable after one year	2,555,820	131,109	2,686,929	-	-
Total other post employment benefits (OPEB) liability					
Payable within one year	1,324,653	226,347	1,551,000	-	-
Payable after one year	10,704,911	1,829,175	12,534,086	-	-
Payable after one year					
Net pension liability	42,959,286	2,354,948	45,314,234	1,545,491	-
Total liabilities	<u>238,935,059</u>	<u>55,291,151</u>	<u>294,226,210</u>	<u>4,187,109</u>	<u>348,533</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources related to pensions	469,372	62,633	532,005	1,168,343	-
Deferred inflows of resources related to lease receivable	1,333,459	-	1,333,459	2,796,733	-
Taxes and assessments for subsequent years	74,164,637	-	74,164,637	-	-
Deferred inflows of resources related to OPEB	4,368,279	746,420	5,114,699	-	-
Total deferred inflows of resources	<u>80,335,747</u>	<u>809,053</u>	<u>81,144,800</u>	<u>3,965,076</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets	354,725,444	96,839,702	451,565,146	39,958,250	(167,108)
Restricted for					
Debt service	459,558	257,514	717,072	-	-
Health insurance	6,712,631	-	6,712,631	-	-
Donor specified	1,835,771	-	1,835,771	-	-
Housing	6,368,090	-	6,368,090	-	-
Library	628,567	-	628,567	-	-
Tourism	3,255,488	-	3,255,488	-	-
Tax increment	875,393	-	875,393	-	-
Street maintenance	11,087,497	-	11,087,497	-	-
Employee benefits	1,573,600	-	1,573,600	-	-
Improvements	24,900,848	-	24,900,848	-	-
Unrestricted	(25,446,098)	33,574,852	8,128,754	25,039,388	1,360,127
Total net position	<u>386,976,789</u>	<u>130,672,068</u>	<u>517,648,857</u>	<u>64,997,638</u>	<u>1,193,019</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 706,247,595</u>	<u>\$ 186,772,272</u>	<u>\$ 893,019,867</u>	<u>\$ 73,149,823</u>	<u>\$ 1,541,552</u>

**City of Waterloo  
Statement of Activities  
Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 13,855,322	\$ 5,198,907	\$ 5,947,267	\$ 35,000
Public safety	41,783,924	9,802,734	1,761,957	-
Public works	39,158,159	2,958,804	9,928,397	12,400,771
Health and social services	369,871	-	48,461	-
Culture and recreation	16,689,387	4,331,739	768,367	1,617,026
Community and Economic development	29,748,699	553,975	9,441,229	-
Interest	3,290,775	-	-	-
Total governmental activities	<u>144,896,137</u>	<u>22,846,159</u>	<u>27,895,678</u>	<u>14,052,797</u>
Business-type activities				
Sanitary Sewer	14,574,137	20,061,132	-	-
Sanitation	5,280,253	6,270,013	336,570	-
Telecommunications	4,142,281	4,144,268	-	-
Total business-type activities	<u>23,996,671</u>	<u>30,475,413</u>	<u>336,570</u>	<u>-</u>
Total primary government	<u>\$ 168,892,808</u>	<u>\$ 53,321,572</u>	<u>\$ 28,232,248</u>	<u>\$ 14,052,797</u>
Component unit, Waterloo Water Works	<u>\$ 9,852,612</u>	<u>\$ 12,951,574</u>	<u>\$ -</u>	<u>\$ 78,781</u>
Component unit, Waterloo Convention and Visitor's Bureau	<u>\$ 1,124,373</u>	<u>\$ 163,989</u>	<u>\$ 765,342</u>	<u>\$ -</u>

General revenues

- Property taxes levied for general purposes
- Property taxes levied for debt service
- Tax increment financing
- Local option sales tax
- Other taxes and payments in lieu of taxes
- Unrestricted investment earnings
- Gain on sale of asset
- Miscellaneous
- Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

Primary Government			Component Units	
Net (Expense) Revenues and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Waterloo Water Works	Waterloo Convention and Visitor's Bureau
\$ (2,674,148)	\$ -	\$ (2,674,148)	\$ -	\$ -
(30,219,233)	-	(30,219,233)	-	-
(13,870,187)	-	(13,870,187)	-	-
(321,410)	-	(321,410)	-	-
(9,972,255)	-	(9,972,255)	-	-
(19,753,495)	-	(19,753,495)	-	-
(3,290,775)	-	(3,290,775)	-	-
<u>(80,101,503)</u>	<u>-</u>	<u>(80,101,503)</u>	<u>-</u>	<u>-</u>
-	5,486,995	5,486,995	-	-
-	1,326,330	1,326,330	-	-
-	1,987	1,987	-	-
<u>-</u>	<u>6,815,312</u>	<u>6,815,312</u>	<u>-</u>	<u>-</u>
<u>\$ (80,101,503)</u>	<u>\$ 6,815,312</u>	<u>\$ (73,286,191)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,177,743</u>	<u>\$ -</u>
-	-	-	-	(195,042)
39,277,456	-	39,277,456	-	-
7,612,253	-	7,612,253	-	-
13,649,387	-	13,649,387	-	-
13,765,876	-	13,765,876	-	-
10,933,660	-	10,933,660	-	-
5,550,448	1,369,266	6,919,714	1,035,562	9,589
107,795	12,300	120,095	-	-
-	-	-	252,446	56,330
<u>90,896,875</u>	<u>1,381,566</u>	<u>92,278,441</u>	<u>1,288,008</u>	<u>65,919</u>
<u>10,795,372</u>	<u>8,196,878</u>	<u>18,992,250</u>	<u>4,465,751</u>	<u>(129,123)</u>
<u>376,181,417</u>	<u>122,475,190</u>	<u>498,656,607</u>	<u>60,531,887</u>	<u>1,322,142</u>
<u>\$ 386,976,789</u>	<u>\$ 130,672,068</u>	<u>\$ 517,648,857</u>	<u>\$ 64,997,638</u>	<u>\$ 1,193,019</u>

**City of Waterloo**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

	General Fund (010)	Special Revenue		
		Tax Increment Financing (101)	Road Use Tax (266)	Local Option Sales Tax (205)
<b>Assets</b>				
Cash and investments	\$ 50,969,347	\$ 1,942,817	\$ 10,004,584	\$ 25,056,875
Interest receivable	68,767	1,717	-	19,744
Due from other governments	635,760	82,255	765,733	2,188,506
Accounts receivable	1,816,968	-	94,580	-
Due from other funds	11,159,255	-	108,189	13,598
Property taxes receivable				
Current year	104,975	57,749	-	-
Succeeding year	23,856,400	22,877,881	-	-
Special assessments receivable	381,309	-	-	-
Inventory	1,295,315	-	519,557	-
Prepaid items	79,733	-	-	-
Leases receivable	1,407,493	-	-	-
<b>Total assets</b>	<b>\$ 91,775,322</b>	<b>\$ 24,962,419</b>	<b>\$ 11,492,643</b>	<b>\$ 27,278,723</b>
<b>Liabilities</b>				
Accounts payable	\$ 896,585	\$ 1,151,396	\$ 305,165	\$ 2,355,025
Due to other governments	31,759	-	-	-
Deposits payable	-	-	-	-
Salaries and benefits payable	2,391,812	-	99,981	22,850
Due to other funds	-	-	-	-
Unearned revenues	21,162,627	-	-	-
<b>Total liabilities</b>	<b>24,482,783</b>	<b>1,151,396</b>	<b>405,146</b>	<b>2,377,875</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes and assessments	24,175,710	22,935,630	-	-
Unavailable revenue - grants	194,673	-	-	-
Unavailable revenue - lease	1,333,459	-	-	-
<b>Total deferred inflows of resources</b>	<b>25,703,842</b>	<b>22,935,630</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	1,375,048	-	519,557	-
Restricted	10,021,560	875,393	10,567,940	24,900,848
Assigned	3,038,419	-	-	-
Unassigned	27,153,670	-	-	-
<b>Total fund balances</b>	<b>41,588,697</b>	<b>875,393</b>	<b>11,087,497</b>	<b>24,900,848</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 91,775,322</b>	<b>\$ 24,962,419</b>	<b>\$ 11,492,643</b>	<b>\$ 27,278,723</b>

<u>Special Revenue</u>		<u>Capital Projects</u>	
<u>Trust and Agency Fund (200)</u>	<u>Capital Improvements Fund (426)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,418,502	\$ 2,268,191	\$ 39,056,439	\$ 132,716,755
2,575	-	15,364	108,167
113,020	-	6,995,001	10,780,275
-	831,307	19,256	2,762,111
-	-	7,825	11,288,867
70,907	-	39,018	272,649
18,719,970	-	8,821,317	74,275,568
-	-	-	381,309
-	-	-	1,814,872
-	-	34,206	113,939
-	-	-	1,407,493
<u>\$ 22,324,974</u>	<u>\$ 3,099,498</u>	<u>\$ 54,988,426</u>	<u>\$ 235,922,005</u>
\$ 490	\$ 1,698,393	\$ 8,230,416	\$ 14,637,470
-	-	8,500	40,259
-	-	75,840	75,840
115,900	-	49,689	2,680,232
-	6,844,520	4,483,051	11,327,571
-	-	270,278	21,432,905
<u>116,390</u>	<u>8,542,913</u>	<u>13,117,774</u>	<u>50,194,277</u>
18,790,877	-	8,860,335	74,762,552
-	831,307	3,688,658	4,714,638
-	-	-	1,333,459
<u>18,790,877</u>	<u>831,307</u>	<u>12,548,993</u>	<u>80,810,649</u>
-	-	34,206	1,928,811
3,417,707	-	33,481,316	83,264,764
-	-	-	3,038,419
-	(6,274,722)	(4,193,863)	16,685,085
<u>3,417,707</u>	<u>(6,274,722)</u>	<u>29,321,659</u>	<u>104,917,079</u>
<u>\$ 22,324,974</u>	<u>\$ 3,099,498</u>	<u>\$ 54,988,426</u>	<u>\$ 235,922,005</u>

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**City of Waterloo**  
**Reconciliation of the Balance Sheet of Governmental Funds to**  
**the Statement of Net Position**  
**June 30, 2024**

Total fund balances - governmental funds	\$ 104,917,079
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	757,754,806
Less accumulated depreciation	(290,434,006)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bonds payable	(118,605,000)
Bond premium	(2,354,144)
Worker's compensation claims payable	(2,551,709)
Financed purchase payable	(2,558,402)
Loan and notes payable	(13,218,824)
Compensated absences payable	(5,362,570)
Total other post employment benefits liability	(12,029,564)
Net pension liability	(42,959,286)
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	
	5,312,553
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to other postemployment benefits	(4,368,279)
Deferred inflows of resources related to city pensions	(469,372)
Deferred outflows of resources related to other post employment benefits	1,160,207
Deferred outflows of resources related to city pensions	13,172,154
Governmental funds do not report a liability for accrued interest due and payable.	
	<u>(428,854)</u>
Total net position - governmental activities	<u><u>\$ 386,976,789</u></u>



**City of Waterloo**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2024**

	Special Revenue			
	General Fund (010)	Tax Increment Financing (101)	Road Use Tax (266)	Local Option Sales Tax (205)
<b>Revenues</b>				
General property taxes	\$ 23,999,869	\$ -	\$ -	\$ -
Tax increment collections	-	13,649,387	-	-
Other city taxes	8,247,123	-	-	13,757,793
Licenses and permits	1,757,463	-	22,504	-
Intergovernmental	6,517,754	-	9,516,706	-
Special assessments	235,925	-	-	-
Charges for services	12,013,854	-	575,315	8,083
Fines and forfeitures	2,720,876	-	-	-
Interfund charges for services	2,528,982	-	50,000	-
Use of money and property	4,328,183	265,831	-	1,025,434
Contributions and donations	519,981	-	-	-
Miscellaneous	2,007,818	-	105,368	-
Total revenues	64,877,828	13,915,218	10,269,893	14,791,310
<b>Expenditures</b>				
<b>Current</b>				
General government	13,414,385	-	-	-
Public safety	36,922,019	-	-	-
Public works	4,837,002	-	8,637,840	1,463,687
Health and social services	368,377	-	-	-
Culture and recreation	11,913,207	-	-	-
Community and economic development	4,279,459	3,876,611	-	-
<b>Debt service</b>				
Principal	402,725	215,329	-	-
Interest and fiscal charges	-	34,671	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	456,599	-	-	-
Public works	303,730	-	980,593	11,817,407
Culture and recreation	249,622	-	-	-
Community and economic development	3,000	-	-	-
Total expenditures	73,150,125	4,126,611	9,618,433	13,281,094
Excess of revenues over (under) expenditures	(8,272,297)	9,788,607	651,460	1,510,216
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	107,795	-	-	-
Bonds issued	-	556,220	-	-
Premium on bonds issued	-	-	-	-
Proceeds from insurance	3,289,039	-	-	-
Transfers in	11,681,005	-	-	-
Transfers out	(1,311,116)	(10,466,489)	-	-
Total other financing sources (uses)	13,766,723	(9,910,269)	-	-
Net change in fund balances	5,494,426	(121,662)	651,460	1,510,216
<b>Fund Balances</b>				
Beginning of year	36,094,271	997,055	10,436,037	23,390,632
Nonmajor fund to major (See Note 21)	-	-	-	-
Beginning of year, restated	36,094,271	997,055	10,436,037	23,390,632
End of year	\$ 41,588,697	\$ 875,393	\$ 11,087,497	\$ 24,900,848

See notes to basic financial statements.

Special Revenue	Capital Projects		
Trust and Agency Fund (200)	Capital Improvements Fund (426)	Other Governmental Funds	Total Governmental Funds
\$ 15,817,048	\$ -	\$ 8,453,310	\$ 48,270,227
-	-	-	13,649,387
-	-	-	22,004,916
-	-	-	1,779,967
427,630	1,016,558	20,957,497	38,436,145
-	-	-	235,925
-	-	364,501	12,961,753
-	-	-	2,720,876
-	-	-	2,578,982
326,720	-	1,371,582	7,317,750
-	2,572,271	-	3,092,252
-	28,921	10,270	2,152,377
<u>16,571,398</u>	<u>3,617,750</u>	<u>31,157,160</u>	<u>155,200,557</u>
3,644	-	-	13,418,029
4,798,925	-	-	41,720,944
-	-	-	14,938,529
-	-	-	368,377
-	-	689,456	12,602,663
-	12,242,700	9,230,232	29,629,002
-	4,463,928	9,875,000	14,956,982
-	261,072	3,062,076	3,357,819
-	-	57,818	57,818
-	-	2,224,006	2,680,605
-	6,761,902	32,438,594	52,302,226
-	4,486,421	998,499	5,734,542
-	-	-	3,000
<u>4,802,569</u>	<u>28,216,023</u>	<u>58,575,681</u>	<u>191,770,536</u>
11,768,829	(24,598,273)	(27,418,521)	(36,569,979)
-	-	-	107,795
-	12,242,700	26,000,000	38,798,920
-	-	662,345	662,345
-	-	-	3,289,039
-	5,912,067	5,618,601	23,211,673
(11,434,068)	-	-	(23,211,673)
<u>(11,434,068)</u>	<u>18,154,767</u>	<u>32,280,946</u>	<u>42,858,099</u>
334,761	(6,443,506)	4,862,425	6,288,120
3,082,946	-	24,628,018	98,628,959
-	168,784	(168,784)	-
<u>3,082,946</u>	<u>168,784</u>	<u>24,459,234</u>	<u>98,628,959</u>
<u>\$ 3,417,707</u>	<u>\$ (6,274,722)</u>	<u>\$ 29,321,659</u>	<u>\$ 104,917,079</u>

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**City of Waterloo**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds to**  
**the Statement of Activities**  
**Year Ended June 30, 2024**

Net change in fund balances - governmental funds \$ 6,288,120

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	47,470,835
Depreciation expense	(17,213,051)

Unfunded OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

7,031

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

Change in workers' compensation claims payable	(1,531,107)
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Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

(360,674)

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

898,357

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.

14,956,982

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

(481,693)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(113,608)

Proceeds from long-term debt are recognized as an other financing source in the governmental funds but have no impact on net assets in the Statement of Activities.

(38,798,920)

Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

(326,900)

Change in net position - governmental activities	<u><u>\$ 10,795,372</u></u>
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City of Waterloo  
Statement of Net Position - Proprietary Funds  
June 30, 2024

	Business-Type Activities Enterprise Funds		
	Sanitary Sewer (520, 521, 617)	Sanitation (525)	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 27,234,382	\$ 4,324,887	\$ 31,559,269
Due from other funds	27,003	11,701	38,704
Due from other governments	5,437	8,930	14,367
Due from component unit	1,061,545	485,235	1,546,780
Accounts receivable - net	4,517,820	1,538,240	6,056,060
Special assessments receivable			
Delinquent	1,101	268,061	269,162
Inventories	165,607	-	165,607
Total current assets	<u>33,012,895</u>	<u>6,637,054</u>	<u>39,649,949</u>
<b>Noncurrent assets</b>			
Capital assets, not being depreciated	12,099,144	-	12,099,144
Capital assets, net of accumulated depreciation	130,768,686	3,186,081	133,954,767
Net capital assets	<u>142,867,830</u>	<u>3,186,081</u>	<u>146,053,911</u>
Total noncurrent assets	<u>142,867,830</u>	<u>3,186,081</u>	<u>146,053,911</u>
Total assets	<u>175,880,725</u>	<u>9,823,135</u>	<u>185,703,860</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	584,863	285,302	870,165
Deferred outflows of resources related to OPEB	114,547	83,700	198,247
Total deferred outflows of resources	<u>699,410</u>	<u>369,002</u>	<u>1,068,412</u>
Total assets and deferred outflows of resources	<u>\$ 176,580,135</u>	<u>\$ 10,192,137</u>	<u>\$ 186,772,272</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 1,724,041	\$ 257,299	\$ 1,981,340
Due to other governments	194,204	1,688	195,892
Interest payable	69,397	-	69,397
Salaries payable	87,905	6,051	93,956
Deposits payable	296,255	136,305	432,560
Compensated absences	165,409	72,503	237,912
Total OPEB obligation - current portion	130,783	95,564	226,347
Notes from direct borrowing payable - current portion	2,107,000	-	2,107,000
Bonds payable - current portion	1,805,000	-	1,805,000
Total current liabilities	<u>6,579,994</u>	<u>569,410</u>	<u>7,149,404</u>
<b>Noncurrent liabilities</b>			
Compensated absences	83,382	47,727	131,109
Bonds payable, net	4,848,050	-	4,848,050
Notes from direct borrowing payable	38,978,465	-	38,978,465
Total OPEB liability	1,056,897	772,278	1,829,175
Net pension liability	1,593,720	761,228	2,354,948
Total noncurrent liabilities	<u>46,560,514</u>	<u>1,581,233</u>	<u>48,141,747</u>
Total liabilities	<u>53,140,508</u>	<u>2,150,643</u>	<u>55,291,151</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	42,387	20,246	62,633
Deferred inflows of resources related to OPEB	431,281	315,139	746,420
Total deferred inflows of resources	<u>473,668</u>	<u>335,385</u>	<u>809,053</u>
<b>Net Position</b>			
Net investment in capital assets	93,653,621	3,186,081	96,839,702
Restricted for debt service	257,514	-	257,514
Unrestricted	29,054,824	4,520,028	33,574,852
Total net position	<u>122,965,959</u>	<u>7,706,109</u>	<u>130,672,068</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 176,580,135</u>	<u>\$ 10,192,137</u>	<u>\$ 186,772,272</u>

See notes to basic financial statements.

