

Financial Statements

April 30, 2017



CITY OF WATERLOO, ILLINOIS
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

INDEPENDENT AUDITOR'S REPORT

November 10, 2017

To the City Council
City of Waterloo, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waterloo, Illinois (the City) as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waterloo, Illinois as of April 30, 2017, and the respective changes in financial position and,



where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension schedules, and budgetary comparison on pages 3 - 19, A1 - A6 and A7 - A17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, schedules of expenditures, schedule of investments, schedule of assessed valuation and additional information regarding customers and insurance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules of expenditures and schedule of investments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures, and schedule of investments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of assessed valuation and additional information regarding customers and insurance have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

John H. B. Jr.

Columbia, Illinois

FINANCIAL SECTION

CITY OF WATERLOO

Management's Discussion and Analysis April 30, 2017

The City of Waterloo's (the City) Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current fiscal year's activities, resulting changes and currently known facts, please read it in conjunction with the City's basic financial statements (beginning on page 20).

Financial Highlights

- The net assets of the City of Waterloo exceeded its liabilities at April 30, 2017 by \$74,358,313. Net assets invested in capital assets (net of depreciation and related debt) account for 68% of this amount, with a value of \$50,782,369. Other restricted assets account for 2% or \$1,561,489. The remaining assets may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's net position increased by \$1,935,909. Governmental activities resulted in a decrease in net position of \$471,527 with expenditures in excess of receipts. Net position from business-type activities increased \$2,407,436 as a result of operating revenue in excess of expenditures, a transfer of funds, the repayment of debt, and capital assets purchased.
- During the fiscal year ended April 30, 2016, the City adopted *Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions*. This statement changes the accounting principles relative to the City's participation in the Illinois Municipal Retirement Fund (IMRF) and the City's Police Pension Fund. In accordance with GASB No. 68, the City recognizes the net pension obligation of \$1,684,152 for IMRF, and \$3,084,088 for Police Pension on the statement of net position.
- The City of Waterloo currently collects a utility franchise fee from the business-type activities (electric, gas, water and sewer) of 5% of gross receipts. A fee is also collected from cable service providers and telecommunications providers through the Simplified Telecommunications Tax Act. The General Fund collected \$854,093 during the current fiscal year from the business-type activities.
- The City of Waterloo entered into a joint agreement for federal participation between IDOT and the City of Waterloo on the Moore Street Phase IV project. Contract awarded for the project at a cost of \$1,530,183.77 with the federal portion being \$525,000.00 and the balance to be paid by the City of Waterloo General Fund. \$755,245 is payable on project at fiscal year-end 4/30/17.

- The City of Waterloo passed Resolution No. 13-07 on April 15, 2013, approving a segregated bank account to supplement monies paid to the Illinois Municipal Retirement Fund (IMRF) for payment of IMRF pensions. Contribution for fiscal year end 4/30/17 was \$287,095.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,161,440, or 108% of total general fund expenditures.
- The City of Waterloo is under the Property Tax Extension Limitation Law (PTELL), which limits the amount of property taxes that the County Clerk can extend for non-home rule governments. The City's increase in the amount of taxes over the prior year is limited to 5%, or the Consumer Price Index (CPI), whichever is less. New property is excluded from this calculation.

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 basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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's finances, in a manner similar to a private-sector business. The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues 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 include general government, public safety, highways and streets, sanitation, health, culture and recreation, and debt service. The business-type activities include electric, gas, water, and sewer utilities.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes

for funding. All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes and charges for services, unpaid vendor invoices for items received before April 30, 2017, earned but unused sick or vacation leave, and pension obligations will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after April 30, 2017.

The City has no separately identified component units included in the government-wide financial statements.

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 are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business-type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds. The Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds present separate columns of financial data for the General Fund. GASB Statement No. 34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate, and 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category. The General Fund is always considered a major fund. The governmental fund financial statements can be found immediately following the government-wide financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare 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 reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The City adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise Funds are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, gas, water, and sewer utility operations.

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. The proprietary fund financial statements provide information for the Electric Fund, Gas Fund, Water Fund, Sewer Fund, and Utility Deposit Fund of the City. There are no reconciling differences from the Proprietary Fund Statement of Net Assets to the business-type activity column on the Government-Wide Statement of Net Position.

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 statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Statement of Fiduciary Net Assets can be found following the proprietary fund financial statements.

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. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining statements, schedules of expenditures, and other supplementary information.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position total is \$74,358,313 at April 30, 2017. The following table reflects the condensed Government-Wide Statement of Net Position:

City of Waterloo's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$14,076,785	\$13,722,129	\$18,944,948	\$16,372,849	\$33,021,733	\$30,094,978
Capital Assets	<u>15,468,569</u>	<u>16,294,695</u>	<u>42,417,115</u>	<u>42,910,610</u>	<u>57,885,684</u>	<u>59,205,305</u>
Total Assets	<u>\$29,545,354</u>	<u>\$30,016,824</u>	<u>\$61,362,063</u>	<u>\$59,283,459</u>	<u>\$90,907,417</u>	<u>\$89,300,283</u>
Deferred Outflows of Resources	<u>\$ 485,181</u>	<u>\$ 607,824</u>	<u>\$ 632,879</u>	<u>\$ 785,544</u>	<u>\$ 1,118,060</u>	<u>\$ 1,393,368</u>
Long-term Liabilities	\$ 4,653,549	\$ 4,539,530	\$ 8,415,564	\$ 9,250,573	\$13,069,113	\$13,790,103
Other Liabilities	<u>1,062,634</u>	<u>1,035,160</u>	<u>1,868,624</u>	<u>1,814,519</u>	<u>2,931,258</u>	<u>2,849,679</u>
Total Liabilities	<u>\$5,716,183</u>	<u>\$5,574,690</u>	<u>\$10,284,188</u>	<u>\$11,065,092</u>	<u>\$16,000,371</u>	<u>\$16,639,782</u>
Deferred Inflows of Resources	<u>\$1,367,386</u>	<u>\$1,631,465</u>	<u>\$ 299,407</u>	<u>\$ -</u>	<u>\$ 1,666,793</u>	<u>\$ 1,631,465</u>
Net Position:						
Invested in Capital Assets, net of related debt	15,468,569	16,294,695	35,313,800	35,189,264	50,782,369	51,483,959
Restricted	1,561,489	1,414,966	-	-	1,561,489	1,414,966
Unrestricted	<u>5,916,908</u>	<u>5,708,832</u>	<u>16,097,547</u>	<u>13,814,647</u>	<u>22,014,455</u>	<u>19,523,479</u>
Total Net Position	<u>\$22,946,966</u>	<u>\$23,418,493</u>	<u>\$51,411,347</u>	<u>\$49,003,911</u>	<u>\$74,358,313</u>	<u>\$72,422,404</u>

The City of Waterloo's total assets are \$90,907,417 as of April 30, 2017. Of this amount, \$57,885,684 is accounted for by capital assets, which includes infrastructure. Historically, infrastructure (roads, bridges, etc.) has not been included in capital assets reporting for governmental activities. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported. The City reports all of its infrastructure assets in compliance with GASB 34 requirements.

Additionally, the government must elect to either 1) depreciate these assets over their estimated useful life or 2) develop a system of asset management designed to maintain their condition perpetually and to report on their condition within the financial statements. The City has elected the first method and will use the depreciation method on infrastructure systems reporting.

Of the remaining City assets, \$27,562,956 is accounted for in cash, cash equivalents, and pooled investments, \$4,808,702 in accounts, taxes, and other receivable, and \$650,075 in miscellaneous assets.

Deferred outflows of resources at April 30, 2017 is \$1,118,060 as a result of the inclusion of pension obligations.

As of April 30, 2017, the City had outstanding liabilities of \$16,000,371, with \$7,103,315 in loans payable. Of the loans payable, \$633,579 is due within one year, with the remainder due at various dates. Refer to the notes to the financial statements for a more in depth discussion of long term debt.

Included in other liabilities in the table is \$2,029,562 in accounts payable, \$1,001,641 in accrued liabilities, \$268,117 in deposits payable to customers, \$829,496 in other post-employment benefit obligation, and \$4,768,240 in net pension liability.

Deferred inflows of resources at April 30, 2017 is \$1,666,793 with \$424,810 related to pensions and \$1,241,983 in unavailable property tax revenue.

The largest portion of the City's net position (68.3 percent) reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, investments in capital assets are not available for future spending. Although the City's investment in 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. An additional portion of the City's net position (2.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (29.6 percent) may be used to meet the City's ongoing obligations to its citizens and creditors for all activities.

At April 30, 2017, the City had positive balances in all categories of net position, for the government as a whole, for governmental activities, and for business-type activities.

Statement of Activities – Changes in Net Assets

The following schedule compares the revenues and expense for the current fiscal year.

City of Waterloo's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program Revenues:						
Charges for services	\$ 1,638,792	\$ 1,601,955	\$18,640,417	\$17,860,624	\$20,279,209	\$19,462,579
Operating grants and contributions	-	720	-	-	-	720
General Revenues:						
Property taxes	1,179,420	1,256,291	-	-	1,179,420	1,256,291
Intergovernmental revenues	3,929,553	3,947,623	-	-	3,929,553	3,947,623
Utility taxes	773,833	776,809	-	-	773,833	776,809
Other	490,187	379,165	48,013	78,342	538,200	457,507
Total Revenues	<u>8,011,785</u>	<u>7,962,563</u>	<u>18,688,430</u>	<u>17,938,966</u>	<u>26,700,215</u>	<u>25,901,529</u>
Expenses:						
General government	1,564,645	1,262,126	-	-	1,564,645	1,262,126
Public safety	2,329,315	2,487,262	-	-	2,329,315	2,487,262
Highways and streets	2,781,202	3,663,214	-	-	2,781,202	3,663,214
Sanitation	718,574	708,344	-	-	718,574	708,344
Health	100	100	-	-	100	100
Culture and recreation	653,574	556,143	-	-	653,574	556,143
Electric fund	-	-	10,579,675	10,246,623	10,579,675	10,246,623
Gas fund	-	-	2,442,286	2,413,453	2,442,286	2,413,453
Water fund	-	-	1,844,864	1,774,066	1,844,864	1,774,066
Sewer fund	-	-	1,850,071	1,886,867	1,850,071	1,886,867
Total Expenses	<u>8,047,410</u>	<u>8,677,189</u>	<u>16,716,896</u>	<u>16,321,009</u>	<u>24,764,306</u>	<u>24,998,198</u>
Transfer of Funds	(435,902)	(435,902)	435,902	435,902	-	-
Increase (decrease) in net assets	(471,527)	(1,150,528)	2,407,436	2,053,859	1,935,909	903,331
Net position– beginning (restated)	<u>23,418,493</u>	<u>24,569,021</u>	<u>49,003,911</u>	<u>46,950,052</u>	<u>72,422,404</u>	<u>71,519,073</u>
Net position – ending	<u>\$22,946,966</u>	<u>\$23,418,493</u>	<u>\$51,411,347</u>	<u>\$49,003,911</u>	<u>\$74,358,313</u>	<u>\$72,422,404</u>

Total revenues for the City of Waterloo were \$26,700,215 for the year ended April 30, 2017. Governmental activities provided \$8,011,785 (30.0 percent), while \$18,688,430 (70.0 percent) of business-type activities revenue was provided by charges for services, connection fees, and other operating revenue.