**City of Waterloo**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended June 30, 2024**

	Business-Type Activities Enterprise Funds			Total
	Sanitary Sewer (520, 521, 617)	Sanitation (525)	Nonmajor Tele communication (528)	
<b>Operating Revenues</b>				
Charges for services	\$ 19,963,528	\$ 6,186,826	\$ -	\$ 26,150,354
Other income	97,604	85,174	16,641	199,419
Total operating revenues	<u>20,061,132</u>	<u>6,272,000</u>	<u>16,641</u>	<u>26,349,773</u>
<b>Operating Expenses</b>				
Personnel services	4,443,611	1,813,700	557,375	6,814,686
Supplies	3,090,959	(152,357)	205,997	3,144,599
Professional services	953,532	2,403,303	595,247	3,952,082
Repairs and maintenance	289,750	248,847	2,783,662	3,322,259
Intracity reimbursements	692,000	384,336	-	1,076,336
Depreciation	4,085,289	582,424	-	4,667,713
Total operating expenses	<u>13,555,141</u>	<u>5,280,253</u>	<u>4,142,281</u>	<u>22,977,675</u>
Operating income (loss)	6,505,991	991,747	(4,125,640)	3,372,098
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	1,189,552	179,714	-	1,369,266
Intergovernmental	-	336,570	4,125,640	4,462,210
Gain (loss) on disposal of capital assets	12,300	-	-	12,300
Interest expense	(1,018,996)	-	-	(1,018,996)
Total nonoperating revenues (expenses)	<u>182,856</u>	<u>516,284</u>	<u>4,125,640</u>	<u>4,824,780</u>
Change in net position	6,688,847	1,508,031	-	8,196,878
<b>Net Position</b>				
Beginning of year	<u>116,277,112</u>	<u>6,198,078</u>	<u>-</u>	<u>122,475,190</u>
End of year	<u>\$ 122,965,959</u>	<u>\$ 7,706,109</u>	<u>\$ -</u>	<u>\$ 130,672,068</u>

**City of Waterloo**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended June 30, 2024**

	Business-Type Activities - Enterprise Funds			Total
	Sanitary Sewer (520, 521, 617)	Sanitation (525)	Nonmajor Tele communication (528)	
<b>Cash Flows - Operating Activities</b>				
Receipts from customers	\$ 19,916,514	\$ 6,089,516	\$ -	\$ 26,006,030
Payments to suppliers for goods and services	(4,716,204)	(2,970,554)	(3,584,906)	(11,271,664)
Payments to employees for services	(4,573,968)	(2,307,471)	(557,375)	(7,438,814)
Other operating revenues	97,604	85,174	16,641	199,419
Net cash flows - operating activities	<u>10,723,946</u>	<u>896,665</u>	<u>(4,125,640)</u>	<u>7,494,971</u>
<b>Cash Flows - Noncapital Financing Activities</b>				
Intergovernmental receipts	-	336,570	4,125,640	4,462,210
<b>Cash Flows - Capital and Related Financing Activities</b>				
Principal paid on debt	(3,980,345)	-	-	(3,980,345)
Interest paid on debt	(1,016,124)	-	-	(1,016,124)
Note proceeds	5,981,313	-	-	5,981,313
Acquisition of capital assets	(8,624,343)	(1,209,984)	-	(9,834,327)
Proceeds from disposal of capital assets	36,326	-	-	36,326
Net cash flows - capital and related financing activities	<u>(7,603,173)</u>	<u>(1,209,984)</u>	<u>-</u>	<u>(8,813,157)</u>
<b>Cash Flows - Investing Activities</b>				
Investment income	1,189,552	179,714	-	1,369,266
Net change in cash and cash equivalents	4,310,325	202,965	-	4,513,290
<b>Cash and Cash Equivalents</b>				
July 1	<u>22,924,057</u>	<u>4,121,922</u>	<u>-</u>	<u>27,045,979</u>
June 30	<u>\$ 27,234,382</u>	<u>\$ 4,324,887</u>	<u>\$ -</u>	<u>\$ 31,559,269</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>				
Operating income (loss)	\$ 6,505,991	\$ 991,747	\$ (4,125,640)	\$ 3,372,098
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation	4,085,289	582,424	-	4,667,713
Pension expense	(194,971)	(81,529)	-	(276,500)
Accounts receivable	(144,452)	(230,013)	-	(374,465)
Special assessments receivable	58,872	52,651	-	111,523
Due from other governments	(631)	3,585	-	2,954
Inventories	(68)	-	-	(68)
Accounts payable	225,910	(87,756)	-	138,154
Salaries payable	16,066	(25,410)	-	(9,344)
Deposits	84,195	1,331	-	85,526
Unearned revenue	39,197	76,467	-	115,664
OPEB obligation	11,250	(393,883)	-	(382,633)
Compensated absences payable	37,298	7,051	-	44,349
Total adjustments	<u>4,217,955</u>	<u>(95,082)</u>	<u>-</u>	<u>4,122,873</u>
Net cash flows - operating activities	<u>\$ 10,723,946</u>	<u>\$ 896,665</u>	<u>\$ (4,125,640)</u>	<u>\$ 7,494,971</u>

See notes to basic financial statements.

**City of Waterloo  
Statement of Fiduciary Net Position  
June 30, 2024**

	Custodial Fund
<b>Assets</b>	
Cash and investments	\$ 8,469
<b>Net Position</b>	
Restricted for individuals, organizations and other governments	\$ 8,469

**City of Waterloo  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2024**

	Custodial Fund
<b>Additions</b>	
Licenses and permits	\$ 126,534
<b>Deductions</b>	
General government	132,878
Change in net position	(6,344)
Beginning net position	14,813
Ending net position	\$ 8,469



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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

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

**B. Reporting Entity**

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

**1. Blended Component Unit**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

**2. Discretely Presented Component Units**

***a. 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 \$99,127.

***b. Waterloo Convention and Visitors Bureau, Inc.***

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

**C. Government-Wide and Fund Financial Statements**

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The custodial fund is custodial in nature and has no measurement focus; however, they use the accrual basis of accounting.

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

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

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

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

**Description of Funds:**

**Major Governmental Funds:**

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Description of Funds:**

Major Governmental Funds: (Continued)

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

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

Capital Improvements Fund - 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.

Proprietary Funds:

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

Sanitation Fund - This fund operates the sanitation collection system.

Fiduciary Fund:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

**1. Cash and Pooled Investments**

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

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

**2. Receivables and Payables**

Receivables are reported net of any allowance for uncollectible accounts. As of June 30, 2024, the General Fund and the enterprise funds had allowances for uncollectible customer accounts totaling \$1,731,616 and \$255,053, respectively.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Receivables and Payables (Continued)**

Property tax revenue became due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments, and is based on January 1, 2022, assessed property valuations, and is for the tax accrual period July 1, 2023, through June 30, 2024, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2023.

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

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

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

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

**3. Inventory and Prepaid Items**

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

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

**4. Restricted Assets**

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Capital Assets**

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

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

<u>Assets</u>	<u>Years</u>
<b>Governmental Activities</b>	
Buildings and improvements	10 - 40
Infrastructure	15 - 100
Furniture and equipment	3 - 20
Vehicles, machinery and equipment	3 - 25
Software	5
<b>Business-type activities</b>	
Buildings	15 - 50
Improvements other than buildings	50
Furniture and equipment	5 - 20
Vehicles, machinery and equipment	5 - 10
Software	5
<b>Discretely Presented Component Unit</b>	
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

Capital assets not being depreciated include land and construction in progress.



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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Capital Assets (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.

**6. Leases**

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

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

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

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

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

**7. Deferred Outflows/Inflows of Resources**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Compensated Absences**

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

**9. Long-Term Obligations**

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

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

**10. Pensions**

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

**11. Total OPEB Liability**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Deferred Inflows of Resources**

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

**13. Fund Equity**

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Fund Equity (Continued)**

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

**14. Net Position**

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

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

**15. Estimates and Assumptions**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**16. Budgetary Information**

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

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

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

- a. Department supervisors submit preliminary budget requests during October and November. These requests are reviewed by the City Administrator and City Finance Director, who present a proposed budget to the City Council. The City Council prepares a proposed budget based on their recommendations.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**16. Budgetary Information (Continued)**

- b. The City provides the projected budget to interested citizens during February, and public hearings are conducted to obtain taxpayer comments.
- c. Prior to March 31, the budget is legally enacted through passage of a resolution and is submitted to the County Auditor and State of Iowa.
- d. Amendments to the budget may be considered and reviewed throughout the fiscal year. Amendments are subject to council review and by justification to the City Administrator. The budget is formally amended by the City Council after the process of public hearings.

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance**

These deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following funds had a deficit fund balance at June 30, 2024:

Capital Improvements Fund	\$ 6,274,722
Nonmajor Special Revenue	
Grant funded projects	4,048,036
Community development block grant	145,827

**NOTE 3 - CASH AND POOLED INVESTMENTS**

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

As of June 30, 2024, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$21,712,827, 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.

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

**NOTE 3 - CASH AND POOLED INVESTMENTS (CONTINUED)**

As of December 31, 2023, the Waterloo Water Works component unit had investments in the Iowa Public Agency Investment Trust (IPAIT) which were valued at an amortized cost of \$1,697,898, pursuant to GASB Statement No. 79. IPAIT is registered with the Securities and Exchange Commission. The Waterloo Water Works component unit's investment in IPAIT is not subject to interest rate risk.

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

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

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

**Concentration of Credit Risk:** The City's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Accordingly, the policy limits the City from investing in prime bankers' acceptances or commercial paper of more than 10% of the investment portfolio and more than 5% of the investment portfolio with a single issuer at the time of purchase. In addition, no more than 5% of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification at the time of purchase. As of June 30, 2024, the City's investments were not subject to concentration of credit risk.

**Custodial Credit Risk:** 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, 2024, and December 31, 2023, respectively, were entirely covered by federal depository insurance, National Credit Union insurance or by the State Sinking Fund in accordance with Chapter 12C of the *Code of Iowa*. This chapter provides for additional assessments against the depositories to ensure that there will be no loss of public funds. In addition, the City had no investments subject to custodial credit risk since the City does not hold the underlying investments.

**NOTE 4 - LEASE RECEIVABLE**

The City has recognized a Lease Receivable of \$1,407,493 and Deferred Inflow of Resources of \$1,407,493. The leases have varied term lengths and interest rates. The most significant leases are for the use of City owned land. The City recognized lease revenue of \$773,494 during the fiscal year.

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

**NOTE 4 - LEASE RECEIVABLE (CONTINUED)**

The Waterloo Water Works component unit owns several water towers from which it rents space to cellular, radio and telephone communications companies. The Waterloo Water Works component unit receives monthly payments ranging between \$1,312 and \$2,530 for the various leases through 2053. The leases have been discounted at a rate of 2.5% to 3.9%. The weighted average remaining lease term is 10.2 years, During the year ending December 31, 2023, the Utility earned principal of \$129,080 and interest of \$49,517. There were no variable lease payments.

**NOTE 5 - LOANS RECEIVABLE**

**A. Community Development Block Grant (CDBG) Loans:**

Low-income housing loans - The City has provided five 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 five loans at June 30, 2024, was \$876,409. Maturities range from January 2024 to August 2031. Cash received is program income and considered to be charges for services. Given the nature and collection history of the loans, the City has determined these amounts are uncollectible and have not been recorded as assets on the balance sheet.

Forgivable loans - The City, through its CDBG, HOME program, Economic Development Initiative program, Lead Paint Removal grant, federal and state Jumpstart funds, and lowans Helping lowans 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, 2024, the City had made 1,807 such loans totaling \$38,000,318. 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 6 - INTERFUND ACTIVITY**

**A. Transfers**

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

	Transfers out			Total
	General	Tax Increment Financing	Trust and Agency	
Transfers in				
General	\$ -	\$ 246,937	\$ 11,434,068	\$ 11,681,005
Capital improvements	-	5,912,067	-	5,912,067
Other governmental funds	1,311,116	4,307,485	-	5,618,601
Total	\$ 1,311,116	\$ 10,466,489	\$ 11,434,068	\$ 23,211,673

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

**NOTE 6 - INTERFUND ACTIVITY (CONTINUED)**

**B. Interfund Receivables/Payables**

The composition of interfund balances as of June 30, 2024, is as follows:

	Interfund Receivables	Interfund Payable
General Fund	\$ 11,159,255	\$ -
Road use tax	108,189	-
Local option sales tax	13,598	-
Capital improvements	-	6,844,520
Other governmental funds	7,825	4,483,051
Proprietary funds		
Sewer	27,003	-
Nonmajor, sanitation	11,701	-
Total	\$ 11,327,571	\$ 11,327,571

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



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

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 46,205,167	\$ -	\$ -	\$ 46,205,167
Construction in progress	59,455,632	43,067,386	21,732,437	80,790,581
Total capital assets not being depreciated	<u>105,660,799</u>	<u>43,067,386</u>	<u>21,732,437</u>	<u>126,995,748</u>
Capital assets being depreciated				
Buildings and improvements	148,901,707	8,043,527	-	156,945,234
Infrastructure	459,314,020	14,304,918	45,858,686	427,760,252
Vehicles, machinery, furniture and equipment	41,726,731	3,787,442	253,369	45,260,804
Software	792,768	-	-	792,768
Total capital assets being depreciated	<u>650,735,226</u>	<u>26,135,887</u>	<u>46,112,055</u>	<u>630,759,058</u>
Less accumulated depreciated for				
Buildings and improvements	81,054,924	3,259,955	-	84,314,879
Infrastructure	207,241,430	11,011,665	45,858,686	172,394,409
Vehicles, machinery, furniture and equipment	30,251,338	2,933,981	253,369	32,931,950
Software	785,318	7,450	-	792,768
Total accumulated depreciation	<u>319,333,010</u>	<u>17,213,051</u>	<u>46,112,055</u>	<u>290,434,006</u>
Governmental activities capital assets, being depreciated, net	<u>331,402,216</u>	<u>8,922,836</u>	<u>-</u>	<u>340,325,052</u>
Governmental activities capital assets, net	<u>\$ 437,063,015</u>	<u>\$ 51,990,222</u>	<u>\$ 21,732,437</u>	<u>\$ 467,320,800</u>

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

Governmental activities	
Public safety	\$ 1,653,724
Public works	12,998,584
Culture and recreation	1,890,293
Community and economic development	142,592
General government	527,858
Total governmental activities depreciation expense	<u>\$ 17,213,051</u>

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

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Capital assets not being depreciated				
Land	\$ 759,233	\$ -	\$ -	\$ 759,233
Construction in progress	4,997,214	7,745,523	1,402,826	11,339,911
Total capital assets not being depreciated	<u>5,756,447</u>	<u>7,745,523</u>	<u>1,402,826</u>	<u>12,099,144</u>
Capital assets being depreciated				
Buildings	71,699,336	21,800	-	71,721,136
Improvements other than buildings	116,844,367	1,378,800	-	118,223,167
Vehicles, machinery, furniture and equipment	16,118,448	2,067,005	48,243	18,137,210
Total capital assets being depreciated	<u>204,662,151</u>	<u>3,467,605</u>	<u>48,243</u>	<u>208,081,513</u>
Less accumulated depreciated for				
Buildings	33,310,011	1,412,954	-	34,722,965
Improvements other than buildings	25,215,947	2,336,887	-	27,552,834
Vehicles, machinery, furniture and equipment	10,981,318	917,872	48,243	11,850,947
Total accumulated depreciation	<u>69,507,276</u>	<u>4,667,713</u>	<u>48,243</u>	<u>74,126,746</u>
Business-type activities capital assets, being depreciated, net	<u>135,154,875</u>	<u>(1,200,108)</u>	<u>-</u>	<u>133,954,767</u>
Business-type activities capital assets, net	<u>\$ 140,911,322</u>	<u>\$ 6,545,415</u>	<u>\$ 1,402,826</u>	<u>\$ 146,053,911</u>

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

Business-type activities	
Sewer	\$ 4,085,289
Sanitation	<u>582,424</u>
Total business-type activities depreciation expense	<u>\$ 4,667,713</u>

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

**NOTE 7 - CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely Presented Component Unit				
Waterloo Water Works				
Capital assets not being depreciated				
Land	\$ 472,362	\$ -	\$ -	\$ 472,362
Construction in progress	5,442,216	3,634,567	5,487,471	3,589,312
Total capital assets not being depreciated	<u>5,914,578</u>	<u>3,634,567</u>	<u>5,487,471</u>	<u>4,061,674</u>
Capital assets being depreciated				
Buildings and improvements	2,286,237	-	-	2,286,237
Water supply and distribution systems	41,019,192	719,669	-	41,738,861
Meters and equipment	1,242,713	5,241,954	-	6,484,667
Machinery and equipment	4,563,717	329,957	-	4,893,674
Total capital assets being depreciated	<u>49,111,859</u>	<u>6,291,580</u>	<u>-</u>	<u>55,403,439</u>
Less accumulated depreciated for				
Buildings and improvements	1,034,904	55,407	-	1,090,311
Water supply and distribution systems	12,850,575	1,362,817	-	14,213,392
Meters and equipment	854,522	17,738	-	872,260
Machinery and equipment	3,005,025	325,875	-	3,330,900
Total accumulated depreciation	<u>17,745,026</u>	<u>1,761,837</u>	<u>-</u>	<u>19,506,863</u>
Component unit capital assets, being depreciated, net	<u>31,366,833</u>	<u>4,529,743</u>	<u>-</u>	<u>35,896,576</u>
Component unit capital assets, net	<u>\$ 37,281,411</u>	<u>\$ 8,164,310</u>	<u>\$ 5,487,471</u>	<u>\$ 39,958,250</u>
Discretely Presented Component Unit				
Waterloo Convention and Visitor's Bureau				
Capital assets being depreciated				
Equipment	\$ 239,210	\$ 68,891	\$ -	\$ 308,101
Leasehold improvements	125,924	-	-	125,924
Total capital assets being depreciated	<u>365,134</u>	<u>68,891</u>	<u>-</u>	<u>434,025</u>
Less accumulated depreciation	<u>249,279</u>	<u>47,048</u>	<u>-</u>	<u>296,327</u>
Component unit capital assets, net	<u>\$ 115,855</u>	<u>\$ 21,843</u>	<u>\$ -</u>	<u>\$ 137,698</u>

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

**NOTE 8 - COMPENSATED ABSENCES**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. A calendar year is primarily used for the calculation of vacation pay benefits while sick leave utilizes the City's fiscal year. Vacation days for most bargaining unit employees must be taken or paid during the calendar year with limited exceptions. Non bargaining unit employees may carry forward up to 10 days' vacation with proper approval. Upon termination, employees receive payment for unused vacation plus a payment for vacation hours accrued from January through the termination date. As of June 30, 2024, there was \$3,900,295 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, 2024, there was \$14,463 accrued for the frozen sick leave bank.

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

Certain employees can elect either to be paid overtime compensation or to accrue the hours as compensatory time, defined as additional time off from regular hours. Employees are required to be paid for these services upon termination of employment. Maximum hours eligible to be used later as compensatory time are limited by law and labor contracts. Governmental funds do not recognize these accumulations as expenditures until paid. As of June 30, 2024, there was \$1,814,669 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 \$165,030 in governmental funds, as the liabilities are considered matured and are expected to be liquidated with expendable available financial resources, and \$2,164 in an enterprise fund. Frozen sick leave, vacation pay, and compensatory time liabilities are accrued when incurred in the government-wide and proprietary fund statements and reported as a liability.

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

**NOTE 9 - LONG-TERM DEBT**

**A. Components of Long-Term Liabilities**

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2024.

	Beginning Balance	Additions	Maturities	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 102,480,000	\$ 26,000,000	\$ 9,875,000	\$ 118,605,000	\$ 10,220,000
Loans and notes (direct borrowing)	5,099,161	12,798,920	4,679,257	13,218,824	1,105,439
Financed purchases	2,961,127	-	402,725	2,558,402	404,980
Unamortized premium /discounts	1,872,451	662,345	180,652	2,354,144	-
Compensated absences, net	5,001,896	360,674	-	5,362,570	2,806,750
Total long-term liabilities, governmental activities	<u>\$ 117,414,635</u>	<u>\$ 39,821,939</u>	<u>\$ 15,137,634</u>	<u>\$ 142,098,940</u>	<u>\$ 14,537,169</u>
<b>Business-type activities</b>					
General obligation bonds	\$ 8,420,000	\$ -	\$ 1,885,000	\$ 6,535,000	\$ 1,805,000
State revolving fund capital loans (direct borrowing)	37,181,227	5,979,238	2,075,000	41,085,465	2,107,000
Compensated absences	324,672	44,349	-	369,021	237,912
Unamortized premium /discounts	136,320	-	18,270	118,050	-
Total long-term liabilities, business - type activities	<u>\$ 46,062,219</u>	<u>\$ 6,023,587</u>	<u>\$ 3,978,270</u>	<u>\$ 48,107,536</u>	<u>\$ 4,149,912</u>

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

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

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

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

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**B. Governmental Activities**

**1. General Obligation Bonds and Notes**

On May 21, 2024, the City issued \$5,280,000 of General Obligation Capital Loan Notes, series 2024B maturing June 1, 2025, through June 1, 2036, at stated interest rates of 4.00%-5.00%

On May 21, 2024, the City issued \$720,000 of Taxable General Obligation Capital Loan Notes, Series 2024C maturing June 1, 2025, through June 1, 2030, at stated interest rates of 5.05%-5.40%.

On May 21, 2024, the City issued \$20,000,000 of General Obligation Capital Loan Notes, Series 2024D maturing on June 1, 2027, at a stated interest rate of 4.50%.

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

The general obligation bonds mature as follows:

Year Ending June 30,	General Obligation Bonds		Total
	Principal	Interest	
2025	\$ 10,220,000	\$ 3,684,280	\$ 13,904,280
2026	10,945,000	3,388,863	14,333,863
2027	30,140,000	3,111,954	33,251,954
2028	9,920,000	1,940,636	11,860,636
2029	9,455,000	1,664,723	11,119,723
2030-2034	31,975,000	4,901,331	36,876,331
2035-2039	14,235,000	1,146,528	15,381,528
2040-2041	1,715,000	66,655	1,781,655
	118,605,000	19,904,970	138,509,970
Net unamortized bond premium/(discount)	2,354,144	-	2,354,144
Total	\$ 120,959,144	\$ 19,904,970	\$ 140,864,114

**2. Loans and Notes Payable - Direct Borrowing**

The City has entered into development agreements including rebates of property taxes paid by other parties to the agreements. Most agreements include a set percentage of taxes paid for a specified number of years. The following agreements require a guaranteed amount of principal plus interest to be paid to the developer. As of June 30, 2024, the outstanding balance of these loans was \$13,218,824.

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 \$984,247 at June 30, 2024.

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

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**B. Governmental Activities (Continued)**

**2. Loans and Notes Payable - Direct Borrowing (Continued)**

North Crossing Development, LLC, original loan amount of \$12,242,700 plus interest at 7.25% through September 1, 2033. Payable in annual payments of \$1,000,000 are due beginning May 1, 2023, until principal plus interest have been paid. The loan balance was \$10,456,660 at June 30, 2024.

Fusion Investments, LLC, original loan amount of \$1,155,453 plus interest at 0.56%. Payable in annual payments of \$40,000 are due beginning in fiscal year 2021, not to exceed a total of \$1,200,000. The loan balance was \$1,048,278 at June 30, 2024.

Crystal Distribution, LLC, original loan amount of \$2,900,000 at 0.00% interest. Payable in annual payments of \$725,000 are due beginning in fiscal year 2022. The loan balance was \$729,639 at June 30, 2024.

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,105,439	\$ 54,200	\$ 1,159,639
2026	1,335,355	630,369	1,965,724
2027	1,274,620	715,648	1,990,268
2028	1,362,786	635,340	1,998,126
2029	1,313,657	560,683	1,874,340
2030-2034	6,826,967	1,505,353	8,332,320
Total	<u>\$ 13,218,824</u>	<u>\$ 4,101,593</u>	<u>\$ 17,320,417</u>

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

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**B. Governmental Activities (Continued)**

**3. Financed Purchases**

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 404,980	\$ 14,958	\$ 419,938
2026	425,888	12,690	438,578
2027	428,273	10,305	438,578
2028	430,671	7,907	438,578
2029	433,083	5,495	438,578
2030	435,507	3,070	438,577
Total	<u>\$ 2,558,402</u>	<u>\$ 54,425</u>	<u>\$ 2,612,827</u>



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

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**C. Business Type Activities**

**1. State Revolving Capital Loan Notes - Direct Borrowing**

During fiscal years 2018, 2019, 2021, 2022 and 2023, the City entered into nine agreements with the Iowa Finance Authority for Clean Water Revolving Loans with an approved loan amount totaling \$43,063,058. During fiscal year 2024, the City entered into three additional agreements with a total approved loan amount of \$13,007,000. During fiscal year 2024, the City made draws on these loans of \$5,981,313. As of June 30, 2024, the notes had an outstanding balance of \$41,085,465. The notes bear interest at 1.75%, with annual principal and interest payments through 2042. The amortization schedule below includes undrawn amounts that are expected to be drawn in 2025. The amortization schedules are estimates based on anticipated construction completed and may be adjusted in future years.

Year Ending June 30,	Principal	Interest	Total
2025	\$ 2,107,000	\$ 974,556	\$ 3,081,556
2026	2,453,000	959,895	3,412,895
2027	2,500,000	918,957	3,418,957
2028	2,549,000	860,180	3,409,180
2029	2,597,000	808,819	3,405,819
2030-2034	13,773,000	2,885,992	16,658,992
2035-2039	14,443,000	1,270,982	15,713,982
2040-2044	11,208,000	362,929	11,570,929
2045	505,000	-	505,000
Total	<u>\$ 52,135,000</u>	<u>\$ 9,042,310</u>	<u>\$ 61,177,310</u>

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

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**C. Business Type Activities (Continued)**

**2. Revenue Bonds**

The sewer revenue bonds mature as follows:

Year Ending June 30,	Revenue Bonds		Total
	Principal	Interest	
2025	\$ 1,805,000	\$ 153,821	\$ 1,958,821
2026	1,485,000	115,734	1,600,734
2027	1,170,000	86,246	1,256,246
2028	845,000	62,046	907,046
2029	530,000	40,956	570,956
2030-2032	700,000	30,400	730,400
	<u>6,535,000</u>	<u>489,203</u>	<u>7,024,203</u>
Net unamortized bond premium/(discount)	<u>118,050</u>	<u>-</u>	<u>118,050</u>
Total	<u><u>\$ 6,653,050</u></u>	<u><u>\$ 489,203</u></u>	<u><u>\$ 7,142,253</u></u>

**NOTE 10 - PENSION PLAN**

The City participates in various pension plans. Total pension expense for the year ended June 30, 2024, was \$5,783,189. The components of pension expense are noted in the following plan summaries. The General fund, Sewer Fund and Sanitation typically liquidate the liability related to pensions. The Waterloo Water Works component unit participates in the Iowa Public Employers Retirement Plan and a standalone pension plan. Total pension expense for the Waterloo Water Works year ended June 30, 2024, was (\$45,591).

**Iowa Public Employees Retirement Plan**

**A. Plan Description**

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

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

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

**B. Pension Benefits**

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

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

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

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

**C. Disability and Death Benefits**

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

**D. Contributions**

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

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

**D. Contributions (Continued)**

In fiscal year 2024, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City and Water Works component unit contributed 9.44% of covered payroll for a total of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2024, totaled \$2,051,926. The Waterloo Water Works component unit contributions to IPERS for the year ended December 31, 2023, totaled \$187,341.

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

At June 30, 2024, the City reported a liability of \$10,797,560, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's proportion was 0.234006%, which was an increase of 0.00034% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$850,182. As of June 30, 2024, 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	\$ 913,488	\$ 44,381
Changes of assumptions	-	172
Net difference between projected and actual earnings on IPER's investments	999,984	-
Changes in proportion and differences between City contributions and proportionate share of contributions	46,492	242,622
City contributions subsequent to the measurement date	2,051,926	-
Total	\$ 4,011,890	\$ 287,175

The \$2,051,926 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the next page:

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

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

Year Ending June 30,	Amount
2025	\$ (360,929)
2026	(887,154)
2027	2,420,200
2028	429,481
2029	71,191
Total	\$ 1,672,789

At December 31, 2023, the Waterloo Water Works component unit reported a liability of \$1,113,954, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Waterloo Water Works component unit's proportion of the net pension liability was based on the Waterloo Water Works component unit's share of contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the Waterloo Water Works component unit's proportion was 0.024680%, which was an increase of 0.000719% from its proportion measured as of June 30, 2022.

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

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

For the year ended December 31, 2023, the Waterloo Water Works component unit recognized pension expense of (\$45,591). As of December 31, 2023, the Waterloo Water Works component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,242	\$ 4,579
Changes of assumptions	-	18
Net difference between projected and actual earnings on IPER's investments	103,166	-
Changes in proportion and differences between Utility contributions and proportionate share of contributions	223,524	2,578
Utility contributions subsequent to the measurement date	112,886	-
Total	\$ 533,818	\$ 7,175

The \$112,886 reported as deferred outflows of resources related to pensions resulting from the Waterloo Water Works component unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2024	\$ 51,834
2025	(7,016)
2026	296,662
2027	62,322
2028	9,955
Total	\$ 413,757

There were no non-employer contributing entities to IPERS.

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

**F. Actuarial Assumptions**

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

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

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

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

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

**F. Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0 %	4.56 %
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
	<hr/>	
Total	<u><u>100.0 %</u></u>	

**G. Discount Rate**

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



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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Iowa Public Employees Retirement Plan (Continued)**

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

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

Proportionate Share of the Net Pension Liability	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City	\$ 22,958,019	\$ 10,797,560	\$ 606,895
Waterloo Water Works component unit	2,368,514	1,113,954	62,612

**I. IPERS Fiduciary Net Position**

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

**J. Payables to the Pension Plan**

All legally required City and Waterloo Water Works component unit contributions and legally required employee contributions which have been withheld from employee wages were remitted by the City and Waterloo Water Works component unit to IPERS by June 30, 2024.

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

**A. Plan Description**

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

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

**B. Pension Benefits**

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

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (Continued)**

**B. Pension Benefits (Continued)**

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

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

**C. Death Benefits**

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

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

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

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

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (Continued)**

**D. Contributions**

Member contribution rates are set by state statute. In accordance with Chapter 411 of the *Code of Iowa*, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2024.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the *Code of Iowa*. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the *Code of Iowa*, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.98% for the year ended June 30, 2024.

The City's contributions to MFPRSI for the year ended June 30, 2024, totaled \$4,822,369.

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

There were no state appropriations to MFPRSI during the year ended June 30, 2024.

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (Continued)**

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

At June 30, 2024, the City reported a liability of \$34,516,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2023, the City's proportion was 5.512093%, which was an increase of 0.030139% from its proportion measured as of June 30, 2022. For the year ended June 30, 2024, the City recognized pension expense of \$4,933,007. At June 30, 2024, 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	\$ 2,637,123	\$ -
Changes of assumptions	173,886	-
Net difference between projected and actual earnings on IPER's investments	2,197,847	-
Changes in proportion and differences between City contributions and proportionate share of contributions	199,204	244,830
City contributions subsequent to the measurement date	4,822,369	-
Total	\$ 10,030,429	\$ 244,830

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (Continued)**

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

The \$4,822,369 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ 186,358
2026	(1,308,738)
2027	5,105,906
2028	964,881
2029	14,823
Total	<u>\$ 4,963,230</u>

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2022.

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

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (Continued)**

**F. Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Fixed Income	4.9 %
Broad U.S. Equity	7.1
Global Equity	7.2
Broad Non-U.S. Equity	7.4
Managed Futures	5.2
Core Real Estate	6.8
Opportunistic Real Estate	11.1
Global Infrastructure	6.9
Private Credit	10.1
Private Equity	12.1

**G. Discount Rate**

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

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

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

<u>Proportionate Share of the Net Pension Liability</u>	<u>1% Decrease in Discount Rate (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase in Discount Rate (8.50%)</u>
City	\$ 60,450,056	\$ 34,516,674	\$ 13,048,922

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Municipal Fire and Police Retirement System of Iowa (Continued)**

**I. MFPRSI's Fiduciary Net Position**

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

**J. Payables to MFPRSI**

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2024.

**Waterloo Water Works Pension Plan**

**A. Plan Description**

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

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

**B. Pension Benefits**

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

At December 31, 2023, the following members were covered by the Plan:

Inactive plan members and beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	9
Total members	48

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Waterloo Water Works Pension Plan (Continued)**

**C. Contributions**

The contribution requirements of the Plan members and the Waterloo Water Works component unit are established and may be amended by the Waterloo Water Works component unit. Mandatory contributions to the Plan by Plan members are equal to the IPERS rate effective January 1 of the previous year, 6.29% for 2023. Prior to 2010, Plan member contributions were not required, and the Waterloo Water Works component unit made all the required contributions. Beginning January 1, 2010, Plan members were required to contribute one-third of the full contribution rate of 4.1% and the Waterloo Water Works component unit paid the rest of the required contribution. Beginning January 1, 2011, Plan members were required to contribute two-thirds of the full contribution rate of 4.3% and beginning January 1, 2012, Plan members were required to contribute all of the mandatory contributions. The Waterloo Water Works component unit Board of Trustees has approved Utility contributions to the Plan in excess of the amount determined annually by the actuary in an effort to eliminate over time the net pension liability as computed by the actuary.

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

For the year ended December 31, 2022, the Waterloo Water Works component unit recognized pension expense of (\$48,133). At December 31, 2023, the Waterloo Water Works component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 145,144	\$ -



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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Waterloo Water Works Pension Plan (Continued)**

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

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

Year Ending December 31,	Amount
2024	\$ (47,010)
2025	89,952
2026	268,820
2027	(166,618)
Total	\$ 145,144

**E. Actuarial Assumptions**

The Waterloo Water Works component unit net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability as of December 31, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the December 31, 2023, valuations were based on the results of an actuarial experience study for the periods of January 1, 2023, through December 31, 2023. In addition, mortality rates were based on 2024 Dataset Mortality Tables with Scale, as appropriate.

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Waterloo Water Works Pension Plan (Continued)**

**E. Actuarial Assumptions (Continued)**

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

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

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2023. The projections of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**NOTE 10 - PENSION PLAN (CONTINUED)**

**Waterloo Water Works Pension Plan (Continued)**

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

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

1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
\$ 1,220,891	\$ 431,537	\$ (254,937)

**H. Changes in Net Pension (Asset) Liability**

Changes in the Waterloo Water Works net pension (asset) liability for the year ended December 31, 2023, was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2023	\$ 9,385,260	\$ 7,846,276	\$ 1,538,984
Changes for the year			
Service cost	29,220	-	29,220
Interest	627,898	-	627,898
Differences between expected and actual economic experience	143,961	-	143,961
Employer contributions	-	500,000	(500,000)
Employee contributions	-	36,077	(36,077)
Net investment income	-	1,372,449	(1,372,449)
Benefit payments	(748,323)	(748,323)	-
Net changes	52,756	1,160,203	(1,107,447)
Balances at December 31, 2023	\$ 9,438,016	\$ 9,006,479	\$ 431,537

**I. Payables to the Plan**

All legally required Waterloo Water Works component unit's contributions and legally required employee contributions which had been withheld from employee wages were remitted to the Plan by December 31, 2023.

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

**NOTE 11 - COMMITMENTS**

**A. Construction**

The City is involved in construction of capital assets, mainly streets, riverfront improvements and Brownfields reconstruction. Much of the construction is partially funded through federal, state, and local grants and donations. City participation in the programs is generally funded through proceeds of debt issues and local option taxes. As of June 30, 2024, the City was committed to approximately \$99 million of construction contracts.

At December 31, 2023, the Waterloo Water Works component unit was committed to approximately \$3.6 million of construction contracts.

During the year ended December 31, 2023, the Utility entered into an agreement with a developer to provide a \$250,000 loan which will be repaid as the developer sells the residential lots. Any unpaid balance at the end of the five years is due in full. The loan will be disbursed during 2024.

**B. Property tax rebates**

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

**C. Loan guarantee**

The City has guaranteed a bank loan of Cedar Skyline Corporation d/b/a Main Street Waterloo, a not-for-profit corporation. Main Street, Waterloo and the City are not part of the same reporting entity. In 1999, Main Street Waterloo entered into a loan agreement with a financial institution, which was amended in 2006, 2010, 2016 and 2021. The note matures monthly through August 17, 2025. When the loan was entered into, the City voted to extend a nonexchange financial guarantee on the Main Street Waterloo loan. In the event that Main Street Waterloo is unable to repay the loan, the City would be required to make the payment, with no requirements for Main Street Waterloo to repay the City if the City has to pay any amount on the loan. As of June 30, 2024, the loan balance was \$138,767. Based on City management's assessment of the qualitative factors and historical data, the City has not recorded a liability for this nonexchange financial guarantee.

**NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

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

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

**NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN**

**B. Benefits Provided**

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

**C. Contributions**

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

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

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

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

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

**NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**D. Members**

As of June 30, 2024, the following were covered by the benefit terms:

Retirees receiving payments	73
Active employees	542
	542
Total	615

**E. Total OPEB Liability**

The City's total OPEB liability of \$14,085,086 was measured as of June 30, 2024, and was determined by an actuarial valuation dated June 30, 2024.

**F. Actuarial Assumptions**

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Salary increases	3.25% per annum
Discount rate	3.93%
Health care cost trend rates	
Pre-Medicare	7.75% reduced 0.25% per annum to ultimate of 4.00%
Post-Medicare	6.75% reduced 0.25% per annum to ultimate of 4.00%
Mortality rates	Pub-2010 projected generationally using Scale MP-2021
Inflation	2.50% per annum

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

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of actuarial experiences studies with dates corresponding to those listed above.

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

**NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

	<u>Total OPEB Liability</u>
Balances at July 1, 2023	<u>\$ 16,806,792</u>
Changes for the year	
Service cost	733,383
Interest	613,480
Differences between expected and actual economic experience	(564,395)
Changes of assumptions	(2,039,150)
Benefit payments	<u>(1,465,024)</u>
Net changes	<u>(2,721,706)</u>
Balances at June 30, 2024	<u><u>\$ 14,085,086</u></u>

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

**G. OPEB Liability Sensitivity**

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

<u>Total OPEB Liability</u>		
<u>1% Decrease in Discount Rate (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase in Discount Rate (4.93%)</u>
\$ 14,936,000	\$ 14,085,086	\$ 13,294,000

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

**NOTE 12 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Liability Sensitivity (Continued)**

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

Total OPEB Liability		
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
\$ 12,971,000	\$ 14,085,086	\$ 15,364,000

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$1,075,359. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 913,671	\$ 2,947,011
Changes of assumptions	444,783	2,167,688
Total	\$ 1,358,454	\$ 5,114,699

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

Year Ending June 30,	Amount
2025	\$ (271,504)
2026	(271,504)
2027	(234,639)
2028	(275,995)
2029	(522,991)
Thereafter	(2,179,612)
Total	\$ (3,756,245)



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

**NOTE 13 - EMPLOYEE HEALTH CARE PLAN**

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

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

The City's estimated unpaid claims as of June 30 and its needed reserves for claim fluctuation were determined by an actuarial study performed as of June 30. All outstanding claims are considered matured and expected to be paid in fiscal year 2025, 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:

	2024	2023
Estimated unpaid claims, beginning of year	\$ 777,575	\$ 845,340
Estimated claims incurred	10,327,433	11,525,526
Claims payments	(10,178,090)	(11,593,291)
Estimated unpaid claims, end of year	\$ 926,918	\$ 777,575

**NOTE 14 - WORKER'S COMPENSATION PLAN**

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

The City's estimated unpaid claims as of June 30 are based on projected costs of future payments for injuries incurred prior to June 30, 2024, and is recorded as a liability in the government-wide statement of net position. \$143,017 is considered matured and is recorded in the General Fund and governmental activities with accrued liabilities. Changes and balances are as follows:

	2024	2023
Estimated unpaid claims, beginning of year	\$ 1,225,063	\$ 616,692
Estimated claims incurred	2,794,535	1,681,839
Claims payments	(1,324,872)	(1,073,468)
Estimated unpaid claims, end of year	\$ 2,694,726	\$ 1,225,063

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

**NOTE 15 - JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

The City is a participating member of several organizations including the Black Hawk County Criminal Justice Information System (CJIS), the Consolidated Dispatch Center (Center), the Black Hawk County Solid Waste Management Commission (SWMC) and the Metropolitan Transit Authority (MET). In addition, the City pays its share of costs for CJIS, including debt service, pays its share of costs of the Center, pays landfill fees to SWMC, and levies and collects property taxes from Black Hawk County and remits them to MET (\$3,738,799 during the year ended June 30, 2024). Also, during the year ended

June 30, 2024, the Sanitation Fund received an operating grant of \$336,570 from SWMC. This grant was used to offset recycling costs.

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

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

**NOTE 16 - INDUSTRIAL DEVELOPMENT REVENUE BONDS - CONDUIT DEBT**

The City has issued a total of \$160,401,000 of industrial development revenue bonds under the provisions of Chapter 419 of the *Code of Iowa*. The amount outstanding as of June 30, 2024, is not reported to the City by either the debtors or creditors. Therefore, outstanding balances are unknown. The bonds and related interest are payable solely from revenue of applicable projects. Bond principal and interest do not constitute liabilities of the City.

**NOTE 17 - RISK MANAGEMENT**

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

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

As of June 30, 2024, the City has assigned \$25,887 of its General Fund, fund balance for insurable risks retained.

**NOTE 18 - TAX ABATEMENTS**

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

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

**NOTE 18 - TAX ABATEMENTS (CONTINUED)**

**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, 2024, the City abated \$9,434,256 of property tax under the urban renewal and economic development projects.