Financial Analysis of the City's Funds

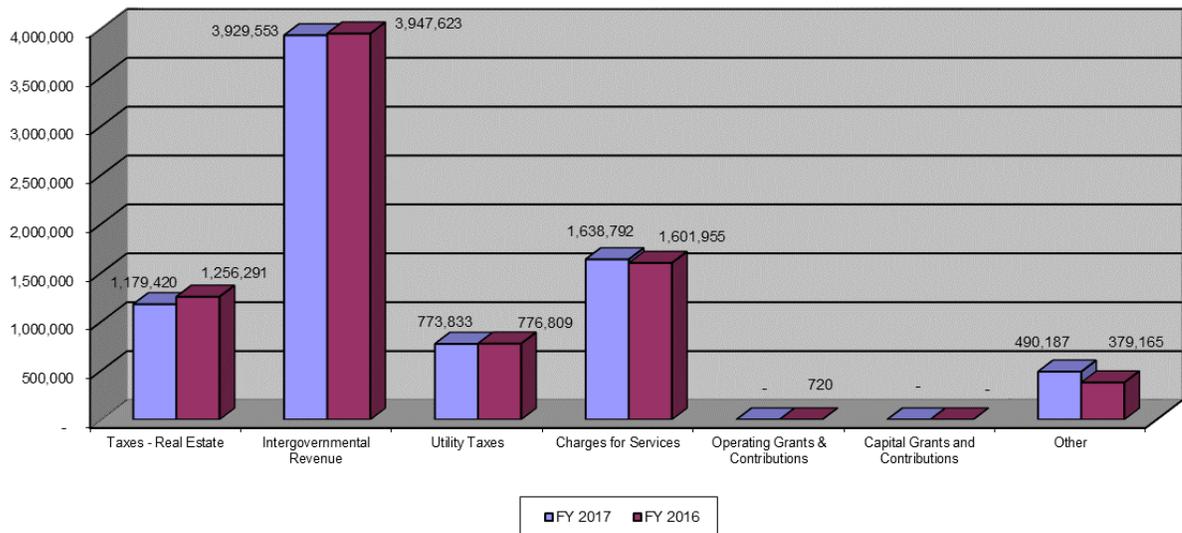
As noted earlier, the City of Waterloo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a financial analysis of the City's governmental and proprietary funds.

Governmental Funds Revenue and Expense Analysis

The general governmental functions are contained in the General Fund. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues Classified by Source Governmental Funds

Revenues by Source	April 30, 2017		April 30, 2016		Increases/Decreases	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes – Real Estate	\$ 1,179,420	14.72%	\$ 1,256,291	15.78%	\$ (76,871)	(6.12)%
Intergovernmental Revenue	3,929,553	49.05	3,947,623	49.58	(18,070)	(0.46)
Utility Taxes	773,833	9.66	776,809	9.76	(2,976)	(0.38)
Charges for Services	1,638,792	20.45	1,601,955	20.12	36,837	2.30
Operating Grants and Contributions	-	0.00	720	0.00	(720)	(100.00)
Other	490,187	6.12	379,165	4.76	111,022	29.28
Total Revenues	\$8,011,785	100.00%	\$7,962,563	100.00%	\$ 49,222	0.62%



- Real estate taxes** - This consists of real estate tax receipts received in 2017 for corporate, road and bridge, IMRF & FICA, police pension, band, and library purposes for the 2015 tax year. The 2016 real estate tax rate was .53826%, up from the 2015 real estate tax rate of .53783%. Under PTELL, the amount of taxes over the prior year is limited to 5% or the Consumer Price Index (CPI), whichever is less, excluding new property.

- **Intergovernmental revenue** – Down overall 0.46% from the previous year. Intergovernmental revenue includes sales tax, business district sales tax, state income tax, state replacement tax, video gaming and motor fuel tax.
 - Sales taxes were \$2,212,460, a decrease of 0.38% from the previous year.
 - A Business District was formed in January 2008 and \$92,018 was collected in the Business District Tax Fund, an increase of 15.71% from the previous year.
 - State income taxes were \$1,166,533, a decrease of 5.25% from the previous year.
 - Video gaming began in January 2013 in which the City received \$90,793 from video gaming, an increase of 51.17% from the previous year.
 - Motor fuel taxes and state replacement taxes were \$367,749, an increase of 3.31% from the previous year.

- **Utility taxes** – Down overall 0.38% from the previous year. This consists of a municipal electric tax \$304,902 (4.10% increase), which is a step-rate based on kilowatt hour usage, a 5% municipal tax on gas and water usage \$194,331 (1.25% decrease), and other utility tax revenue \$274,600 (4.36% decrease), received from electric suppliers to City residents and from telecommunications companies through the Simplified Telecommunications Tax Act administered by the Illinois Department of Revenue.

- **Charges for services** – Up overall 2.30% from the previous year. This consists of charges for refuse collection \$733,737 (1.42% increase), a utility franchise charge from the business-type activities \$854,093 (2.89% increase), court fines \$50,962 (5.27% increase).

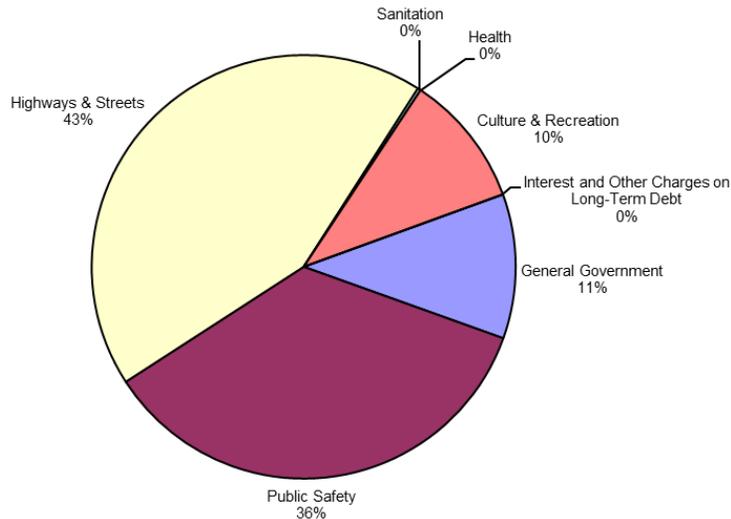
- **Operating grants and contributions** – There were no operating grants received during the current fiscal year.

- **Capital grants and contributions** – This consists of contributed assets or street improvements (infrastructure), which is not normally reported as revenues, however, in the statement of activities, the cost of these assets are reported as program revenue. No capital grants and contributions were recognized in the current year.

- **Other** – Up overall 29.28% from the previous year. This consists of licenses and permits \$277,799 (22.45% increase), which includes building and other permits, inspection fees, liquor licenses, and franchise license fees. The remaining is interest income and investment income \$49,644 (86.80% increase) and miscellaneous income \$162,744 (29.45% increase).

Expenses and Program Revenues (Net) – Governmental Activities

City of Waterloo, Illinois
Net Expenses
(Expenses offset by revenues and changes in net assets derived by the functions)
April 30, 2017



The new reporting model allows us to present the net cost by function. The above chart represents the true cost of each function because we have offset the costs by the revenues and contributions derived by those departments.

- **General government** consists of the general and financial administration of the City of Waterloo. Departmental expenses in general government include legal, city clerk, legislation, zoning, annexation, finance, and building.
- **Public safety** departmental expenses include police, police commission, and ESDA. On May 1, 2003, the City of Waterloo Fire Department was consolidated with the Waterloo Rural Fire Protection District to form the Waterloo Community Fire Protection District, a tax-levying body.
- **Highways and streets** include the highway and street department in the General Fund as well as expenditures from the Motor Fuel Tax Fund. Expenditures are also offset by the capital contribution of new streets accepted into the City.
- **Sanitation** expense is the expenditure to an outside contractor for refuse collection. The amount collected from residents wholly offsets the expense for collection.
- **Health** includes any expenditure for health related issues.

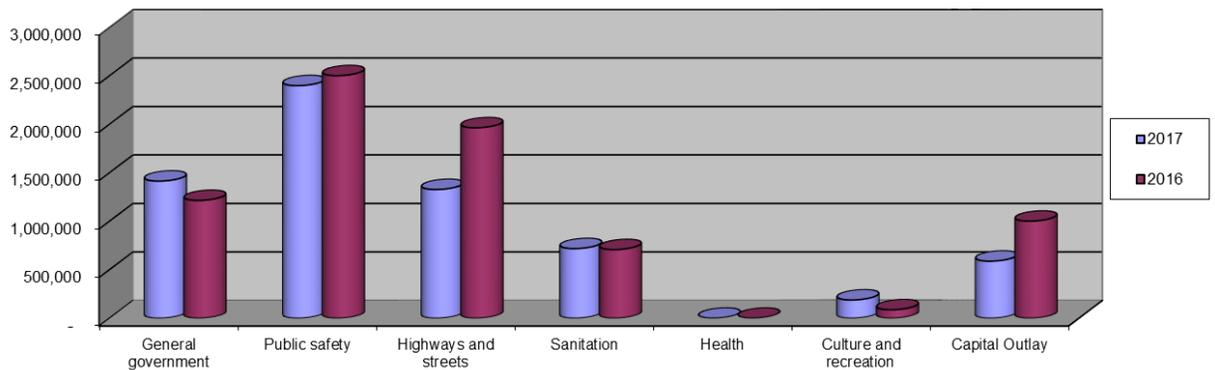
- **Culture and recreation** includes expenditures of the municipal band and library. It also includes support towards community relations programs, the sister cities program and other senior citizen programs.
- **Interest and other charges on long-term debt** is the interest on any debt payment. The City currently has no debt in governmental activities.

The General Fund is the chief operating fund of the City. On April 30, 2017, unreserved fund balance of the General Fund was \$7,161,440. Total assets in the General Fund amounted to \$9,605,569, accounting for 68.20% of total governmental fund assets.

CITY OF WATERLOO'S GENERAL FUND

	2017	2016	Variance
REVENUES:			
Taxes – Real Estate	\$ 753,623	\$ 840,267	\$ (86,644)
Intergovernmental	3,626,161	3,653,381	(27,220)
Utility Taxes	252,364	266,205	(13,841)
Charges for services	1,587,830	1,553,543	34,287
Licenses and permits	277,799	226,867	50,932
Fines	50,962	48,412	2,550
Miscellaneous	127,613	93,687	33,926
Interest	40,004	10,517	29,487
TOTAL REVENUES	6,716,356	6,692,879	23,477
EXPENDITURES:			
General government	1,414,606	1,196,741	217,865
Public safety	2,398,963	2,354,364	44,599
Highways and streets	1,328,055	2,131,030	(802,975)
Sanitation	718,574	708,344	10,230
Health	100	100	-
Culture and recreation	188,353	87,487	100,866
Capital Outlay	589,029	1,001,658	(412,629)
TOTAL EXPENDITURES	6,637,680	7,479,724	(842,044)
EXCESS OF REVENUES OVER EXPENDITURES	78,676	(786,845)	865,521
OTHER FINANCING SOURCES (USES):			
Transfers	-	-	-
NET CHANGE IN FUND BALANCES	\$ 78,676	\$ (786,845)	\$ 865,521

City of Waterloo General Fund Expenditures



General Fund Budgetary Highlights

The General Fund budget is approximately 7.8 million dollars. Differences between the original budget and the final budget were \$438,330, about a 5.60% difference. The difference includes an increase in revenue appropriations of \$48,900 and a decrease in expense appropriations of \$389,430. During the year, some revenue and expenditures were less than budgetary estimates.

Overruns exceeding \$5,000 are summarized below:

- Additional \$100,708 was expended on special census in Legislative.
- Additional \$13,911 was expended on sales tax rebate within business district in Legislative.
- Additional \$5,245 was expended on building repairs in Building.
- Additional \$14,679 was expended on salaries for employees on workers compensation in Police department.
- Additional \$30,579 was expended in overtime salaries in the Police department.
- Additional \$39,270 was expended in sick leave in the Police department.
- Additional \$14,250 was expended in vacation leave in the Police department.
- Additional \$29,727 was expended in health insurance reimbursement in the Police department.
- Additional \$34,263 was expended in downtown enhancement in Social Services.
- Additional \$8,620 was expended in health insurance reimbursement in the Street department.