**NOTE 19 - FUND BALANCES**

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

	General	Tax Increment Financing	Road Use Tax	Local Options Sales Tax	Trust and Agency	Capital Improvement	Other Governmental Funds	Total
<b>Nonspendable</b>								
Inventory	\$ 1,295,315	\$ -	\$ 519,557	\$ -	\$ -	\$ -	\$ -	\$ 1,814,872
Prepaid	79,733	-	-	-	-	-	34,206	113,939
Total nonspendable	<u>1,375,048</u>	<u>-</u>	<u>519,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,206</u>	<u>1,928,811</u>
<b>Restricted</b>								
Self funded health insurance	4,868,524	-	-	-	2,178,868	-	-	7,047,392
Donor specified	1,524,552	-	-	-	-	-	-	1,524,552
Tax increment financing	-	875,393	-	-	-	-	-	875,393
Tourism	3,255,488	-	-	-	-	-	-	3,255,488
Public access television	228,857	-	-	-	-	-	-	228,857
Housing	61,777	-	-	-	-	-	6,272,107	6,333,884
Street maintenance	-	-	10,567,940	-	-	-	-	10,567,940
Improvements	-	-	-	24,900,848	-	-	-	24,900,848
Employee benefits	-	-	-	-	1,238,839	-	-	1,238,839
Debt service	-	-	-	-	-	-	888,412	888,412
Library	-	-	-	-	-	-	628,567	628,567
Capital projects	-	-	-	-	-	-	25,692,230	25,692,230
Civil rights enforcement	82,362	-	-	-	-	-	-	82,362
Total restricted	<u>10,021,560</u>	<u>875,393</u>	<u>10,567,940</u>	<u>24,900,848</u>	<u>3,417,707</u>	<u>-</u>	<u>33,481,316</u>	<u>83,264,764</u>
<b>Assigned</b>								
Other postemployment benefits	1,014,905	-	-	-	-	-	-	1,014,905
Other	2,023,514	-	-	-	-	-	-	2,023,514
Total assigned	<u>3,038,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,038,419</u>
<b>Unassigned</b>	<u>27,153,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,274,722)</u>	<u>(4,193,863)</u>	<u>16,685,085</u>
<b>Total</b>	<u>\$ 41,588,697</u>	<u>\$ 875,393</u>	<u>\$ 11,087,497</u>	<u>\$ 24,900,848</u>	<u>\$ 3,417,707</u>	<u>\$ (6,274,722)</u>	<u>\$ 29,321,659</u>	<u>\$ 104,917,079</u>

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

**NOTE 20 - NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

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

- GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective beginning with fiscal year June 30, 2025. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

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

**NOTE 21 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCES**

During the year ended June 30, 2024, the City's Capital Improvement Capital Project Fund was changed from a nonmajor governmental fund to a major governmental fund, resulting in a reduction of beginning fund balance for the nonmajor governmental funds of \$168,784.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Capital Improvement Fund	Other Governmental Funds
6/30/2023, as previous reported	\$ -	\$ 168,784
Change from nonmajor to major	168,784	(168,784)
6/30/2023, as adjusted or restated	<u>\$ 168,784</u>	<u>\$ -</u>

**NOTE 22 - SUBSEQUENT EVENTS**

On August 19, 2024, the City approved \$5,500,000 of Sewer Revenue Capital Loan Notes, Series 2024E.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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

**Changes of Benefit Terms**

There were no significant changes in benefit terms.

There are no assets accumulated in a trust

<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
\$ 862,931	\$ 707,557	\$ 733,383
460,398	608,138	613,480
-	-	(564,395)
(3,623,662)	(113,156)	(2,039,150)
<u>(1,625,503)</u>	<u>(1,734,460)</u>	<u>(1,465,024)</u>
<u>(3,925,836)</u>	<u>(531,921)</u>	<u>(2,721,706)</u>
<u>21,264,550</u>	<u>17,338,714</u>	<u>16,806,793</u>
<u>\$ 17,338,714</u>	<u>\$ 16,806,793</u>	<u>\$ 14,085,087</u>
\$ 34,584,581	\$ 35,709,000	\$ 41,046,780
50.13%	47.07%	34.31%



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

<b>Iowa Public Employees' Retirement System</b>	Fiscal Year			
	2024	2023	2022	2021
City's Proportion of the net pension liability (asset)	0.234006%	0.233663%	0.233893%	0.238378%
City's Proportionate share of the net pension liability (asset)	\$ 10,797,560	\$ 9,274,309	\$ 327,898	\$ 16,628,664
City's Covered employee payroll	21,736,504	21,008,294	19,770,392	18,983,252
Proportionate share of the net pension liability (assets) as a percentage of covered payroll	49.67%	44.15%	1.66%	87.60%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.13%	91.41%	100.81%	82.92%
 <b>Municipal Fire and Police Retirement System of Iowa</b>				
	2024	2023	2022	2021
City's Proportion of the net pension liability (asset)	5.512093%	5.481954%	5.471285%	5.471285%
City's Proportionate share of the net pension liability (asset)	\$ 34,516,674	\$ 30,785,035	\$ 12,364,223	\$ 43,638,986
City's Covered employee payroll	20,985,070	19,987,502	18,515,080	17,890,766
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	164.48%	154.02%	66.78%	243.92%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.53%	84.62%	93.62%	76.47%

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

Fiscal Year					
2020	2019	2018	2017	2016	2015
0.244647%	0.240601%	0.237917%	0.243859%	0.245267%	0.241550%
\$ 14,261,854	\$ 15,225,810	\$ 15,848,247	\$ 15,346,827	\$ 12,117,384	\$ 9,579,663
18,786,250	18,743,655	18,074,166	17,759,328	17,524,692	16,803,024
75.92%	81.23%	87.68%	86.42%	69.14%	57.01%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%
2020	2019	2018	2017	2016	2015
5.582145%	5.600213%	5.703286%	5.688362%	5.724535%	5.720520%
\$ 36,614,772	\$ 33,343,863	\$ 33,448,350	\$ 46,723,287	\$ 36,408,843	\$ 26,777,406
17,382,462	16,897,902	16,277,613	16,060,031	15,365,276	15,012,368
210.64%	197.33%	205.49%	290.93%	236.96%	178.37%
79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

**City of Waterloo  
Schedule of City Contributions  
Last Ten Fiscal Years**

**Iowa Public Employees' Retirement System**

	Fiscal Year			
	2024	2023	2022	2021
Primary government (city)				
Statutorily required contribution	\$ 2,051,926	\$ 1,983,183	\$ 1,866,325	\$ 1,792,019
Contributions in relation to the Statutorily required contribution	<u>(2,051,926)</u>	<u>(1,983,183)</u>	<u>(1,866,325)</u>	<u>(1,792,019)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 21,736,504	\$ 21,008,294	\$ 19,770,392	\$ 18,983,252
Contributions as a percentage of covered employee payroll	9.44%	9.44%	9.44%	9.44%

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

	2024	2023	2022	2021
	Primary government (city)			
Statutorily required contribution	\$ 4,822,369	\$ 4,777,013	\$ 4,847,248	\$ 4,528,153
Contributions in relation to the Statutorily required contribution	<u>(4,822,369)</u>	<u>(4,777,013)</u>	<u>(4,847,248)</u>	<u>(4,528,153)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 20,985,070	\$ 19,987,502	\$ 18,515,080	\$ 17,890,766
Contributions as a percentage of covered employee payroll	22.98%	23.90%	26.18%	25.31%

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 1,773,422	\$ 1,769,401	\$ 1,614,023	\$ 1,585,908	\$ 1,564,955	\$ 1,500,510
<u>(1,773,422)</u>	<u>(1,769,401)</u>	<u>(1,614,023)</u>	<u>(1,585,908)</u>	<u>(1,564,955)</u>	<u>(1,500,510)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,786,250	\$ 18,743,655	\$ 18,074,166	\$ 17,759,328	\$ 17,524,692	\$ 16,803,024
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

2020	2019	2018	2017	2016	2015
\$ 4,243,059	\$ 4,396,834	\$ 4,180,091	\$ 4,186,850	\$ 4,280,766	\$ 4,565,261
<u>(4,243,059)</u>	<u>(4,396,834)</u>	<u>(4,180,091)</u>	<u>(4,186,850)</u>	<u>(4,280,766)</u>	<u>(4,565,261)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,382,462	\$ 16,897,902	\$ 16,277,613	\$ 16,060,031	\$ 15,365,276	\$ 15,012,368
24.41%	26.02%	25.68%	26.07%	27.86%	30.41%

**City of Waterloo**  
**Notes to Required Supplementary Information - IPERS**

**Changes of Benefit Terms**

- There are no significant changes in benefit terms.

**Changes of Assumptions**

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

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

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

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

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

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

**City of Waterloo**  
**Notes to Required Supplementary Information - MPFSRI**

**Changes of Benefit Terms**

- There are no significant changes in benefit terms.

**Changes of Assumptions**

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

**City of Waterloo**  
**Budgetary Comparison Schedule**  
**of Receipts, Disbursements, and Changes in Balances-**  
**Budget and Actual (Modified Cash basis) - All Governmental Funds and Proprietary Funds**  
**Year Ended June 30, 2024**

	Governmental Funds Actual	Proprietary Funds Actual	Total
<b>Receipts</b>			
Property tax	\$ 45,305,152	\$ -	\$ 45,305,152
Tax increment financing	13,684,602	-	13,684,602
Other city tax	23,423,923	-	23,423,923
Licenses and permits	1,668,723	9,069	1,677,792
Use of money and property	6,989,849	1,369,266	8,359,115
Intergovernmental	35,003,902	4,462,210	39,466,112
Charges for services	14,406,170	26,869,952	41,276,122
Special assessments	374,334	-	374,334
Miscellaneous	14,435,555	27,091	14,462,646
Total receipts	155,292,210	32,737,588	188,029,798
<b>Disbursements</b>			
General government	13,461,747	-	13,461,747
Public safety	42,521,848	-	42,521,848
Public works	32,596,085	-	32,596,085
Health and social services	372,010	-	372,010
Culture and recreation	12,282,293	-	12,282,293
Community and economic development	17,653,528	-	17,653,528
Debt service	14,674,659	-	14,674,659
Capital outlay	43,578,080	-	43,578,080
Business type activities	-	31,956,464	31,956,464
Total disbursements	177,140,250	31,956,464	209,096,714
Excess (deficiency) of receipts over (under) disbursements	(21,848,040)	781,124	(21,066,916)
Other financing sources (uses), net	28,764,431	3,849,982	32,614,413
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	6,916,391	4,631,106	11,547,497
Balances beginning of year	126,001,947	27,389,448	153,391,395
Balances end of year	\$ 132,918,338	\$ 32,020,554	\$ 164,938,892

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 45,178,924	\$ 45,178,924	\$ 126,228
13,065,256	13,065,256	619,346
20,546,255	21,846,255	1,577,668
1,524,035	1,531,946	145,846
1,883,200	2,222,690	6,136,425
49,477,110	59,025,991	(19,559,879)
37,447,343	38,994,716	2,281,406
308,000	308,000	66,334
10,555,889	13,886,197	576,449
<u>179,986,012</u>	<u>196,059,975</u>	<u>(8,030,177)</u>
12,124,184	14,527,657	(1,065,910)
41,365,846	43,326,400	(804,552)
35,240,701	38,618,720	(6,022,635)
366,250	380,880	(8,870)
13,088,276	13,684,065	(1,401,772)
21,151,678	23,788,934	(6,135,406)
14,678,350	14,678,350	(3,691)
52,403,483	60,798,994	(17,220,914)
61,065,823	61,906,149	(29,949,685)
<u>251,484,591</u>	<u>271,710,149</u>	<u>(62,613,435)</u>
(71,498,579)	(75,650,174)	54,583,258
41,406,000	41,504,995	(8,890,582)
(30,092,579)	(34,145,179)	45,692,676
<u>128,428,659</u>	<u>128,428,659</u>	<u>24,962,736</u>
<u>\$ 98,336,080</u>	<u>\$ 94,283,480</u>	<u>\$ 70,655,412</u>



**City of Waterloo**  
**Budgetary Comparison Schedule**  
**Budget (Modified Cash) Basis to GAAP Basis Reconciliation**  
**Year Ended June 30, 2024**

	Governmental Fund Types		
	Cash Basis	Accrual	
		Adjustments	GAAP Basis
Revenues	\$ 155,292,210	\$ (91,653)	\$ 155,200,557
Expenditures	177,140,250	14,630,286	191,770,536
Net	<u>(21,848,040)</u>	<u>(14,721,939)</u>	<u>(36,569,979)</u>
Other sources (uses)	28,764,431	14,093,668	42,858,099
Beginning fund balances	<u>126,001,947</u>	<u>(27,372,988)</u>	<u>98,628,959</u>
Ending Fund Balances/Net Position	<u>\$ 132,918,338</u>	<u>\$ (28,001,259)</u>	<u>\$ 104,917,079</u>
	Proprietary Fund Types		
	Cash Basis	Accrual	
		Adjustments	GAAP Basis
Revenues	\$ 32,737,588	\$ (544,039)	\$ 32,193,549
Expenses	31,956,464	(7,959,793)	23,996,671
Net	<u>781,124</u>	<u>7,415,754</u>	<u>8,196,878</u>
Other sources (uses)	3,849,982	(3,849,982)	-
Beginning fund balances/net position	<u>27,389,448</u>	<u>95,085,742</u>	<u>122,475,190</u>
Ending Fund Balances/Net Position	<u>\$ 32,020,554</u>	<u>\$ 98,651,514</u>	<u>\$ 130,672,068</u>

**City of Waterloo**  
**Notes to Required Supplementary Information - Budgetary Reporting**  
**Year Ended June 30, 2024**

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

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

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

During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted.

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

	Fiscal Year			
	2023	2022	2021	2020
Actuarially required contribution	\$ 514,481	\$ 514,096	\$ 568,760	\$ 587,599
Contributions in relation to the Actuarially required contribution	<u>(536,077)</u>	<u>(439,760)</u>	<u>(344,312)</u>	<u>(639,602)</u>
Contribution deficiency (excess)	<u>\$ (21,596)</u>	<u>\$ 74,336</u>	<u>\$ 224,448</u>	<u>\$ (52,003)</u>
Utility's covered payroll	\$ 635,959	\$ 676,566	\$ 744,456	\$ 810,194
Contributions as a percentage of covered employee payroll	84.29%	65.00%	46.25%	78.94%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 563,701	\$ 529,242	\$ 505,125	\$ 489,448	\$ 475,911	\$ 481,861
(615,910)	(577,408)	(565,374)	(550,161)	(540,043)	(570,419)
<u>\$ (52,209)</u>	<u>\$ (48,166)</u>	<u>\$ (60,249)</u>	<u>\$ (60,713)</u>	<u>\$ (64,132)</u>	<u>\$ (88,558)</u>
\$ 979,376	\$ 943,430	\$ 1,047,371	\$ 1,004,723	\$ 1,045,603	\$ 1,064,651
62.89%	61.20%	53.98%	54.76%	51.65%	53.58%

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

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
<b>Total Pension Liability</b>				
Service cost	\$ 29,220	\$ 34,615	\$ 49,151	\$ 55,720
Interest	627,898	624,396	618,695	645,354
Difference between expected and actual experience	143,961	109,603	141,919	(194,832)
Changes of assumptions	-	-	16,840	315,233
Benefit payments	(748,323)	(702,668)	(689,128)	(677,004)
Net change in total Pension liability	<u>52,756</u>	<u>65,946</u>	<u>137,477</u>	<u>144,471</u>
Beginning of year	<u>9,385,260</u>	<u>9,319,314</u>	<u>9,181,837</u>	<u>9,037,366</u>
End of Year	<u>\$ 9,438,016</u>	<u>\$ 9,385,260</u>	<u>\$ 9,319,314</u>	<u>\$ 9,181,837</u>
<b>Plan Fiduciary Net Pension (FNP)</b>				
Employer contributions	\$ 500,000	\$ 400,000	\$ 300,000	\$ 591,000
Employee contributions	36,077	39,670	44,312	48,602
Net investment income	1,372,449	(1,522,959)	1,473,975	1,221,397
Benefit payments	(748,323)	(702,667)	(689,128)	(677,004)
Net change in plan fiduciary net position	<u>1,160,203</u>	<u>(1,785,956)</u>	<u>1,129,159</u>	<u>1,183,995</u>
Beginning of year	<u>7,846,277</u>	<u>9,632,233</u>	<u>8,503,074</u>	<u>7,319,079</u>
End of year	<u>\$ 9,006,480</u>	<u>\$ 7,846,277</u>	<u>\$ 9,632,233</u>	<u>\$ 8,503,074</u>
Net Pension liability (asset)	<u>\$ 431,536</u>	<u>\$ 1,538,983</u>	<u>\$ (312,919)</u>	<u>\$ 678,763</u>
Plan FNP as a percentage of the total Pension liability (asset)	95.43%	83.60%	103.36%	92.61%
Covered-employee payroll	\$ 572,010	\$ 635,959	\$ 676,566	\$ 744,456
Net Pension liability as a percentage of covered-employee payroll	75.44%	241.99%	-46.25%	91.18%

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

December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
\$ 42,951	\$ 46,090	\$ 45,849	\$ 53,886	\$ 53,008
672,982	665,421	640,457	616,847	607,558
(36,258)	76,594	(45,362)	164,103	(28,037)
325,945	(72,427)	225,356	13,141	12,600
(675,155)	(560,887)	(548,118)	(541,494)	(518,306)
<u>330,465</u>	<u>154,791</u>	<u>318,182</u>	<u>306,483</u>	<u>126,823</u>
8,706,901	8,552,110	8,233,928	7,927,445	7,800,622
<u>\$ 9,037,366</u>	<u>\$ 8,706,901</u>	<u>\$ 8,552,110</u>	<u>\$ 8,233,928</u>	<u>\$ 7,927,445</u>
\$ 563,701	\$ 529,242	\$ 507,287	\$ 489,448	\$ 481,000
52,209	48,166	58,087	60,713	59,043
1,594,221	(466,923)	821,539	281,674	(157,690)
(675,155)	(560,887)	(548,118)	(541,494)	(518,306)
<u>1,534,976</u>	<u>(450,402)</u>	<u>838,795</u>	<u>290,341</u>	<u>(135,953)</u>
5,784,103	6,234,505	5,395,710	5,105,369	5,241,322
<u>\$ 7,319,079</u>	<u>\$ 5,784,103</u>	<u>\$ 6,234,505</u>	<u>\$ 5,395,710</u>	<u>\$ 5,105,369</u>
<u>\$ 1,718,287</u>	<u>\$ 2,922,798</u>	<u>\$ 2,317,605</u>	<u>\$ 2,838,218</u>	<u>\$ 2,822,076</u>
80.99%	66.43%	72.90%	65.53%	64.40%
\$ 810,194	\$ 979,376	\$ 943,430	\$ 1,047,371	\$ 1,004,723
212.08%	298.43%	245.66%	270.98%	280.88%

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**City of Waterloo**  
**Notes to Required Supplementary Information for Waterloo Water Works Pension Plan**  
**For the Year ended December 31, 2023**

**NOTE 1 - VALUATION DATE**

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

**NOTE 2 - METHODS AND ASSUMPTIONS**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age cost method
Amortization method	Level dollar
Remaining amortization period	20 years
Asset valuation method	Market value of assets
Inflation	2.50%
Annual pay increases	3.00%
Investment rate of return	7.00%
Retirement age	100% at age 62
Mortality rates	SOA RP-2014 Adjusted to 2006 Total Dataset Mortality with Scale MP-2021



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

**Iowa Public Employees' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Utility's Proportion of the net pension liability (asset)	0.024680%	0.023961%	-0.008447%	0.017377%
Utility's Proportionate share of the net pension liability (asset)	\$ 1,113,954	\$ 905,279	\$ 29,161	\$ 1,220,674
Utility's Covered employee payroll	2,330,911	1,984,544	1,771,006	1,622,733
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	47.79%	45.62%	1.65%	75.22%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.13%	91.41%	100.81%	82.92%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.016437%	0.016820%	0.015549%	0.014805%	0.142200%	0.012797%
\$ 951,791	\$ 1,064,406	\$ 1,035,776	\$ 923,262	\$ 706,956	\$ 524,011
1,267,606	1,235,763	1,251,971	1,079,261	1,018,040	885,398
75.09%	86.13%	82.73%	85.55%	69.44%	59.18%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Iowa Public Employees' Retirement System

	Fiscal Year			
	2023	2022	2021	2020
Statutorily required contribution	\$ 220,038	\$ 187,341	\$ 167,183	\$ 153,186
Contributions in relation to the Statutorily required contribution	<u>(220,038)</u>	<u>(187,341)</u>	<u>(167,183)</u>	<u>(153,186)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utility's covered payroll	\$ 2,330,911	\$ 1,984,544	\$ 1,771,006	\$ 1,622,733
Contributions as a percentage of covered employee payroll	9.44%	9.44%	9.44%	9.44%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 119,662	\$ 116,656	\$ 111,801	\$ 96,378	\$ 90,911	\$ 79,066
(119,662)	(116,656)	(111,801)	(96,378)	(90,911)	(79,066)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,267,606	\$ 1,235,763	\$ 1,251,971	\$ 1,079,261	\$ 1,018,040	\$ 885,398
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

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## **SUPPLEMENTARY INFORMATION**