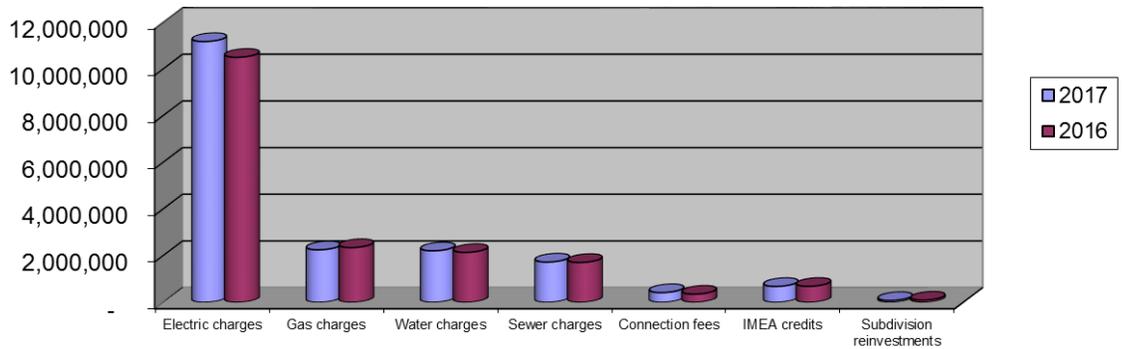
These overruns were offset by unused appropriations for alderman salaries of \$20,458, and training of \$8,749 in the legislative department; unused appropriations of \$18,146 for equipment rental and service in building department; unused appropriations of \$16,780 for professional services in the zoning/building inspector department; unused appropriations of \$6,440 for professional services in the records department; unused appropriations of \$35,000 of miscellaneous and \$10,000 of new equipment in the health and ordinance department; unused appropriations of \$10,956 of refuse in the social services department. Unused appropriations in the police department include \$32,503 of salaries and \$31,753 of health insurance. There were also unused appropriations of \$9,678 of communication and \$19,858 in vehicle fuel and lube in the police department.

Unused appropriations in the street department include \$13,529 of salaries, \$11,094 of interdepartmental salaries, \$7,088 of health insurance, and \$7,854 of IMRF. Other unused appropriations in the street department include \$6,190 in building repairs, 23,579 in equipment repair, \$14,448 in street maintenance and repairs, \$11,831 in construction materials, \$14,608 in vehicle fuel and lube, \$7,451 in safety materials, \$38,491 in street improvements, \$86,625 in storm drains and \$1,703,528 of capital projects budgeted, but not expended. The capital projects budgeted, but not expended include Moore Street improvements which were completed, but not billed by the State of Illinois in the current fiscal year, multi-purpose path along Route 3, and Lakeview Drive curb and gutter and sidewalk project. Most of these capital projects were pushed to the next fiscal year for various reasons.

Proprietary Funds Revenue/Expense Analysis

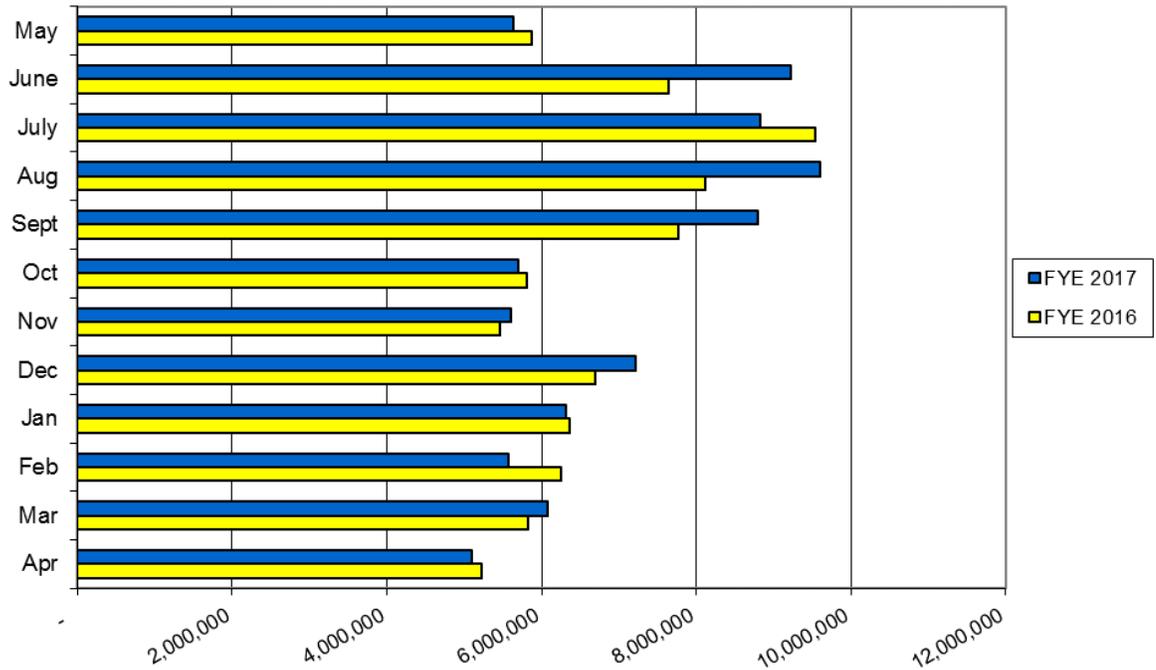
Proprietary Funds Revenue

The business-type activities (electric, gas, water, and sewer fund) operating revenues for year ended April 30, 2017 were \$18,529,146, up 4.00% from last year. Charges for services were \$17,355,489, a 4.00% increase from last year. Connection fees were 18.86% more than what was received in the previous year. IMEA credits, which the City receives from IMEA for the Gas Turbine engines at the Power Plant, were slightly less than the previous year. Subdivision reinvestments received for utilities installed in their respective developments were slightly less than what was received in the previous year.



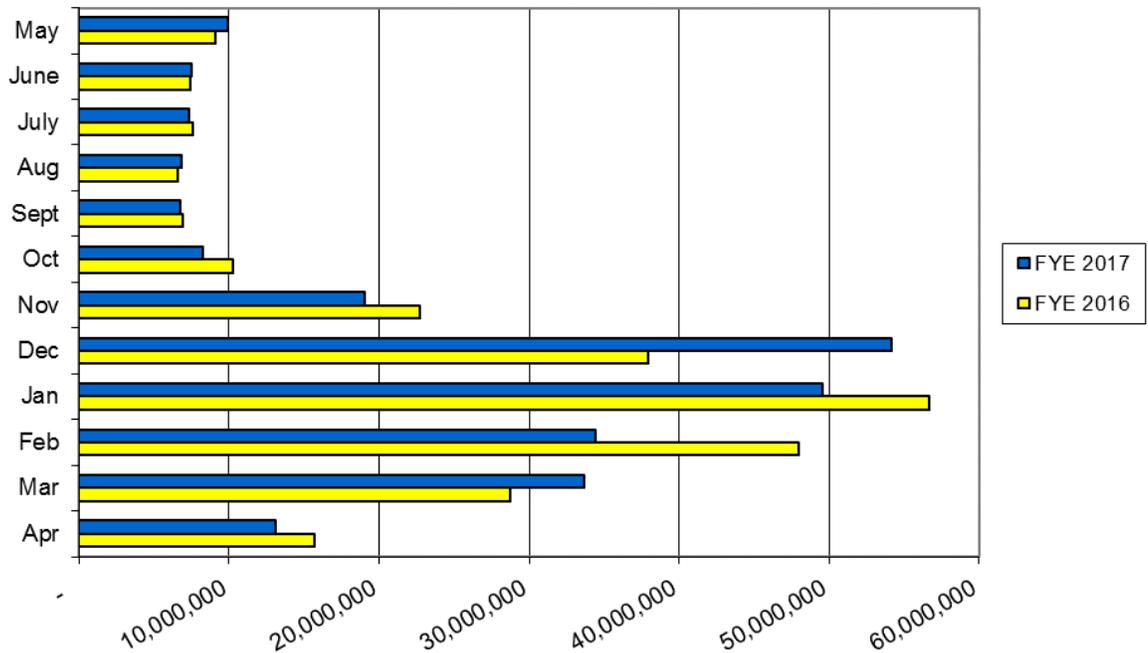
Electric charges for services increased 6.4% from the prior year, with a 3.8% increase in the consumption of kilowatt hours (excluding demand).

Electric – Kilowatt Hours Billed (Excludes Demand)



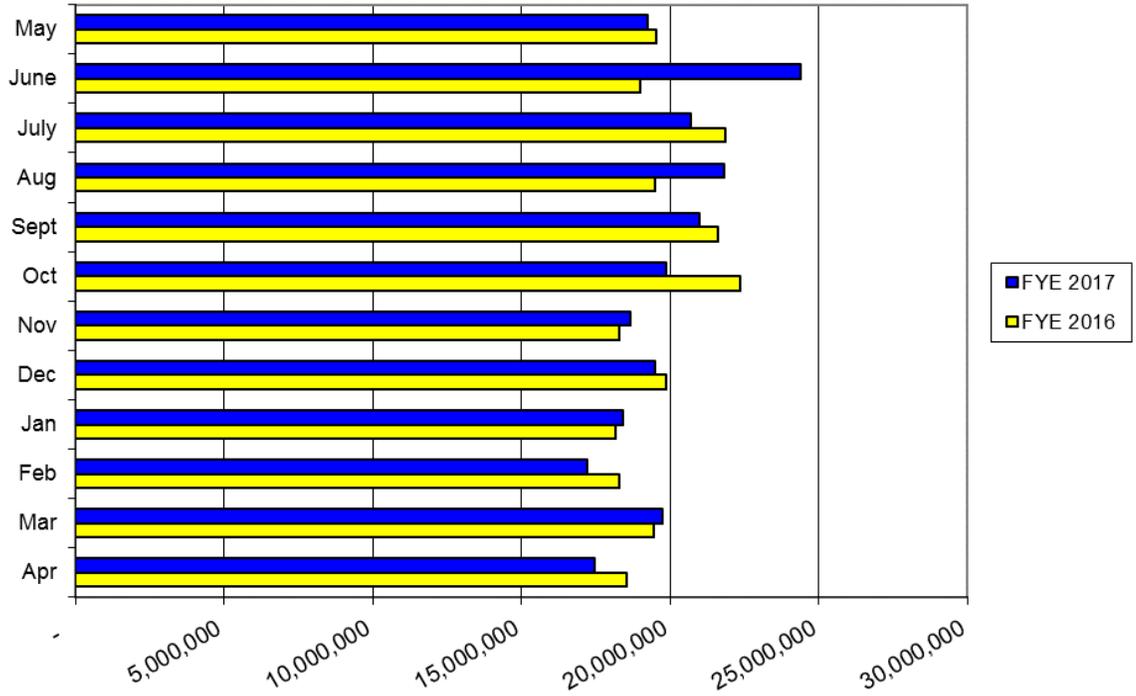
Gas charges for services decreased 4.1% from the prior year, with a 2.7% decrease in the consumption of cubic feet of natural gas.