**City of Waterloo  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
June 30, 2024**

	Special Revenue	Capital Projects	Debt Service (100)	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 7,867,982	\$ 30,348,985	\$ 839,472	\$ 39,056,439
Interest receivable	8,329	6,177	858	15,364
Due from other governments	6,938,419	-	56,582	6,995,001
Accounts receivable	19,256	-	-	19,256
Due from other funds	7,825	-	-	7,825
Property taxes receivable				
Current year	3,014	-	36,004	39,018
Succeeding year	-	-	8,821,317	8,821,317
Prepaid items	34,206	-	-	34,206
	<u>\$ 14,879,031</u>	<u>\$ 30,355,162</u>	<u>\$ 9,754,233</u>	<u>\$ 54,988,426</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,738,690	\$ 5,491,726	\$ -	\$ 8,230,416
Due to other governments	-	-	8,500	8,500
Deposits payable	75,840	-	-	75,840
Salaries and benefits payable	49,689	-	-	49,689
Unearned revenue	270,278	-	-	270,278
Due to other funds	4,483,051	-	-	4,483,051
Total liabilities	<u>7,617,548</u>	<u>5,491,726</u>	<u>8,500</u>	<u>13,117,774</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes and assessments	3,014	-	8,857,321	8,860,335
Unavailable revenue - grants	3,688,658	-	-	3,688,658
Total deferred inflows of resources	<u>3,691,672</u>	<u>-</u>	<u>8,857,321</u>	<u>12,548,993</u>
<b>Fund Balances</b>				
Nonspendable	34,206	-	-	34,206
Restricted	7,729,468	24,863,436	888,412	33,481,316
Unassigned	(4,193,863)	-	-	(4,193,863)
Total fund balances	<u>3,569,811</u>	<u>24,863,436</u>	<u>888,412</u>	<u>29,321,659</u>
	<u>\$ 14,879,031</u>	<u>\$ 30,355,162</u>	<u>\$ 9,754,233</u>	<u>\$ 54,988,426</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,879,031</u>	<u>\$ 30,355,162</u>	<u>\$ 9,754,233</u>	<u>\$ 54,988,426</u>

**City of Waterloo**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2024**

	Special Revenue	Capital Projects	Debt Service (100)	Total Nonmajor Governmental Funds
<b>Revenues</b>				
General property taxes	\$ 644,930	\$ -	\$ 7,808,380	\$ 8,453,310
Intergovernmental	20,746,009	-	211,488	20,957,497
Charges for services	364,501	-	-	364,501
Use of money and property	373,550	869,144	128,888	1,371,582
Contributions and donations	-	-	-	-
Miscellaneous	10,270	-	-	10,270
Total revenues	<u>22,139,260</u>	<u>869,144</u>	<u>8,148,756</u>	<u>31,157,160</u>
<b>Expenditures</b>				
Current				
Culture and recreation	689,456	-	-	689,456
Economic development	9,230,232	-	-	9,230,232
Debt service				
Principal	-	-	9,875,000	9,875,000
Interest and fiscal charges	-	332,514	2,729,562	3,062,076
Capital outlay				
General government	-	57,818	-	57,818
Public safety	-	2,224,006	-	2,224,006
Public works	12,662,520	19,776,074	-	32,438,594
Culture and recreation	346,877	651,622	-	998,499
Total expenditures	<u>22,929,085</u>	<u>23,042,034</u>	<u>12,604,562</u>	<u>58,575,681</u>
Excess of revenues under expenditures	(789,825)	(22,172,890)	(4,455,806)	(27,418,521)
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	26,000,000	-	26,000,000
Premium on debt issued	-	662,345	-	662,345
Transfers in	1,619,206	-	4,484,082	6,103,288
Transfers out	(176,597)	-	(308,090)	(484,687)
Total other financing sources (uses)	<u>1,442,609</u>	<u>26,662,345</u>	<u>4,175,992</u>	<u>32,280,946</u>
Net change in fund balances	652,784	4,489,455	(279,814)	4,862,425
<b>Fund Balances</b>				
Beginning of year	2,917,027	20,542,765	1,168,226	24,628,018
Change from nonmajor to major (See Note XX)	-	(168,784)	-	(168,784)
Beginning of year, restated	<u>2,917,027</u>	<u>20,373,981</u>	<u>1,168,226</u>	<u>24,459,234</u>
End of year	<u>\$ 3,569,811</u>	<u>\$ 24,863,436</u>	<u>\$ 888,412</u>	<u>\$ 29,321,659</u>



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**City of Waterloo, Iowa**  
**Nonmajor Special Revenue Funds**  
**June 30, 2024**

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

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

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

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

**Grant Funded Projects 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.

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

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

**City of Waterloo  
Combining Balance Sheet -  
Nonmajor Special Revenue Funds  
June 30, 2024**

	Special Revenue			
	Library Tax Levy (204)	Community Develop Block Grant (224)	Housing Programs (283)	Grant Funded Projects (290)
<b>Assets</b>				
Cash and investments	\$ 631,040	\$ 1,700	\$ 6,371,413	\$ 55,275
Interest receivable	858	-	7,471	-
Due from other governments	4,804	573,301	-	4,690,712
Accounts receivable	-	3,139	16,117	-
Due from other funds	7,825	-	-	-
Property taxes receivable				
Current year	3,014	-	-	-
Prepaid items	-	-	34,206	-
	<u>647,541</u>	<u>578,140</u>	<u>6,429,207</u>	<u>4,745,987</u>
<b>Total assets</b>	<b>\$ 647,541</b>	<b>\$ 578,140</b>	<b>\$ 6,429,207</b>	<b>\$ 4,745,987</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 110,364	\$ 25,085	\$ 1,516,293
Deposits payable	-	-	75,840	-
Salaries payable	15,960	17,471	16,180	78
Due to other funds	-	401,791	-	3,559,941
Unearned revenue	-	-	5,789	264,489
	<u>15,960</u>	<u>529,626</u>	<u>122,894</u>	<u>5,340,801</u>
<b>Total liabilities</b>	<b>\$ 15,960</b>	<b>\$ 529,626</b>	<b>\$ 122,894</b>	<b>\$ 5,340,801</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grants	-	194,341	-	3,453,222
Unavailable revenue - taxes and assessments	3,014	-	-	-
	<u>3,014</u>	<u>194,341</u>	<u>-</u>	<u>3,453,222</u>
<b>Total deferred inflows of resources</b>	<b>\$ 3,014</b>	<b>\$ 194,341</b>	<b>\$ -</b>	<b>\$ 3,453,222</b>
<b>Fund Balances</b>				
Nonspendable	-	-	34,206	-
Restricted	628,567	-	6,272,107	-
Unassigned	-	(145,827)	-	(4,048,036)
	<u>628,567</u>	<u>(145,827)</u>	<u>6,306,313</u>	<u>(4,048,036)</u>
<b>Total fund balances</b>	<b>\$ 628,567</b>	<b>\$ (145,827)</b>	<b>\$ 6,306,313</b>	<b>\$ (4,048,036)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 647,541</b>	<b>\$ 578,140</b>	<b>\$ 6,429,207</b>	<b>\$ 4,745,987</b>

Special Revenue

Airport FAA Projects (291)	Iowa Reinvestment District Fund (207)	Total
\$ 691,428	\$ 117,126	\$ 7,867,982
-	-	8,329
1,616,612	52,990	6,938,419
-	-	19,256
-	-	7,825
-	-	3,014
-	-	34,206
<u>\$ 2,308,040</u>	<u>\$ 170,116</u>	<u>\$ 14,879,031</u>
\$ 1,086,948	\$ -	\$ 2,738,690
-	-	75,840
-	-	49,689
521,319	-	4,483,051
-	-	270,278
<u>1,608,267</u>	<u>-</u>	<u>7,617,548</u>
41,095	-	3,688,658
-	-	3,014
<u>41,095</u>	<u>-</u>	<u>3,691,672</u>
-	-	34,206
658,678	170,116	7,729,468
-	-	(4,193,863)
<u>658,678</u>	<u>170,116</u>	<u>3,569,811</u>
<u>\$ 2,308,040</u>	<u>\$ 170,116</u>	<u>\$ 14,879,031</u>

**City of Waterloo**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2024**

	Special Revenue			
	Library Tax Levy (204)	Community Develop Block Grant (224)	Housing Programs (283)	Grant Funded Projects (290)
<b>Revenues</b>				
General property taxes	\$ 644,930	\$ -	\$ -	\$ -
Intergovernmental	17,446	2,401,362	7,029,597	7,725,815
Charges for services	-	271,347	51,922	-
Use of money and property	25,747	-	321,926	-
Miscellaneous	-	10,183	87	-
Total revenues	<u>688,123</u>	<u>2,682,892</u>	<u>7,403,532</u>	<u>7,725,815</u>
<b>Expenditures</b>				
Current				
Culture and recreation	687,801	1,655	-	-
Economic development	-	2,312,920	6,917,312	-
Capital outlay				
Public works	-	230,793	-	9,187,453
Culture and recreation	-	-	-	346,877
Total expenditures	<u>687,801</u>	<u>2,545,368</u>	<u>6,917,312</u>	<u>9,534,330</u>
Excess of revenues over (under) expenditures	322	137,524	486,220	(1,808,515)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	1,311,116
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,311,116</u>
Net change in fund balances	322	137,524	486,220	(497,399)
<b>Fund Balances</b>				
Beginning of year	<u>628,245</u>	<u>(283,351)</u>	<u>5,820,093</u>	<u>(3,550,637)</u>
End of year	<u>\$ 628,567</u>	<u>\$ (145,827)</u>	<u>\$ 6,306,313</u>	<u>\$ (4,048,036)</u>

Special Revenue

Airport FAA Projects (291)	Iowa Reinvestment District Fund (207)	Total
\$ -	\$ -	\$ 644,930
3,373,722	198,067	20,746,009
41,232	-	364,501
18,342	7,535	373,550
-	-	10,270
<u>3,433,296</u>	<u>205,602</u>	<u>22,139,260</u>
-	-	689,456
-	-	9,230,232
3,244,274	-	12,662,520
-	-	346,877
<u>3,244,274</u>	<u>-</u>	<u>22,929,085</u>
189,022	205,602	(789,825)
308,090	-	1,619,206
-	(176,597)	(176,597)
<u>308,090</u>	<u>(176,597)</u>	<u>1,442,609</u>
497,112	29,005	652,784
<u>161,566</u>	<u>141,111</u>	<u>2,917,027</u>
<u>\$ 658,678</u>	<u>\$ 170,116</u>	<u>\$ 3,569,811</u>

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**City of Waterloo, Iowa  
Nonmajor Capital Projects Funds  
June 30, 2024**

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

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

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

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

**June 2024 G.O. Bonds Fund:** This fund is used to account for proceeds from the 2024 general obligation bond sale until expended for the restricted purposes.



**City of Waterloo  
Combining Balance Sheet -  
Nonmajor Capital Projects Funds  
June 30, 2024**

	Capital Project			
	June 2020 G.O. Bonds (420)	June 2021 G.O. Bonds (421)	June 2022 G.O. Bonds (322)	June 2023 G.O. Bonds (323)
<b>Assets</b>				
Cash and investments	\$ 46,483	\$ 70,533	\$ 4,673,457	\$ 6,130,205
Interest receivable	-	6	804	1,265
Total assets	<u>\$ 46,483</u>	<u>\$ 70,539</u>	<u>\$ 4,674,261</u>	<u>\$ 6,131,470</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 11,410</u>	<u>\$ 35,357</u>	<u>\$ 1,049,517</u>	<u>\$ 145,655</u>
<b>Fund Balances</b>				
Restricted	<u>35,073</u>	<u>35,182</u>	<u>3,624,744</u>	<u>5,985,815</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,483</u>	<u>\$ 70,539</u>	<u>\$ 4,674,261</u>	<u>\$ 6,131,470</u>

Capital Projects

<u>June 2024 G.O. Bonds (324)</u>	<u>Total</u>
\$ 19,428,307	\$ 30,348,985
4,102	6,177
<u>\$ 19,432,409</u>	<u>\$ 30,355,162</u>
<u>\$ 4,249,787</u>	<u>\$ 5,491,726</u>
<u>15,182,622</u>	<u>24,863,436</u>
<u>\$ 19,432,409</u>	<u>\$ 30,355,162</u>

**City of Waterloo**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Nonmajor Capital Projects Funds**  
**Year Ended June 30, 2024**

	Capital Projects			
	June 2018 G.O. Bonds (418)	June 2019 G.O. Bonds (419)	June 2020 G.O. Bonds (420)	June 2021 G.O. Bonds (421)
<b>Revenues</b>				
Use of money and property	\$ 734	\$ 2,488	\$ 6,309	\$ 164,633
<b>Expenditures</b>				
Debt service				
Interest and other charges	-	-	-	19,037
Capital outlay				
General government	-	-	-	-
Public safety	-	11,773	-	1,774,156
Public works	4,221	125,136	400,969	3,897,049
Culture and recreation	18,221	44,347	19,074	384,183
Total expenditures	<u>22,442</u>	<u>181,256</u>	<u>420,043</u>	<u>6,074,425</u>
Excess of revenues over (under) expenditures	(21,708)	(178,768)	(413,734)	(5,909,792)
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	-	-
Bond Premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(21,708)	(178,768)	(413,734)	(5,909,792)
<b>Fund Balances</b>				
Beginning of year	21,708	178,768	448,807	5,944,974
Nonmajor fund to major (See Note 21)	-	-	-	-
Beginning of year, restated	<u>21,708</u>	<u>178,768</u>	<u>448,807</u>	<u>5,944,974</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,073</u>	<u>\$ 35,182</u>

Capital Projects

June 2022 G.O. Bonds (322)	Capital Improvements Fund (426)	June 2023 G.O. Bonds (323)	June 2024 G.O. Bonds (324)	Total
\$ 285,907	\$ -	\$ 281,539	\$ 127,534	\$ 869,144
-	-	-	313,477	332,514
57,818	-	-	-	57,818
266,444	-	142,690	28,943	2,224,006
3,750,286	-	333,576	11,264,837	19,776,074
104,957	-	80,840	-	651,622
<u>4,179,505</u>	<u>-</u>	<u>557,106</u>	<u>11,607,257</u>	<u>23,042,034</u>
(3,893,598)	-	(275,567)	(11,479,723)	(22,172,890)
-	-	-	26,000,000	26,000,000
-	-	-	662,345	662,345
<u>-</u>	<u>-</u>	<u>-</u>	<u>26,662,345</u>	<u>26,662,345</u>
(3,893,598)	-	(275,567)	15,182,622	4,489,455
7,518,342	168,784	6,261,382	-	20,542,765
-	(168,784)	-	-	(168,784)
<u>7,518,342</u>	<u>-</u>	<u>6,261,382</u>	<u>-</u>	<u>20,373,981</u>
<u>\$ 3,624,744</u>	<u>\$ -</u>	<u>\$ 5,985,815</u>	<u>\$ 15,182,622</u>	<u>\$ 24,863,436</u>

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## **STATISTICAL SECTION**

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**City of Waterloo, Iowa  
Statistical Section**

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	160
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.	168
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.	175
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.	178

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



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

	Fiscal Year			
	2015	2016	2017	2018
<b>Governmental activities</b>				
Net investment in capital assets	\$ 307,415,275	\$ 316,701,068	\$ 306,360,558	\$ 313,405,227
Restricted	30,438,501	20,032,995	55,182,022	52,436,491
Unrestricted	<u>(31,681,588)</u>	<u>(23,683,497)</u>	<u>(31,089,693)</u>	<u>(40,527,523)</u>
Total governmental activities net position	<u>\$ 306,172,188</u>	<u>\$ 313,050,566</u>	<u>\$ 330,452,887</u>	<u>\$ 325,314,195</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 78,270,214	\$ 79,522,665	\$ 79,180,253	\$ 82,504,631
Restricted	727,235	672,515	672,515	672,515
Unrestricted	<u>11,638,646</u>	<u>12,025,408</u>	<u>14,478,547</u>	<u>9,375,653</u>
Total business-type activities net position	<u>\$ 90,636,095</u>	<u>\$ 92,220,588</u>	<u>\$ 94,331,315</u>	<u>\$ 92,552,799</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 385,685,489	\$ 396,223,733	\$ 385,540,811	\$ 395,909,858
Restricted	31,165,736	20,705,510	55,854,537	53,109,006
Unrestricted	<u>(20,042,942)</u>	<u>(11,658,089)</u>	<u>(16,611,146)</u>	<u>(31,151,870)</u>
Total primary government net position	<u>\$ 396,808,283</u>	<u>\$ 405,271,154</u>	<u>\$ 424,784,202</u>	<u>\$ 417,866,994</u>

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 320,748,412	\$ 338,162,674	\$ 357,396,168	\$ 349,086,033	\$ 343,619,558	\$ 354,725,444
53,863,633	44,923,907	39,925,625	49,258,884	54,929,606	57,697,443
(43,479,555)	(45,440,432)	(46,515,207)	(38,466,577)	(22,367,747)	(25,446,098)
<u>\$ 331,132,490</u>	<u>\$ 337,646,149</u>	<u>\$ 350,806,586</u>	<u>\$ 359,878,340</u>	<u>\$ 376,181,417</u>	<u>\$ 386,976,789</u>
\$ 81,369,121	\$ 87,857,186	\$ 92,076,757	\$ 91,180,224	\$ 95,173,776	\$ 96,839,702
47,826	19,491	138,467	201,439	220,032	257,514
14,702,034	13,571,612	14,981,482	23,183,595	27,081,382	33,574,852
<u>\$ 96,118,981</u>	<u>\$ 101,448,289</u>	<u>\$ 107,196,706</u>	<u>\$ 114,565,258</u>	<u>\$ 122,475,190</u>	<u>\$ 130,672,068</u>
\$ 402,117,533	\$ 426,019,860	\$ 449,472,925	\$ 440,266,257	\$ 438,793,334	\$ 451,565,146
53,911,459	44,943,398	40,064,092	49,460,323	55,149,638	57,954,957
(28,777,521)	(31,868,820)	(31,533,725)	(15,282,982)	4,713,635	8,128,754
<u>\$ 427,251,471</u>	<u>\$ 439,094,438</u>	<u>\$ 458,003,292</u>	<u>\$ 474,443,598</u>	<u>\$ 498,656,607</u>	<u>\$ 517,648,857</u>

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Expenses</b>				
<b>Governmental activities</b>				
Public Safety	\$ 25,988,767	\$ 34,120,160	\$ 33,735,948	\$ 20,828,929
Public Works	29,570,277	29,670,192	35,579,527	34,150,050
Health and Social Services	325,607	295,088	381,203	369,832
Culture and Recreation	11,676,287	11,950,688	15,012,599	12,667,184
Community and Economic Development	13,190,672	13,753,669	12,860,289	17,417,572
General government	4,869,696	5,247,593	10,421,434	10,174,531
Interest on long-term debt	2,208,744	2,048,517	2,175,284	2,385,499
Total governmental activities expenses	<u>87,830,050</u>	<u>97,085,907</u>	<u>110,166,284</u>	<u>97,993,597</u>
<b>Business-type activities</b>				
Sanitary Sewer	12,518,569	14,018,836	13,635,403	13,107,645
Sanitation	3,612,307	3,921,263	4,050,778	4,166,465
Telecommunications	-	-	-	-
Total business-type activities expenses	<u>16,130,876</u>	<u>17,940,099</u>	<u>17,686,181</u>	<u>17,274,110</u>
Total primary government expenses	<u>\$ 103,960,926</u>	<u>\$ 115,026,006</u>	<u>\$ 127,852,465</u>	<u>\$ 115,267,707</u>
<b>Program Revenues</b>				
<b>Governmental activities</b>				
<b>Charges for services</b>				
Public Safety	\$ 4,018,731	\$ 4,325,957	\$ 4,231,224	\$ 4,410,854
Public Works	2,498,057	1,284,289	2,474,497	3,641,744
Culture and Recreation	3,361,891	3,645,647	3,538,243	3,503,643
Other activities	1,667,019	769,733	1,574,497	1,284,986
Operating grants and contributions	11,335,064	18,581,010	13,138,910	11,617,786
Capital grants and contributions	39,116,737	9,065,137	35,704,168	12,757,084
Total governmental activities program revenues	<u>61,997,499</u>	<u>37,671,773</u>	<u>60,661,539</u>	<u>37,216,097</u>
<b>Business-type activities</b>				
<b>Charges for services</b>				
Sanitation sewer	12,661,602	14,277,752	15,235,503	13,208,176
Sanitation	3,585,270	3,650,271	3,820,281	3,738,070
Telecommunications	-	-	-	-
<b>Operating grants and contributions</b>				
Sanitation sewer	24,236	1,892	206,145	37,055
Sanitation	274,324	273,624	290,513	273,624
<b>Capital grants and contributions</b>				
Sanitation sewer	-	1,271,776	192,977	145,656
Sanitation	-	-	-	-
Total business-type activities program revenues	<u>16,545,432</u>	<u>19,475,315</u>	<u>19,745,419</u>	<u>17,402,581</u>
Total primary government program revenues	<u>\$ 78,542,931</u>	<u>\$ 57,147,088</u>	<u>\$ 80,406,958</u>	<u>\$ 54,618,678</u>

Table 2

		Fiscal Year									
		2019	2020	2021	2022	2023	2024				
\$	33,071,755	\$	38,539,492	\$	39,844,040	\$	35,225,720	\$	37,740,508	\$	41,783,924
	27,415,746		27,453,883		31,393,797		40,090,235		32,206,124		39,158,159
	279,470		265,757		281,594		270,849		319,103		369,871
	12,573,777		11,297,723		11,878,940		12,776,096		13,116,095		16,689,387
	11,593,102		11,778,352		12,518,489		17,995,941		17,480,977		29,748,699
	9,049,085		9,792,001		10,644,609		8,221,016		9,683,416		13,855,322
	2,452,792		2,413,402		2,212,316		2,432,132		3,130,041		3,290,775
	<u>96,435,727</u>		<u>101,540,610</u>		<u>108,773,785</u>		<u>117,011,989</u>		<u>113,676,264</u>		<u>144,896,137</u>
	12,254,389		12,287,197		12,110,438		13,240,601		12,961,526		14,574,137
	4,196,226		4,963,445		5,272,312		5,945,909		5,969,686		5,280,253
	-		-		-		-		-		4,142,281
	<u>16,450,615</u>		<u>17,250,642</u>		<u>17,382,750</u>		<u>19,186,510</u>		<u>18,931,212</u>		<u>23,996,671</u>
\$	<u>112,886,342</u>	\$	<u>118,791,252</u>	\$	<u>126,156,535</u>	\$	<u>136,198,499</u>	\$	<u>132,607,476</u>	\$	<u>168,892,808</u>
\$	4,460,965	\$	7,036,405	\$	6,120,115	\$	8,221,744	\$	10,258,544	\$	9,802,734
	2,451,369		2,337,247		2,448,785		2,804,930		3,291,285		2,958,804
	3,370,198		3,213,303		3,897,666		4,571,018		4,088,721		4,331,739
	1,438,591		1,351,116		2,684,498		2,911,060		2,849,732		5,752,882
	12,380,601		12,158,925		16,409,982		13,687,016		24,727,309		27,895,678
	8,651,622		7,151,415		10,923,191		12,557,843		16,209,450		14,052,797
	<u>32,753,346</u>		<u>33,248,411</u>		<u>42,484,237</u>		<u>44,753,611</u>		<u>61,425,041</u>		<u>64,794,634</u>
	14,802,101		16,657,811		16,797,429		18,163,310		19,759,426		20,061,132
	3,747,590		5,044,236		5,835,299		6,074,694		6,286,915		6,270,013
	-		-		-		-		-		4,144,268
	-		2,005		1,001		-		-		-
	273,624		273,857		273,550		273,624		336,570		336,570
	310,250		356,837		204,889		1,996,216		-		-
	-		-		-		-		-		-
	<u>19,133,565</u>		<u>22,334,746</u>		<u>23,112,168</u>		<u>26,507,844</u>		<u>26,382,911</u>		<u>30,811,983</u>
\$	<u>51,886,911</u>	\$	<u>55,583,157</u>	\$	<u>65,596,405</u>	\$	<u>71,261,455</u>	\$	<u>87,807,952</u>	\$	<u>95,606,617</u>

(Continued)

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (25,832,551)	\$ (59,414,134)	\$ (49,504,745)	\$ (60,777,500)
Business-type activities	414,556	1,535,216	2,059,238	128,471
Total primary government net (expense) revenue	<u>(25,417,995)</u>	<u>(57,878,918)</u>	<u>(47,445,507)</u>	<u>(60,649,029)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes	45,514,979	46,327,997	46,530,686	47,404,667
Other taxes	17,471,721	17,554,079	17,260,380	17,239,619
Investment earnings	180,123	187,046	339,895	842,018
Miscellaneous	1,108,633	2,034,957	2,741,240	4,592,600
Gain on sale of assets	-	188,433	34,865	-
Transfers	(2,035)	-	-	-
Total governmental activities	<u>64,273,421</u>	<u>66,292,512</u>	<u>66,907,066</u>	<u>70,078,904</u>
Business-type activities				
Investment earnings	39,714	49,277	51,489	104,439
Gain (loss) on sale of assets	1,711	-	-	46,298
Transfers	2,035	-	-	-
Total business-type activities	<u>43,460</u>	<u>49,277</u>	<u>51,489</u>	<u>150,737</u>
Total governmental activities	<u>\$ 64,316,881</u>	<u>\$ 66,341,789</u>	<u>\$ 66,958,555</u>	<u>\$ 70,229,641</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 38,440,870	\$ 6,878,378	\$ 17,402,321	\$ 9,301,404
Business-type activities	458,016	1,584,493	2,110,727	279,208
Total primary government	<u>\$ 38,898,886</u>	<u>\$ 8,462,871</u>	<u>\$ 19,513,048</u>	<u>\$ 9,580,612</u>

Table 2 (Continued)

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (63,682,381)	\$ (68,292,199)	\$ (66,289,548)	\$ (72,258,378)	\$ (52,251,223)	\$ (80,101,503)
2,682,950	5,084,104	5,729,418	7,321,334	7,451,699	6,815,312
(60,999,431)	(63,208,095)	(60,560,130)	(64,937,044)	(44,799,524)	(73,286,191)
47,722,089	49,332,480	52,877,346	53,380,778	57,605,557	60,539,096
18,757,207	19,039,780	20,577,471	22,207,901	22,960,875	24,699,536
1,468,222	978,205	124,727	215,140	3,277,970	5,550,448
2,186,481	5,455,393	5,870,441	3,996,316	2,117,224	-
-	-	-	1,529,997	-	107,795
(633,323)	-	-	-	55,000	-
69,500,676	74,805,858	79,449,985	81,330,132	86,016,626	90,896,875
246,059	205,504	10,999	18,508	501,186	1,369,266
3,850	39,700	8,000	28,710	12,047	12,300
633,323	-	-	-	(55,000)	-
883,232	245,204	18,999	47,218	458,233	1,381,566
\$ 70,383,908	\$ 75,051,062	\$ 79,468,984	\$ 81,377,350	\$ 86,474,859	\$ 92,278,441
\$ 5,818,295	\$ 6,513,659	\$ 13,160,437	\$ 9,071,754	\$ 33,765,403	\$ 10,795,372
3,566,182	5,329,308	5,748,417	7,368,552	7,909,932	8,196,878
\$ 9,384,477	\$ 11,842,967	\$ 18,908,854	\$ 16,440,306	\$ 41,675,335	\$ 18,992,250

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

	Fiscal Year			
	2015	2016	2017	2018
<b>General Fund</b>				
Nonspendable	\$ 323,781	\$ 267,413	\$ 197,324	\$ 528,775
Restricted	9,109,347	10,390,434	8,565,653	7,839,825
Committed	-	-	-	33,004
Assigned	4,848,307	5,007,033	5,410,593	5,902,856
Unassigned	10,224,959	9,836,132	9,546,862	9,479,091
Total general fund	<u>24,506,394</u>	<u>25,501,012</u>	<u>23,720,432</u>	<u>23,783,551</u>
<b>All Other Governmental Funds</b>				
Nonspendable	298,880	290,117	261,770	131,211
Restricted	38,887,421	47,673,892	75,498,203	66,401,834
Assigned	2,396,279	2,424,601	2,458,279	2,549,694
Unassigned	<u>(5,711,850)</u>	<u>(4,495,025)</u>	<u>(3,347,626)</u>	<u>(3,091,717)</u>
Total all other governmental funds	<u>\$ 35,870,730</u>	<u>\$ 45,893,585</u>	<u>\$ 74,870,626</u>	<u>\$ 65,991,022</u>

Table 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 392,145	\$ 584,290	\$ 898,156	\$ 1,062,665	\$ 1,203,194	\$ 1,375,048
6,384,873	5,888,663	5,027,951	7,624,578	9,721,618	10,021,560
154,511	229,791	-	-	-	-
5,465,413	5,633,149	7,871,374	5,962,271	6,278,264	3,038,419
10,277,115	11,188,047	12,736,746	12,347,431	18,891,195	27,153,670
<u>22,674,057</u>	<u>23,523,940</u>	<u>26,534,227</u>	<u>26,996,945</u>	<u>36,094,271</u>	<u>41,588,697</u>
219,283	140,959	313,422	544,788	208,430	553,763
73,478,029	66,733,675	60,645,760	62,826,579	66,160,246	73,243,204
2,763,872	2,910,389	2,939,425	2,980,683	-	-
<u>(3,681,465)</u>	<u>(3,674,580)</u>	<u>(6,956,351)</u>	<u>(4,979,536)</u>	<u>(3,833,988)</u>	<u>(10,468,585)</u>
<u>\$ 72,779,719</u>	<u>\$ 66,110,443</u>	<u>\$ 56,942,256</u>	<u>\$ 61,372,514</u>	<u>\$ 62,534,688</u>	<u>\$ 63,328,382</u>



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

	Fiscal Year			
	2015	2016	2017	2018
<b>Revenues</b>				
Property taxes	\$ 45,440,607	\$ 46,259,411	\$ 46,530,686	\$ 47,404,667
Other taxes	17,599,304	17,309,079	17,541,380	17,239,619
Licenses and permits	1,413,739	1,491,131	1,543,716	1,364,662
Use of money and property	1,477,497	1,422,572	1,597,328	2,061,804
Intergovernmental	28,647,425	26,670,622	43,647,665	20,141,757
Charges for services	7,371,370	8,142,707	8,025,850	8,088,333
Interfund charges for service	1,935,000	1,935,000	2,185,000	2,255,000
Special assessments	127,266	138,434	133,943	176,382
Miscellaneous	2,760,949	2,032,729	1,765,900	3,249,040
Total revenues	<u>106,773,157</u>	<u>105,401,685</u>	<u>122,971,468</u>	<u>101,981,264</u>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	30,588,630	31,380,988	30,518,380	30,733,487
Public works	34,515,685	26,664,570	19,526,031	22,895,182
Health and social services	407,060	375,769	379,958	365,193
Culture and recreation	10,633,238	10,837,983	10,616,332	10,580,629
Community and economic development	11,783,311	13,483,447	12,265,460	10,508,576
General government	5,459,817	5,671,640	10,042,300	8,894,390
<b>Debt service</b>				
Principal retirement	9,659,890	11,314,503	9,698,561	11,336,261
Interest	2,023,366	2,169,997	2,268,663	2,514,761
Capital outlay	11,855,746	12,835,209	19,625,850	23,921,255
Total expenditures	<u>116,926,743</u>	<u>114,734,106</u>	<u>114,941,535</u>	<u>121,749,734</u>
Revenues over (under) expenditures	<u>(10,153,586)</u>	<u>(9,332,421)</u>	<u>8,029,933</u>	<u>(19,768,470)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,276,970	14,882,427	11,857,853	13,154,342
Transfers out	(10,276,970)	(14,882,427)	(11,857,853)	(13,154,342)
Insurance proceeds	1,400	766,470	1,624,380	1,112,624
Proceeds from sale of assets	(6,168)	335,618	95,564	206,006
Refunding bonds issued	-	-	-	1,425,000
Payment to refunded bond escrow agent	-	-	(2,040,000)	-
Proceeds from debt issued	8,000,000	19,140,000	19,210,000	8,090,000
Bond discounts and premiums	129,606	107,806	276,585	118,355
Total other financing sources (uses)	<u>8,124,838</u>	<u>20,349,894</u>	<u>19,166,529</u>	<u>10,951,985</u>
Net change in fund balances	<u>\$ (2,028,748)</u>	<u>\$ 11,017,473</u>	<u>\$ 27,196,462</u>	<u>\$ (8,816,485)</u>
Debt service as a percentage of noncapital expenditures	13.2%	13.2%	12.6%	14.2%

Table 4

		Fiscal Year									
		2019	2020	2021	2022	2023	2024				
\$	47,720,396	\$	48,086,079	\$	52,877,346	\$	53,591,030	\$	57,605,557	\$	61,919,614
	18,764,207		18,227,575		20,765,591		24,018,215		21,451,997		22,004,916
	1,454,547		1,466,645		1,392,173		1,345,096		1,501,851		1,779,967
	2,741,558		2,328,470		1,393,667		1,673,357		5,122,820		7,317,750
	24,374,718		19,595,972		25,735,011		26,244,859		33,706,115		38,436,145
	7,923,398		10,018,667		10,073,458		13,279,053		13,508,551		12,961,753
	2,180,000		2,180,000		2,416,493		2,426,381		2,428,522		2,578,982
	201,637		126,258		169,139		248,787		212,538		235,925
	2,776,159		3,689,350		3,940,108		4,314,772		9,495,930		7,965,505
	<u>108,136,620</u>		<u>105,719,016</u>		<u>118,762,986</u>		<u>127,141,550</u>		<u>145,033,881</u>		<u>155,200,557</u>
	32,108,023		34,004,492		35,398,811		37,912,338		38,932,694		41,720,944
	14,212,521		22,136,849		28,042,204		25,770,839		14,012,306		14,938,529
	276,922		270,460		286,771		293,448		344,645		368,377
	10,353,767		9,906,832		10,310,829		11,460,361		13,704,422		12,602,663
	11,442,804		12,583,363		14,554,888		17,600,621		17,159,953		29,629,002
	8,483,284		9,627,947		10,540,061		8,012,627		9,742,086		13,418,029
	10,379,792		14,523,780		9,879,128		11,205,600		12,020,669		14,956,982
	2,502,968		2,661,551		2,633,620		2,808,272		3,078,749		3,357,819
	23,189,451		25,658,879		34,953,743		34,607,629		35,980,534		60,778,191
	<u>112,949,532</u>		<u>131,374,153</u>		<u>146,600,055</u>		<u>149,671,735</u>		<u>144,976,058</u>		<u>191,770,536</u>
	<u>(4,812,912)</u>		<u>(25,655,137)</u>		<u>(27,837,069)</u>		<u>(22,530,185)</u>		<u>57,823</u>		<u>(36,569,979)</u>
	11,910,365		14,897,791		13,925,382		20,459,510		22,900,655		23,211,673
	(11,910,365)		(14,897,791)		(13,925,382)		(20,459,510)		(22,900,655)		(23,211,673)
	-		1,659,358		1,986,893		1,562,760		2,117,224		3,289,039
	171,426		56,088		336,362		1,549,907		236,936		107,795
	-		-		6,472,000		-		-		-
	-		-		(6,472,000)		-		-		-
	10,000,000		17,675,000		18,798,418		24,075,000		6,000,000		38,798,920
	320,689		445,298		557,496		235,494		394,780		662,345
	<u>10,492,115</u>		<u>19,835,744</u>		<u>21,679,169</u>		<u>27,423,161</u>		<u>8,748,940</u>		<u>42,858,099</u>
\$	<u>5,679,203</u>	\$	<u>(5,819,393)</u>	\$	<u>(6,157,900)</u>	\$	<u>4,892,976</u>	\$	<u>8,806,763</u>	\$	<u>6,288,120</u>
	14.4%		16.3%		12.4%		11.8%		13.2%		12.7%

**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
2013	2015	\$ 1,303,730,888	\$ 717,175,119	\$ 112,118,499	\$ 207,637,570
2014	2016	1,347,497,993	662,021,833	105,004,150	214,993,747
2015	2017	1,383,126,415	620,075,361	104,318,361	229,899,157
2016	2018	1,426,734,942	626,685,915	102,735,087	230,753,488
2017	2019	1,400,102,962	614,016,517	101,985,208	263,287,703
2018	2020	1,447,591,365	654,112,386	102,437,652	267,969,299
2019	2021	1,439,257,464	648,885,677	105,155,528	284,405,439
2020	2022	1,483,925,163	627,365,261	106,502,358	317,411,512
2021	2023	1,518,128,590	635,769,782	109,045,925	339,815,284
2022	2024	1,582,505,615	546,210,414	106,909,847	389,062,043

- 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.

Table 5

Other Property	Less: Military Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Assessed Value	Total Taxable Value as a Percentage of Assessed Value
\$ 112,027,732	\$ 6,558,362	\$ 2,446,131,446	17.95159	\$ 3,629,362,635	67.40%
110,527,435	6,267,608	2,433,777,550	17.76370	3,656,417,436	66.56%
151,573,034	6,008,327	2,482,984,001	17.60522	3,770,142,165	65.86%
141,987,418	5,774,986	2,523,121,864	17.60000	3,797,591,542	66.44%
158,466,327	5,436,059	2,532,422,658	17.45595	3,858,553,457	65.63%
153,414,284	4,932,861	2,620,592,125	17.54799	3,945,324,830	66.42%
145,359,250	4,675,374	2,618,387,984	18.44026	4,043,161,870	64.76%
131,834,643	4,790,799	2,662,248,118	18.63188	4,071,605,128	65.39%
131,503,388	4,516,907	2,729,748,062	18.97160	4,311,258,748	63.32%
83,758,760	4,280,925	2,701,165,754	19.73000	4,413,275,637	61.21%

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

Fiscal Year	City of Waterloo			Overlapping Rates Black Hawk County				
	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage	Operating Millage	Debt Service	Total School Millage
2015	3.20239	17.95159	5.52447	0.59472	6.11919	13.28631	2.68895	15.97526
2016	3.25937	17.76370	5.43985	1.30832	6.74817	12.92607	2.69825	15.62432
2017	3.16104	17.60522	5.48507	0.96070	6.44577	12.72660	2.67340	15.40000
2018	3.11073	17.60000	5.60805	0.80702	6.41507	12.33034	2.65121	14.98155
2019	2.98828	17.44560	5.96158	0.73145	6.69303	11.96864	2.60324	14.57188
2020	2.75595	17.54799	5.72918	0.57445	6.30363	11.63832	2.56862	14.20694
2021	2.75591	18.44026	5.94328	0.39297	6.33625	11.63405	2.57289	14.20694
2022	2.85552	18.63188	5.76053	0.41338	6.17391	11.30186	2.54583	13.84769
2023	2.87924	18.97159	5.33137	0.30198	5.63335	10.84156	2.52080	13.36236
2024	2.80330	19.73019	5.30681	0.26676	5.57357	10.82896	2.53136	13.36032

Table 6

Overlapping Rates	Total Direct and Overlapping Rates
Other	
1.35851	41.40455
1.34988	41.48607
1.33315	40.78414
1.33495	40.33157
1.36344	40.08430
1.43491	39.49347
1.47747	40.46092
1.49875	40.15223
1.53178	39.49908
1.52322	40.18730

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

**Table 7**

Employer	2024			2015		
	Assessed Value 1/1/2022	Rank	Percentage of Total Assessed Value	Assessed Value 1/1/2012	Rank	Percentage of Total Assessed Value
MidAmerican Energy	\$ 79,857,759	1	1.81%	\$ -	-	-
Deere and Company	50,389,488	2	1.14%	50,292,036	2	1.39%
IOC Black Hawk County, (GLP Capital)	48,901,171	3	1.11%	61,591,655	1	1.70%
Con Agra	31,446,975	4	0.71%	20,521,559	4	0.57%
Tyson Fresh Meats (formerly IBP, Inc.)	22,447,243	5	0.51%	16,354,501	7	0.45%
Ferguson Enterprises Inc	18,583,878	6	0.42%	19,672,287	5	0.54%
VGM Management Inc	16,542,802	7	0.37%	11,231,043	-	0.31%
FDP WTC LLC	15,246,975	8	0.35%	-	-	-
Bertch Cabinet Manufacturing, Inc.	14,146,220	9	0.32%	16,679,680	6	0.46%
Menards Inc	10,745,473	10	0.24%	-	8	-
Crossroads Realty LLC	-	-	-	33,941,525	3	0.94%
Howard Allen	-	-	-	15,305,640	9	0.42%
Wal-Mart	-	-	-	12,687,735	10	0.35%
<b>Total</b>	<b>\$ 308,307,984</b>		<b>5.18%</b>	<b>\$ 258,277,661</b>		<b>7.12%</b>



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

Assessment Date January 1,	Fiscal Year Ended June 30,	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections
2012	2014	\$ 39,993,210	\$ 39,763,526	99.43%	\$ (72,698) *
2013	2015	39,200,603	38,901,557	99.24%	(362,370) *
2014	2016	38,480,720	38,405,051	99.80%	(176,170) *
2015	2017	38,823,734	38,720,046	99.77%	10,998
2016	2018	39,613,829	39,602,704	99.97%	8,658
2017	2019	38,984,631	38,962,637	99.94%	21,994
2018	2020	40,639,192	40,122,621	98.73%	34,427
2019	2021	42,422,199	42,132,064	99.32%	290,135 ^
2020	2022	43,275,387	43,147,053	99.70%	74,029
2021	2023	44,829,466	44,794,609	99.92%	19,839
2022	2024	45,178,924	45,063,895	99.75%	115,029

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.