Gas – Cubic Feet Billed



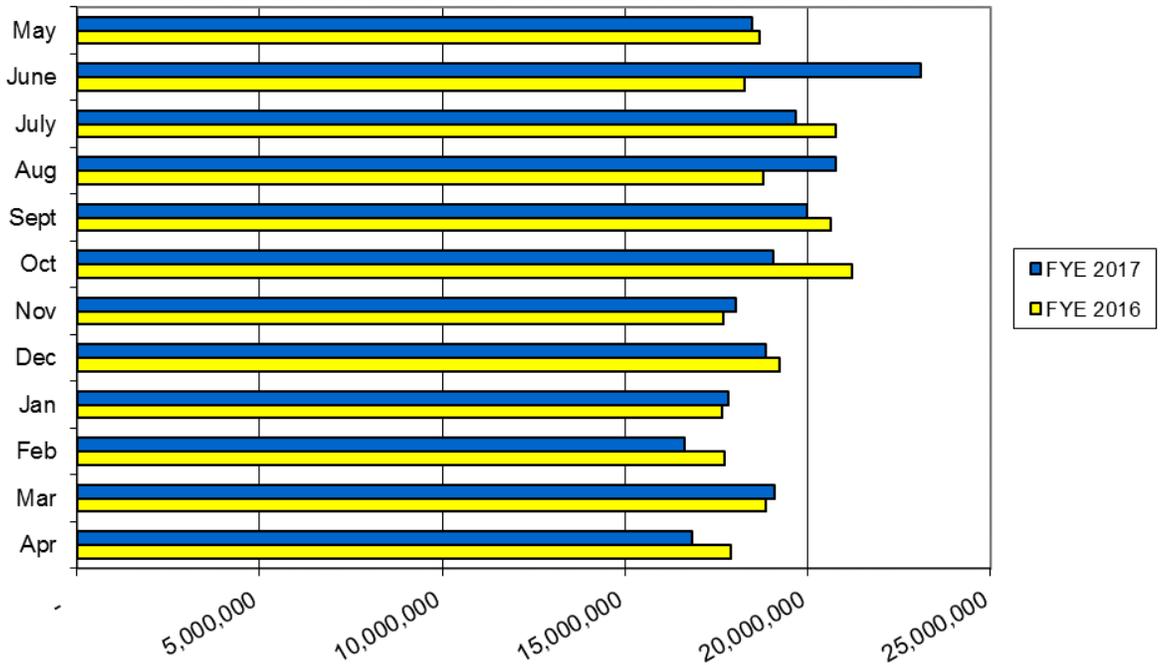
Water charges for services increased 3.2% from the prior year with a 0.7% increase in gallons billed.

Water – Gallons Billed



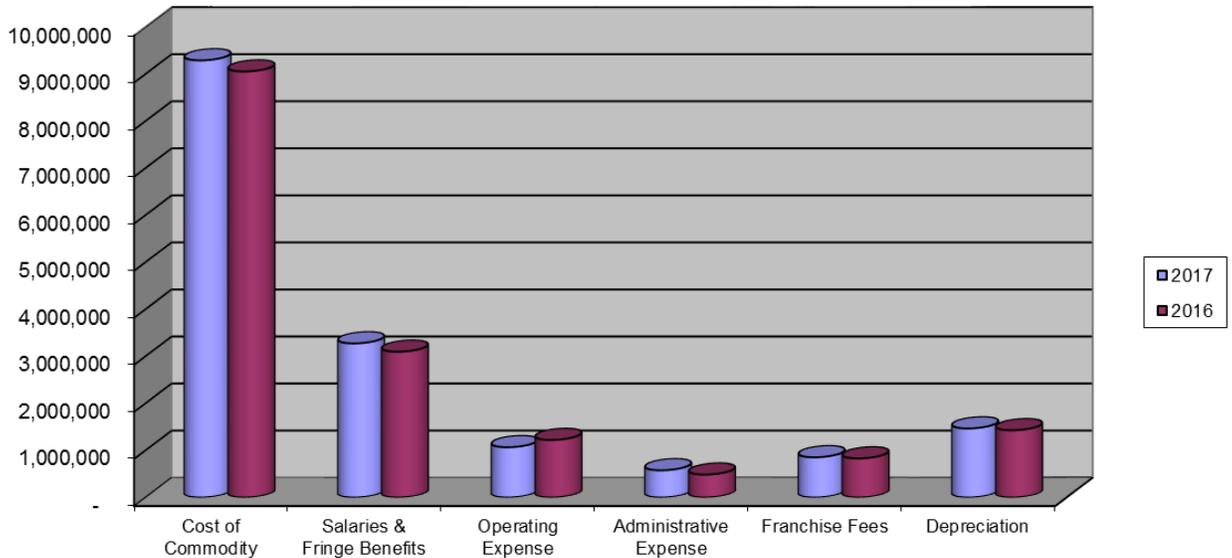
Sewer charges for services increased from the prior year, 1.1%. Since sewer is based on gallons of water consumed, there was also an increase in consumption of 0.5% from the prior year.

Sewer – Gallons Billed



Proprietary Funds Expenses

The operating expenses of the proprietary funds for the fiscal year ended April 30, 2017 were \$16,531,765 up 2.6% from last year. Overall, the cost of electric, gas, and water purchased from an outside party increased from last year by \$236,524 accounting for 57.3% of the increase. Gas purchased decreased, however electric and water purchased increased. Salaries and fringe benefits increased \$176,699. Operating expenses decreased \$154,564 from the prior year. Administrative expenses increased \$91,619 from the prior year. Franchise fees increased \$23,979 from the prior year due to the increase in charges for utilities. Finally, depreciation expense increased \$38,537.



Capital Asset and Debt Administration

Capital Assets

The City of Waterloo's total investment in capital assets, including construction in progress, for its governmental and business type activities as of April 30, 2017, amounts to \$57,885,684 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, machinery and equipment, and infrastructure.

Major capital project fund activities during the current fiscal year included the following:

Governmental Funds:

- Vehicles and equipment were purchased in the Police department at a cost of \$105,263.
- Equipment of \$70,275 was purchased by in the street department. Equipment purchases included a track loader.
- Street improvements include Sunset Acres subdivision asphalt overlay at a cost of \$363,949.

- Construction in progress includes costs incurred for safe routes to school, Moore Street improvements and construction of salt shed.

Proprietary Funds:

- Equipment was purchased for use in the various utility departments at a total cost of \$291,399.
- Water meters purchased at a cost of \$29,280 were capitalized.
- Water main was installed on 3rd Street at a cost of \$95,696.
- Sewer line replacements were installed at a cost of \$130,407.
- The purchase of electric meters, transformers, and poles accounted for \$63,551 invested into the electrical system of the City of Waterloo.
- The electric department purchased a pickup truck at a cost of \$30,754.
- Substation upgrades with the arc flash study accounted for \$386,773.
- Construction in progress includes costs incurred for water main extension, lift station rebuild, sewer line extension engineering, and fiber optics building.