Table 8

<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
\$ 39,690,828	99.24%
38,539,187	98.31%
38,228,881	99.35%
33,019,455	99.80%
39,611,362	99.99%
38,984,631	100.00%
40,157,048	98.81%
42,422,199	100.00%
43,221,082	99.87%
44,814,448	99.97%
45,178,924	100.00%

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

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Financed Purchases	Other Debt	General Obligation Bonds	Revenue Bonds
2015	\$ 67,833,111	\$ -	\$ 2,061,307	\$ 25,804,346	\$ 719,286
2016	75,897,719	-	1,934,063	23,198,824	142,604
2017	75,897,719	-	1,934,063	23,198,824	142,604
2018	81,969,301	-	8,019,724	19,136,397	1,534,000
2019	82,879,508	-	6,905,931	16,583,131	2,091,522
2020	87,276,793	-	5,862,641	14,541,676	2,030,495
2021	92,697,175	3,762,929	5,913,513	12,512,539	17,403,732
2022	107,680,250	3,361,714	6,969,126	10,522,288	31,422,503
2023	104,352,451	2,961,127	5,099,161	8,556,320	37,181,227
2024	120,959,144	2,558,402	13,218,824	6,653,050	41,085,465

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.

Table 9

Total Primary Government	Percentage of Personal Income*	Per Capita*
\$ 96,418,050	3.37%	\$ 1,409
101,173,210	3.59%	1,479
101,173,210	3.59%	1,479
110,659,422	3.81%	1,598
108,460,092	3.65%	1,586
109,711,605	3.70%	1,604
132,289,888	4.46%	1,934
159,955,881	4.45%	2,338
158,150,286	4.26%	2,349
184,474,885	4.87%	2,741

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

Table 10

Fiscal Year	General Obligation Bonds	Total Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita*
2015	\$ 89,522,781	\$ 3,747,030,046	2.39%	\$ 1,309
2016	90,366,627	3,738,165,467	2.42%	1,321
2017	91,480,632	3,762,106,346	2.43%	1,337
2018	93,637,457	3,629,362,635	2.58%	1,369
2019	99,096,543	3,656,417,436	2.71%	1,449
2020	99,096,543	3,770,142,165	2.63%	1,449
2021	101,105,698	3,797,591,542	2.66%	1,478
2022	118,202,538	4,071,605,128	2.90%	1,728
2023	112,908,771	4,311,258,748	2.62%	1,677
2024	127,612,194	4,413,275,637	2.89%	1,896

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, 2024**

**Table 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Waterloo direct debt	\$ 136,736,370	100.00%	\$ 136,736,370
Overlapping			
Black Hawk County	11,646,380	41.91%	4,880,998
Hudson Community Schools	9,250,000	5.65%	522,625
Hawkeye Community College	4,380,000	23.42%	1,025,796
Subtotal, overlapping debt	<u>25,276,380</u>		<u>6,429,419</u>
Total direct and overlapping debt	<u>\$ 162,012,750</u>		<u>\$ 143,165,789</u>

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 181,167,349	\$ 182,820,872	\$ 188,507,108	\$ 189,879,577
Total net debt applicable to limit	<u>95,698,764</u>	<u>101,030,606</u>	<u>107,163,819</u>	<u>109,125,422</u>
Legal debt margin	<u>\$ 85,468,585</u>	<u>\$ 81,790,266</u>	<u>\$ 81,343,289</u>	<u>\$ 80,754,155</u>
Total net debt applicable to the limit as a percentage of debt limit	52.82%	49.02%	49.44%	49.44%

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

Table 12

2019	2020	2021	2022	2023	2024
\$ 192,927,673	\$ 197,266,242	\$ 202,158,094	\$ 203,580,256	\$ 215,562,937	\$ 220,663,782
106,368,570	107,681,110	114,886,157	129,102,784	120,981,451	143,389,420
\$ 86,559,103	\$ 89,585,132	\$ 87,271,937	\$ 74,477,472	\$ 94,581,486	\$ 77,274,362
55.13%	55.26%	56.83%	63.42%	56.12%	64.98%

Legal Debt Margin  
Calculation for  
Fiscal Year 2023

Estimated actual valuation (assessed) as of January 1, 2022	\$ 4,413,275,637
Debit limit (5% of total estimated actual valuation)	220,663,782
Debt applicable to debt limit	
General obligation bonds	127,612,194
Financed purchase	13,218,824
General obligation capital loan notes	2,558,402
Total net debt applicable to limit	143,389,420
Legal debt margin	\$ 77,274,362



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

**Table 13**

Fiscal Year	Gross Revenue	Less: Applicable Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
2015	\$ 12,716,670	\$ 9,894,071	\$ 2,822,599	\$ 1,233,703	2.2879
2016	14,261,375	11,319,925	2,941,450	592,413	4.9652
2017	15,229,013	11,307,231	3,921,782	144,200	27.1968
2018	13,362,514	9,263,755	4,098,759	66,469	61.6642
2019	15,003,350	8,433,566	6,569,784	193,738	33.9107
2020	16,835,257	8,462,090	8,373,167	230,600	36.3104
2021	16,811,009	8,563,164	8,247,845	505,522	16.3155
2022	18,201,120	9,325,365	8,875,755	1,534,803	5.7830
2023	20,163,618	8,694,791	11,468,827	3,624,376	3.1644
2024	21,262,984	9,469,852	11,793,132	4,996,469	2.3603

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Gross revenue includes both operating and non-operating revenue. Operating expenses do not include interest, depreciation or amortization of bond issue costs.

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

**Table 14**

Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Median Age <sup>1</sup>	Unemployment Rate <sup>3</sup>	School Enrollment <sup>4</sup>
2014	68,406	\$ 2,857,250,214	\$ 41,769	35.5	6.5%	10,611
2015	68,406	2,817,779,952	41,192	35.8	5.4%	10,445
2016	68,406	2,837,344,068	41,478	36.2	4.8%	10,357
2017	68,406	2,871,842,930	42,186	36.5	4.7%	10,401
2018	68,406	2,967,454,000	43,452	36.6	2.6%	10,297
2019	68,406	3,226,287,180	47,623	37.0	3.7%	10,380
2020	67,314	3,374,759,000	50,126	36.8	6.6%	10,196
2021	67,314	3,596,449,000	53,584	36.4	3.2%	10,609
2022	67,314	3,710,164,000	55,247	36.7	3.9%	10,600
2023	67,314	3,784,367,280	62,779	36.7	4.4%	10,008

**Sources:**

<sup>1</sup> 2010 and 2020 U.S. Census

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

<sup>3</sup> Iowa Workforce Development

<sup>4</sup> Waterloo Community Schools

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

**Table 15**

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Deere & Company	5,800	1	17.96%	5,600	1	16.33%
Unity Point Health (formerly Allen Hospital)	3,379	2	10.46%	1,615	5	4.71%
Tyson Fresh Meats	2,980	3	9.23%	2,500	3	7.29%
Mercy One	2,573	4	7.97%	3,059	2	8.92%
Waterloo Community School District	1,700	5	5.26%	1,610	6	4.69%
Target Regional Distribution	1,700	6	5.26%	860	9	2.51%
University of Northern Iowa	1,650	7	5.11%	1,740	4	5.07%
VGM Group	1,521	8	4.71%	-	-	-
Hy-Vee	1,181	9	3.66%	1,545	7	-
Cedar Falls Community Schools	1,168	10	3.62%	-	-	-
Wal-mart	-	-	-	1,045	8	3.05%
CBE Companies	-	-	-	800	10	2.33%
<b>Total</b>	<b>23,652</b>		<b>73.23%</b>	<b>20,374</b>		<b>54.90%</b>

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

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

Table 16

Fiscal Year			
2021	2022	2023	2024
127.0	126.00	129.00	130.00
106.0	109.00	111.00	115.00
17.0	13.00	13.00	14.00
19.0	19.00	18.00	18.00
15.5	16.75	14.75	15.75
9.0	9.00	9.00	10.00
36.0	36.00	36.00	35.00
6.0	5.80	5.80	6.88
3.0	3.00	3.00	3.00
12.0	9.00	9.00	10.88
21.0	24.14	26.38	27.38
38.0	38.00	40.00	41.00
18.0	22.00	21.00	23.00
1.0	2.80	3.00	3.00
5.0	5.00	5.00	5.00
10.0	10.00	10.00	9.00
6.0	6.00	6.00	6.00
4.0	4.00	4.00	4.00
4.0	4.00	4.00	4.00
38.0	38.00	40.00	41.00
14.0	14.00	14.00	15.00
<u>509.5</u>	<u>514.49</u>	<u>521.93</u>	<u>536.89</u>

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

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

Table 17

Fiscal Year						
2019	2020	2021	2022	2023	2024	
1,527	1,235	1,184	1,249	1,286	1,264	
9,103	8,028	7,298	8,197	7,925	8,458	
4,195	3,681	2,424	2,050	2,505	5,372	
50,986	47,979	37,752	45,195	46,330	53,855	
3,496	2,777	2,351	2,567	3,266	3,763	
5,623	5,233	5,301	5,599	4,812	4,992	
9,180	8,956	9,833	10,651	11,187	10,800	
7,124	7,011	7,062	7,084	7,084	9,665	
\$ 142,264,758	\$ 161,102,459	\$ 140,629,305	\$ 113,662,019	\$ 135,698,902	\$ 133,281,201	
3.30	2.81	2.50	2.34	1.00	3.38	
2.60	3.34	2.10	3.00	3.16	3.00	
4,000	2,500	2,273	1,760	2,654	1,857	
38,485	47,104	30,452	25,452	31,200	31,240	
23,446	15,055	7,859	17,854	16,468	13,891	
20,072	19,006	19,946	24,098	25,975	2,228	
81	70	70	70	74	73	
58	41	31	60	56	61	
85	68	47	42	37	40	
83	52	40	57	74	96	
6,167	5,456	5,751	4,712	7,678	8,142	
104,635	81,507	38,606	86,527	102,570	111,076	
167,900	124,700	40,099	69,000	64,900	70,543	
5,413	4,238	4,374	4,458	5,157	3,529	
1,384	954	1,112	988	359	426	
9,980	15,734	24,113	19,517	16,597	13,105	
52,076	56,192	74,449	71,418	77,470	84,059	
295,877	241,029	146,010	260,517	286,608	254,614	
181,867	92,342	37,579	85,906	129,327	136,785	
191,675	120,000	48,500	123,054	189,494	263,833	
1,757	1,100	633	1,128	1,289	1,176	

(Continued)



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

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

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

\*\* Consolidated Urban Revitalization Area.

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

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

Table 17 (Continued)

Fiscal Year					
2019	2020	2021	2022	2023	2024
59	47	73	59	72	69
28	22	13	7	12	11
\$ 3,037,684	\$ 5,367,551	\$ 8,610,759	\$ 5,086,119	\$ 5,662,739	\$ 3,009,953
39	46	45	52	36	26
\$ 11,533,082	\$ 13,682,420	\$ 14,222,172	\$ 12,373,899	\$ 8,955,734	\$ 6,400,000
-	-	3	6	3	3
33	31	35	31	21	17
25	30	39	51	32	46
2	-	-	2	4	4
1,020	1,061	1,042	1,020	1,020	976
50	50	49	48	49	48
23	20	21	18	15	16
26,340	26,438	26,501	27,369	27,531	26,961

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

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

\* Added boats

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

Table 18

Fiscal Year			
2021	2022	2023	2024
1	1	1	1
7	7	7	7
31 **	31	33	34
363	364	364	365
73	73	73	73
2,503	2,503	2,649	2,649
206	206	205	206
8,400	8,400	8,400	8,400
6,002	6,002	6,002	6,002
CLOSED	CLOSED	CLOSED	CLOSED
3	3	3	3
48	48	48	48
3	3	3	3
2	2	2	1
20	20	20	20
6	6	6	6
1	1	1	1
2	2	2	2
27	27	27	23
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
7,122	7,366	7,750	8,249
112,620	112,794	113,349	118,332
378	379	380	381

**City of Waterloo, Iowa**

**Schedule of Expenditures of Federal Awards  
and Reports on Compliance with  
*Government Auditing Standards* and Uniform Guidance**

**June 30, 2024**

**City of Waterloo  
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**City of Waterloo**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Grant Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Amount Provided to Subrecipients	Expenditures
<b>U.S Department of Commerce</b>				
Direct				
Economic Development Cluster				
COVID-19 - Economic Adjustment Assistance	N/A	11.307	-	\$ 862,430
<b>U.S Department of Housing and Urban Development</b>				
Direct				
Community Development Block Grant	N/A	14.218	\$ 53,465	1,026,357
COVID-19 - Community Development Block Grant	N/A	14.218	80,377	136,727
Total			<u>133,842</u>	<u>1,163,084</u>
Passed through Iowa Economic Development Authority				
Healthy Homes Production	N/A	14.228	-	3,233
HOME Investment Partnerships Program	N/A	14.239	242,059	657,856
Public and Indian Housing	N/A	14.850	-	91,784
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	N/A	14.871	-	6,787,167
COVID-19 Emergency Housing Vouchers	N/A	14.871	-	105,386
Total Housing Voucher Cluster			<u>-</u>	<u>6,892,553</u>
Lead Hazard Reduction Grant Program	N/A	14.905	41,185	719,396
Public Housing Capital Fund	None	14.872	-	38,036
Total U.S. Department of Housing and Urban Development			<u>417,086</u>	<u>9,565,942</u>
<b>U.S. Department of Interior</b>				
Direct				
Historic Preservation Fund Grant In-Aid	N/A	15.904	-	15,500
<b>U.S. Department of Justice</b>				
Direct				
Bulletproof Vest Partnership Program	N/A	16.607	-	7,620
Edward Byrne Memorial Justice Assistance Grant Program	N/A	16.738	-	86,355
			<u>-</u>	<u>93,975</u>
Indirect				
Passed through Iowa Crime Victims Assistance Division				
Federal Violence Against Woman Act Contract	None	16.588	-	36,113
Passed through Governor's Office of Drug Control Policy				
Public Safety Partnership and Community Policing Grants	None	16.710	7,567	25,511
Edward Byrne Memorial Justice Grant Program	None	16.738	111,698	176,368
Coverdell Forensic Science Improvement Grant Program	None	16.742	-	29,835
Total passed through Governor's Office of Drug Control Policy			<u>119,265</u>	<u>231,714</u>
Total U.S. Department of Justice			<u>119,265</u>	<u>361,802</u>

See notes to schedule of federal expenditures of federal awards.

**City of Waterloo**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Grant Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Amount Provided to Subrecipients	Expenditures
<b>U.S. Department of Treasury</b>				
Direct				
COVID-19 - Coronavirus Relief Fund	None	21.019	-	1,154
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	None	21.027	-	4,457,660
Total U.S. Department of Treasury			-	4,458,814
<b>U.S. Equal Employment Opportunity Commission</b>				
Direct				
Employment Discrimination Title VII of the Civil Rights Act of 1964	N/A	30.001	-	46,852
<b>U.S. Department of Transportation</b>				
Direct				
Airport Improvement Program	N/A	20.106	-	2,076,578
Indirect				
Highway Planning and Construction Cluster				
Passed through Iowa Department of Transportation				
Highway Planning and Construction	N/A	20.205	-	1,875,944
Highway Safety Cluster				
Passed through Iowa Department of Public Safety Governor's				
Traffic Safety Bureau				
National Priority Safety Programs	N/A	20.616	-	88,458
Total U.S. Department of Transportation			-	4,040,980
<b>National Endowment for the Humanities</b>				
Indirect				
Pass through Iowa Arts Council/Iowa Department of Cultural Affairs				
Promotion of the Humanities Federal/State Partnership	None	45.129	-	19,507
<b>U.S. Environmental Protection Agency</b>				
Direct				
Brownfields Assessment and Cleanup Grant Program	N/A	66.818	-	46,664
<b>U.S. Department of Homeland Security</b>				
Direct				
Staffing for Adequate Fire & Emergency Response (SAFER)	N/A	97.083	-	165,492
Total Federal Expenditures			\$ 536,351	\$ 19,583,983

See notes to schedule of federal expenditures of federal awards.



**City of Waterloo**  
**Notes to the Schedule of Expenditures of Federal Awards**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the City.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - PASS-THROUGH GRANT NUMBERS**

All pass-through entities listed above use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

**NOTE 4 - INDIRECT COST RATE**

The City did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.



**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
*Government Auditing Standards***

**Independent Auditor's Report**

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waterloo, Iowa as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 14, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2024-001 to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024, are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota  
January 14, 2025



**Report on Compliance for each Major Federal Program  
and Report on Internal Control over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

**Report on Internal Control over Compliance (Continued)**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated January 14, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

*BerganKDV, Ltd.*

St. Cloud, Minnesota  
January 14, 2025

**City of Waterloo**  
**Schedule of Findings and Questioned Costs**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:  
 ◆ Material weakness(es) identified? Yes, Audit Finding 2024-001  
 ◆ Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:  
 ◆ Material weakness(es) identified? No  
 ◆ Significant deficiency(ies) identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

**Identification of Major Programs**

Assistance Listing No.: 14.218  
 Name of Federal Program or Cluster: Community Development Block Grant

Assistance Listing No.: 21.027  
 Name of Federal Program or Cluster: COVID-19 American Rescue Plan

Assistance Listing No.: 20.106  
 Name of Federal Program or Cluster: Airport Improvement Program

Assistance Listing No.: 20.205  
 Name of Federal Program or Cluster: Highway Planning and Construction

Assistance Listing No.: 11.307  
 Name of Federal Program or Cluster: COVID-19 - Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? No

**City of Waterloo**  
**Schedule of Findings and Questioned Costs**

**SECTION II - BASIC FINANCIAL STATEMENT FINDINGS**

**Instances of Noncompliance**

There were no reported instances of noncompliance.

**Current Internal Control Deficiency**

**2024-001 Material Audit Adjustments**

*Criteria:*

Internal control that supports the City's ability to initiate, record, process and report financial data requires controls to ensure all required adjustments to the financial statements are properly recorded.

*Condition:*

During the course of our audit , we proposed material audit adjustments that would not have been identified as a result of the City's internal controls, and therefore, could have resulted in a material misstatement of the City's financial statements. In order to ensure financial statements were free from material misstatement, audit adjustments were required to adjust receivables, deferred inflows of resources, debt and capital assets.

*Context:*

This finding impacts the internal control over financial reporting.

*Effect or Potential Effect:*

Internal controls that fail to identify necessary adjustments could result in material misstatements to the financial statements.

*Cause:*

There are a limited number of office employees to identify all necessary adjustments.

*Recommendation:*

Review City activity and ensure all necessary adjustments to financial data are recorded.

*Views of Responsible Officials:*

The City will thoroughly review activity throughout the year and ensure all necessary adjustments to financial data are recorded.



**City of Waterloo**  
**Schedule of Findings and Questioned Costs**

**SECTION III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

**Instances of Noncompliance**

There were no matters reported.

**Internal Control Deficiencies**

There were no matters reported.

**SECTION IV: FINDINGS RELATED TO STATUTORY REPORTING:**

- 24-IV-A** Certified Budget - Disbursements for the year ended June 30, 2024, did not exceed budgeted amounts.
- 24-IV-B** Questionable Disbursements - We noted no material expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 24-IV-C** Travel Expense - No disbursements of the City of Waterloo's money for travel expenses of spouses of City officials or employees were noted.
- 24-IV-D** Business Transactions - There were no business transactions between the City and City officials or employees that exceeded \$6,000.
- 24-IV-E** Restricted Donor Activity - No transactions were noted between the City, City officials or City employees and restricted donors in compliance with Chapter 68B of the *Code of Iowa* (Government Ethics and Lobbying Act).
- 24-IV-F** Bond Coverage - Surety bond coverage of the City of Waterloo officials and employees is in accordance with statutory provisions and was reviewed and updated during the year. We recommend that the amount of coverage continue to be reviewed annually to ensure that the coverage is adequate for current operations.
- 24-IV-G** Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 24-IV-H** Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the *Code of Iowa* and the City's investment policy.
- 24-IV-I** Revenue Bonds - The City has complied with the provisions of the revenue bond indentures and with the provisions of the tax increment revenue bond issues.
- 24-IV-J** Tax Increment Financing - The Special Revenue, Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the City of Waterloo properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.
- 24-IV-K** Annual Urban Renewal Report - The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 6 as required by Chapter 384.22(2)(a) of the Code of Iowa and no exceptions were noted.

**City of Waterloo**  
**Schedule of Findings and Questioned Costs**

**SECTION IV: FINDINGS RELATED TO STATUTORY REPORTING (CONTINUED):**

**24-IV-L** Financial Condition - The funds listed below had deficit balances as of June 30, 2024, as noted:

Capital Projects	
Capital Improvements	\$ 6,274,722
Special Revenue	
Grant Funded Projects	4,048,036
Community Development Block Grant	145,827

*Auditor's Recommendation*

The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

*City's Response*

The Grants, Special Revenue Fund reported a deficit fund balance due to timing delays in receiving grant reimbursements. Most grants that the City receives require the City request and receive reimbursement from the granting agencies only after the City has expended the funds. This creates a temporary deficit in the funds. Because the City's books are maintained on an accrual basis, expenses are recorded for invoices that may not be paid until after year-end. The City cannot request reimbursements until after the invoices are paid, creating temporary timing deficits.

*Auditor's Conclusion*

Response accepted.

**SECTION V: PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None

## **APPENDIX B**

### **DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

1. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

2. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

3. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

4. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the bond registrar and request that copies of notices be provided directly to them.

5. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**APPENDIX C**

**DRAFT FORMS OF BOND COUNSEL OPINION**

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Waterloo, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Bonds, Series 2025C, by said City, dated \_\_\_\_\_, 2025, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel to the Issuer.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

DRAFT

City of Waterloo, State of Iowa

\$ \_\_\_\_\_ General Obligation Bonds, Series 2025C

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We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Waterloo, State of Iowa (the "Issuer"), relating to the issuance of Taxable General Obligation Bonds, Series 2025D, by said City, dated \_\_\_\_\_, 2025, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel to the Issuer.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. The interest on the Bonds is not excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").  
**THE HOLDERS OF THE BONDS SHOULD TREAT THE INTEREST THEREON AS SUBJECT TO FEDERAL INCOME TAXATION.**

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.



DRAFT

City of Waterloo, State of Iowa

\$ \_\_\_\_\_ Taxable General Obligation Bonds, Series 2025D

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This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

**APPENDIX D**  
**DRAFT CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Waterloo, State of Iowa (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ General Obligation Bonds, Series 2025C and \$ \_\_\_\_\_ Taxable General Obligation Bonds, Series 2025D (collectively, the "Bonds") dated \_\_\_\_\_, 2025. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2025 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" ([emma.msrb.org](http://emma.msrb.org)).

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_, 2025.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

### Section 3. Provision of Annual Financial Information.

a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with information for the 2024/2025 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

c) The Dissemination Agent shall:

i. each year file Annual Financial Information with the National Repository; and

ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions:

- i. Local Option Tax Receipts;
- ii. Retail Taxable Sales;
- iii. Debt Information: Debt Limitation, Summary of Outstanding General Obligation Bonded Debt, General Obligation Debt, Summary of City's General Obligation Bonded Debt Service, Statement of Bonded Indebtedness;
- iv. Property Assessment and Tax Information (formerly identified as "Property Tax Information"): Actual (100%) Valuations for the City, Taxable (Rollback) Valuations for the City, Tax Extensions and Collections, Principal Taxpayers, Property Tax Rates; and
- v. Financial Information: Statement of Net Position, Statement of Activities, Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
- vii. Modifications to rights of Holders of the Bonds, if material;
- viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Bonds;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes on the Bonds;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other

similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

xvi. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful



misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: \_\_\_\_\_ day of \_\_\_\_\_, 2025.

CITY OF WATERLOO, STATE OF IOWA

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Waterloo, Iowa.

Name of Bond Issue: \$ \_\_\_\_\_ General Obligation Bonds, Series 2025C  
\$ \_\_\_\_\_ Taxable General Obligation Bonds, Series 2025D

Dated Date of Issue: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CITY OF WATERLOO, STATE OF IOWA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**OFFICIAL BID FORM – SERIES 2025C BONDS**

City of Waterloo  
715 Mulberry Street  
Waterloo, IA 50703

April 23, 2025  
Speer Financial, Inc.  
Facsimile: (319) 291-8628

City Council:

For the \$5,315,000 General Obligation Bonds, Series 2025C (the “Series 2025C Bonds”), of the City of Waterloo, Black Hawk County, Iowa (the “City”), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$ \_\_\_\_\_ (no less than \$5,272,480). The Series 2025C Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Bonds of each designated maturity.

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$245,000 .....2026 _____%	\$425,000 .....2030 _____%	\$495,000 .....2034 _____%
380,000 .....2027 _____%	440,000 .....2031 _____%	515,000 .....2035 _____%
390,000 .....2028 _____%	460,000 .....2032 _____%	535,000 .....2036 _____%
410,000 .....2029 _____%	475,000 .....2033 _____%	545,000 .....2037 _____%

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

*Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_*  
*Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_*

\*Subject to principal adjustment in accordance with the Official Terms of Offering.

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Series 2025C Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Series 2025C Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa. The City will pay for the legal opinion. **The Purchaser agrees to** pay the fee charged by the CUSIP Service Bureau and will accept the Series 2025C Bonds with the CUSIP numbers as entered on the Series 2025C Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the “Deposit”) **WITHIN TWO HOURS** after the bid opening time to the City’s good faith bank and under the terms provided in the Official Terms of Offering for the Series 2025C Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the City in the amount of the Deposit under the terms provided in the Official Terms of Offering for the Series 2025C Bonds.

Attached hereto is a list of members of our account on whose behalf this bid is made.

**Form of Deposit (Check One)**

Prior to Bid Opening:  
 Certified/Cashier’s Check   
 Wire Transfer   
Within TWO Hours of Bid Opening:  
 Wire Transfer

Amount: \$106,300

**Account Manager Information**

Underwriter/Bank \_\_\_\_\_  
 Address \_\_\_\_\_  
 Authorized Rep \_\_\_\_\_  
 City \_\_\_\_\_ State/Zip \_\_\_\_\_  
 Direct Phone (\_\_\_\_\_) \_\_\_\_\_  
 FAX Number (\_\_\_\_\_) \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

<p><b>We have purchased insurance from:</b></p> <p><b><u>Name of Insurer</u></b> <i>(Please fill in)</i></p> <p>_____</p> <p><b>Premium:</b> _____</p> <p><b>Maturities: (Check One)</b></p> <p><input type="checkbox"/> _____ Years</p> <p><input type="checkbox"/> All</p>
--

The foregoing bid was accepted and the Series 2025C Bonds sold by resolution of the City on April 23, 2025, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

CITY OF WATERLOO  
BLACK HAWK COUNTY, IOWA

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

-----NOT PART OF THE BID-----  
(Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	37,792.40
AVERAGE LIFE	7.111 Years

## OFFICIAL TERMS OF OFFERING

**\$5,315,000\***

### **CITY OF WATERLOO BLACK HAWK COUNTY, IOWA**

#### **General Obligation Bonds, Series 2025C**

The City of Waterloo, Black Hawk County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$5,315,000 General Obligation Bonds, Series 2025C (the “Series 2025C Bonds”), on an all or none basis between 10:00 A.M. and 10:30 A.M., C.D.T., Wednesday, April 23, 2025. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City’s sale (as described below). The City will also receive sealed bids for the Series 2025C Bonds, on an all or none basis, at the 715 Mulberry Street, Waterloo, Iowa, before 10:30 A.M., C.D.T., Wednesday, April 23, 2025. The City will also receive facsimile bids at (319) 291-8628 or (319) 291-4571 for the Series 2025C Bonds, on an all or none basis, before 10:30 A.M., C.D.T., Wednesday, April 23, 2025. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to reject all bids, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Series 2025C Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Series 2025C Bonds will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable, real property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

*\*ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Series 2025C Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$5,315,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.*

*The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Series 2025C Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2025C Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.*

#### **Establishment of Issue Price**

- (a) The winning bidder shall assist the City in establishing the issue price of the Series 2025C Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Series 2025C Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Official Terms of Offering, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Ahlers & Cooney, P.C. (“Bond Counsel”). All actions to be taken by the City under this Official Terms of Offering to establish the issue price of the Series 2025C Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., Chicago, Illinois (“Speer”).

- (b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2025C Bonds) will apply to the initial sale of the Series 2025C Bonds (the “competitive sale requirements”) because:
- (i) the City shall disseminate this Official Terms of Offering to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
  - (ii) all bidders shall have an equal opportunity to bid;
  - (iii) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  - (iv) the City anticipates awarding the sale of the Series 2025C Bonds to the bidder who submits a firm offer to purchase the Series 2025C Bonds at the lowest true interest cost, as set forth in this Official Terms of Offering.

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Series 2025C Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Series 2025C Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Series 2025C Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Series 2025C Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Series 2025C Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Series 2025C Bonds are awarded.

- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Series 2025C Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Series 2025C Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2025C Bonds satisfies the 10% test as of the date and time of the award of the Series 2025C Bonds.

Until the 10% test has been satisfied as to each maturity of the Series 2025C Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Series 2025C Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Series 2025C Bonds of that maturity or until all Series 2025C Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Series 2025C Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Series 2025C Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Series 2025C Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Series 2025C Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Series 2025C Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2025C Bonds satisfies the 10% test as of the date and time of the award of the Series 2025C Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Series 2025C Bonds, which maturities of the Series 2025C Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Series 2025C Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Series 2025C Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Series 2025C Bonds, that the Underwriters will neither offer nor sell unsold Series 2025C Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2025C Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2025C Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2025C Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Series 2025C Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2025C Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Series 2025C Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Series 2025C Bonds of that maturity or all Series 2025C Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Series 2025C Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Series 2025C Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2025C Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Series 2025C Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Series 2025C Bonds of that maturity or all Series 2025C Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Series 2025C Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Series 2025C Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:
- (i) “Public” means any person other than an Underwriter or a Related Party,
  - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025C Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025C Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025C Bonds to the Public),
  - (iii) a purchaser of any of the Series 2025C Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
  - (iv) “Sale Date” means the date that the Series 2025C Bonds are awarded by the City to the winning bidder.

**Bond Details**

The Series 2025C Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2025C Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Series 2025C Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2025 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Series 2025C Bonds are dated the date of delivery (expected to be on or about May 20, 2025).

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$245,000 .....	2026	\$425,000 .....	2030	\$495,000 .....	2034
380,000 .....	2027	440,000 .....	2031	515,000 .....	2035
390,000 .....	2028	460,000 .....	2032	535,000 .....	2036
410,000 .....	2029	475,000 .....	2033	545,000 .....	2037

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Series 2025C Bonds due June 1, 2026 - 2032, inclusive, are non-callable. The Series 2025C Bonds due June 1, 2033 - 2037, inclusive, are callable in whole or in part and on any date on or after June 1, 2032, at a price of par and accrued interest. If less than all the Series 2025C Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

**Method of Bidding Electronically**

Notwithstanding the fact that the City permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the City.

If bidding electronically, all-or-none bids must be submitted via the internet address [www.SpeerAuction.com](http://www.SpeerAuction.com). The use of SpeerAuction shall be at the bidder’s risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids.

To bid via the SpeerAuction webpage, bidders must first visit the SpeerAuction webpage where, if they have not previously registered with either SpeerAuction, Grant Street Group (the “Auction Administrator”) or any other website administered by the Auction Administrator, they may register and then request admission to bid on the Series 2025C Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The “Rules” of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the City’s Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder’s bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.



Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The City is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the City. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

**Electronic Facsimile Bidding:** Bids may be submitted via facsimile at (319) 291-8628 or (319) 291-4571. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

### **Bidding Parameters and Award of the Series 2025C Bonds**

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Series 2025C Bonds and must be for not less than \$5,272,480.

**Award of the Series 2025C Bonds:** The Series 2025C Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2025C Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2025C Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Series 2025C Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

**The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Series 2025C Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.**

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Series 2025C Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Series 2025C Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

The winning bidder is required to a wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Series 2025C Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Series 2025C Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago  
Corporate Trust  
30 North LaSalle Street  
38<sup>th</sup> Floor  
Chicago, IL 60602  
ABA # 071003405  
Credit To: 3281 Speer Bidding Escrow  
RE: City of Waterloo, Black Hawk County, Iowa bid for  
\$5,315,000 General Obligation Bonds, Series 2025C

If the wire shall arrive in such account prior to the date and time of the sale of the Series 2025C Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to [biddingscrow@aboc.com](mailto:biddingscrow@aboc.com) with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such prospective purchaser is not awarded the Series 2025C Bonds. The City and any prospective purchaser who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful prospective purchaser; (ii) if the bid is accepted, the Deposit shall be forwarded to the City, (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the prospective purchaser; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The City covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Series 2025C Bonds on or before the date of delivery of the Series 2025C Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Series 2025C Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Series 2025C Bonds.

The Series 2025C Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about May 20, 2025. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Series 2025C Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Series 2025C Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Series 2025C Bonds, as that term is defined in the Rule. By awarding the Series 2025C Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Series 2025C Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Series 2025C Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Series 2025C Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Series 2025C Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Series 2025C Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Series 2025C Bonds to the purchaser in New York, New York (or arrange for “FAST” delivery) through the facilities of DTC and will pay for the bond attorney’s opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Series 2025C Bonds: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Series 2025C Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Series 2025C Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Series 2025C Bonds; and (3) a no litigation certificate by the City.

Purchaser consents to the receipt of electronic transcripts and acknowledges the City’s intended use of electronically executed documents. Iowa Code Chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Series 2025C Bonds. Copies of such Official Statement or additional information may be obtained from Kelley Felchle, City Clerk, City of Waterloo, 715 Mulberry Street, Waterloo, Iowa 50703 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) website under “Official Statement Sales/Competitive Calendar” or from the Registered Municipal Advisor to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077), and 230 West Monroe Street, Suite 2630, Chicago, Illinois 60606 (telephone (312) 346-3700).

/s/ **KELLEY FELCHLE**  
*City Clerk*  
CITY OF WATERLOO  
Black Hawk County, Iowa

**EXHIBIT A**  
**EXAMPLE ISSUE PRICE CERTIFICATE**

USE FOR COMPETITIVE SALES – 3 BIDS RECEIVED

EXHIBIT A

\$ \_\_\_\_\_ **General Obligation Bonds, Series 2025C of Waterloo, Iowa**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“Purchaser”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

(b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 23, 2025.

(d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its agents with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*



USE FOR GENERAL RULE 10%- PUBLIC SALE

EXHIBIT A

\$ \_\_\_\_\_ **General Obligation Bonds, Series 2025C of Waterloo, Iowa**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“Purchaser”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) *Issuer* means the City of Waterloo, Iowa, a municipal corporation in the State of Iowa.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its agents with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., as Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Signature Page Follows]

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

**SCHEDULE A**

**SALE PRICES**

*(Attached)*

[USE IF SOME MATURITIES SUBJECT TO HOLD THE PRICE, OTHERS 10% RULE]

EXHIBIT A

\$ \_\_\_\_\_ **General Obligation Bonds, Series 2025C of Waterloo, Iowa**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“Purchaser”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (March 30, 2025), or (ii) the date on which Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the City of Waterloo, Iowa, a municipal corporation in the State of Iowa.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 23, 2025.

(h) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its agents with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

*(Attached)*

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**

**OFFICIAL BID FORM – SERIES 2025D BONDS**

City of Waterloo  
715 Mulberry Street  
Waterloo, IA 50703

April 23, 2025  
*Speer Financial, Inc.*  
Facsimile: (319) 291-8628

City Council:

For the \$685,000 Taxable General Obligation Urban Renewal Bonds, Series 2025D (the “Series 2025D Bonds”), of the City of Waterloo, Black Hawk County, Iowa (the “City”), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$ \_\_\_\_\_ (no less than \$679,520). The Series 2025D Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Series 2025D Bonds of each designated maturity.

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$100,000 .....2026	_____ %	\$110,000 .....2028	_____ %	\$125,000 .....2030	_____ %
105,000 .....2027	_____ %	115,000 .....2029	_____ %	130,000 .....2031	_____ %

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

*Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_*  
*Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_*

*\*Subject to principal adjustment in accordance with the Official Terms of Offering.*

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Series 2025D Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Series 2025D Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Ahlers & Cooney, P.C. Des Moines, Iowa. The City will pay for the legal opinion. **The Purchaser agrees to apply for CUSIP numbers and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Series 2025D Bonds.**

No good faith deposit is required.

**Account Manager Information**

Underwriter/Bank \_\_\_\_\_  
 Address \_\_\_\_\_  
 Authorized Rep \_\_\_\_\_  
 City \_\_\_\_\_ State/Zip \_\_\_\_\_  
 Direct Phone ( ) \_\_\_\_\_  
 FAX Number ( ) \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

<p><b>We have purchased insurance from:</b></p> <p><b><u>Name of Insurer</u></b> <i>(Please fill in)</i></p> <p>_____</p> <p><b>Premium:</b> _____</p> <p><b>Maturities: (Check One)</b></p> <p><input type="checkbox"/> _____ Years</p> <p><input type="checkbox"/> All</p>
--

The foregoing bid was accepted and the Series 2025D Bonds sold by resolution of the City on April 23, 2025.

ATTEST:

CITY OF WATERLOO  
BLACK HAWK COUNTY, IOWA

\_\_\_\_\_  
*City Clerk*

\_\_\_\_\_  
*Mayor*

-----NOT PART OF THE BID-----  
*(Calculation of true interest cost)*

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	2,525.93
AVERAGE LIFE	3.687 Years



## OFFICIAL TERMS OF OFFERING

**\$685,000\***  
**CITY OF WATERLOO**  
**BLACK HAWK COUNTY, IOWA**

### **Taxable General Obligation Urban Renewal Bonds, Series 2025D**

The City of Waterloo, Black Hawk County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$685,000 Taxable General Obligation Urban Renewal Bonds, Series 2025D (the “Series 2025D Bonds”), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.D.T., Wednesday, April 23, 2025. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City’s sale (as described below). The City will also receive sealed bids for the Series 2025D Bonds, on an all or none basis, at City Hall 715 Mulberry Street, Waterloo, Iowa, before 11:00 A.M., C.D.T., Wednesday, April 23, 2025. The City will also receive facsimile bids at (319) 291-8628 or (319) 291-4571 for the Series 2025D Bonds, on an all or none basis, before 11:00 A.M., C.D.T., Wednesday, April 23, 2025. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to reject all bids, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Series 2025D Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Series 2025D Bonds will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable, real property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

*\*ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Series 2025D Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$685,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.*

*The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Series 2025D Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2025D Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.*

### **Series 2025D Bond Details**

The Series 2025D Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2025D Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Series 2025D Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2025 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Series 2025D Bonds are dated the date of delivery (expected to be on or about May 20, 2025).

### AMOUNTS\* AND MATURITIES – JUNE 1

\$100,000 .....	2026	\$110,000 .....	2028	\$125,000 .....	2030
105,000 .....	2027	115,000 .....	2029	130,000 .....	2031

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Series 2025D Bonds due June 1, 2026 - 2030, inclusive, are non-callable. The Series 2025D Bonds due June 1, 2031, inclusive, are callable in whole or in part and on any date on or after June 1, 2030, at a price of par and accrued interest. If less than all the Series 2025D Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

#### **Method of Bidding Electronically**

Notwithstanding the fact that the City permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the City.

If bidding electronically, all-or-none bids must be submitted via the internet address [www.SpeerAuction.com](http://www.SpeerAuction.com). The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids.

To bid via the SpeerAuction webpage, bidders must first visit the SpeerAuction webpage where, if they have not previously registered with either SpeerAuction, Grant Street Group (the "Auction Administrator") or any other website administered by the Auction Administrator, they may register and then request admission to bid on the Series 2025D Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The "Rules" of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the City's Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The City is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the City. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628 or (319) 291-4571. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

## **Bidding Parameters and Award of the Series 2025D Bonds**

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Series 2025D Bonds and must be for not less than \$679,520.

Award of the Series 2025D Bonds: The Series 2025D Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2025D Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2025D Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Series 2025D Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

**The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Series 2025D Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.**

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Series 2025D Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Series 2025D Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

## **No Good Faith Deposit and Other Matters**

No good faith deposit is required to bid on the Series 2025D Bonds.

The City covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Series 2025D Bonds on or before the date of delivery of the Series 2025D Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Series 2025D Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Series 2025D Bonds.

The Series 2025D Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about May 20, 2025. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Series 2025D Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Series 2025D Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Series 2025D Bonds, as that term is defined in the Rule. By awarding the Series 2025D Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Series 2025D Bonds are awarded, up to 50 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Series 2025D Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Series 2025D Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Series 2025D Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Series 2025D Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Series 2025D Bonds to the purchaser in New York, New York (or arrange for "FAST" delivery) through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Series 2025D Bonds: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Series 2025D Bonds are lawful and enforceable obligations of the City in accordance with their terms and (2) a no litigation certificate by the City.

Purchaser consents to the receipt of electronic transcripts and acknowledges the City's intended use of electronically executed documents. Iowa Code Chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Series 2025D Bonds. Copies of such Official Statement or additional information may be obtained from Kelley Felchle, City Clerk, City of Waterloo, 715 Mulberry Street, Waterloo, Iowa 50703 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) website under "Official Statement Sales/Competitive Calendar" or from the Registered Municipal Advisor to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077), and 230 West Monroe Street, Suite 2630, Chicago, Illinois 60606 (telephone (312) 346-3700).

/s/ **KELLEY FELCHLE**  
City Clerk  
CITY OF WATERLOO  
Black Hawk County, Iowa