Long-Term Debt

At April 30, 2017, City of Waterloo has an EPA loan in the amount of \$7,103,315.

The City of Waterloo's total debt decreased \$618,031 during the fiscal year ended April 30, 2017.

Requests for Information

The financial report is designed to provide a general overview of the City of Waterloo's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, City of Waterloo, 100 West Fourth St., Waterloo, IL 62298.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2017

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 9,273,764	\$ 3,749,495	\$ 13,023,259
Certificates of Deposit	39,399	-	39,399
Investments	2,248,463	12,251,835	14,500,298
Taxes Receivable	916,080	-	916,080
Accounts Receivable, Net	251,177	2,399,462	2,650,639
Inventories	-	405,030	405,030
Prepays	105,919	139,126	245,045
Real Estate Taxes Receivable, Net	1,241,983	-	1,241,983
Total Current Assets	<u>14,076,785</u>	<u>18,944,948</u>	<u>33,021,733</u>
NONCURRENT ASSETS:			
Capital Assets:			
Land and Construction in Progress	1,369,750	3,202,190	4,571,940
Other Capital Assets, Net of Accumulated Depreciation	14,098,819	39,214,925	53,313,744
Total Non-Current Assets	<u>15,468,569</u>	<u>42,417,115</u>	<u>57,885,684</u>
Total Assets	<u>29,545,354</u>	<u>61,362,063</u>	<u>90,907,417</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	485,181	632,879	1,118,060
LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
CURRENT LIABILITIES:			
Accounts Payable	986,520	832,183	1,818,703
Wages and Benefits Payable	76,114	88,038	164,152
Accrued Interest Payable	-	46,707	46,707
Consumer Deposits	-	268,117	268,117
E.P.A. Loan, Current	-	633,579	633,579
Total Current liabilities	<u>1,062,634</u>	<u>1,868,624</u>	<u>2,931,258</u>
NONCURRENT LIABILITIES:			
Other Post Employment Benefit Obligation	599,318	230,178	829,496
Compensated Absences	472,982	528,659	1,001,641
Net Pension Liability	3,581,249	1,186,991	4,768,240
E.P.A. Loan, Non-Current	-	6,469,736	6,469,736
Total Non-Current Liabilities	<u>4,653,549</u>	<u>8,415,564</u>	<u>13,069,113</u>
Total Liabilities	<u>5,716,183</u>	<u>10,284,188</u>	<u>16,000,371</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	125,403	299,407	424,810
Unavailable Revenue - Property Taxes	1,241,983	-	1,241,983
Total Deferred Inflows of Resources	<u>1,367,386</u>	<u>299,407</u>	<u>1,666,793</u>
<u>NET POSITION</u>			
NET POSITION:			
Net Investment in Capital Assets	15,468,569	35,313,800	50,782,369
Restricted Net Position	1,561,489	-	1,561,489
Unrestricted Net Position	5,916,908	16,097,547	22,014,455
Total Net Position	<u>\$ 22,946,966</u>	<u>\$ 51,411,347</u>	<u>\$ 74,358,313</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2017

FUNCTION/PROGRAMS:	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Government	\$ 1,564,645	\$ 854,093	\$ -	\$ -	\$ (710,552)	\$ -	\$ (710,552)
Public Safety	2,329,315	50,962	-	-	(2,278,353)	-	(2,278,353)
Highways and Streets	2,781,202	-	-	-	(2,781,202)	-	(2,781,202)
Sanitation	718,574	733,737	-	-	15,163	-	15,163
Health	100	-	-	-	(100)	-	(100)
Culture and Recreation	653,574	-	-	-	(653,574)	-	(653,574)
Total Governmental Activities	8,047,410	1,638,792	-	-	(6,408,618)	-	(6,408,618)
BUSINESS-TYPE ACTIVITIES:							
Electric Fund	10,579,675	12,027,161	-	-	-	1,447,486	1,447,486
Gas Fund	2,442,286	2,394,356	-	-	-	(47,930)	(47,930)
Water Fund	1,844,864	2,281,483	-	-	-	436,619	436,619
Sewer Fund	1,850,071	1,937,417	-	-	-	87,346	87,346
Total Business-Type Activities	16,716,896	18,640,417	-	-	-	1,923,521	1,923,521
Totals	\$ 24,764,306	\$ 20,279,209	\$ -	\$ -	(6,408,618)	1,923,521	(4,485,097)
GENERAL REVENUES:							
Taxes - Real Estate					1,179,420	-	1,179,420
Intergovernmental					3,929,553	-	3,929,553
Utility Taxes					773,833	-	773,833
Licenses and Permits					277,799	-	277,799
Miscellaneous					162,744	-	162,744
Interest Income					46,040	25,813	71,853
Investment Income					3,604	22,200	25,804
Transfers					(435,902)	435,902	-
Total General Revenues					5,937,091	483,915	6,421,006
Change in Net Position					(471,527)	2,407,436	1,935,909
Net Position, Beginning of Year					23,418,493	49,003,911	72,422,404
Net Position, End of Year					\$ 22,946,966	\$ 51,411,347	\$ 74,358,313

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2017

<u>ASSETS</u>	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 7,969,099	\$ 1,304,665	\$ 9,273,764
Certificates of Deposit	-	39,399	39,399
Investments	2,248,463	-	2,248,463
Taxes Receivable	894,599	21,481	916,080
Accounts Receivable, Net	251,177	-	251,177
Due From Other Funds	7,973	-	7,973
Prepays	105,919	-	105,919
Real Estate Taxes Receivable, Net	<u>804,921</u>	<u>437,062</u>	<u>1,241,983</u>
 Total Assets	 <u>\$ 12,282,151</u>	 <u>\$ 1,802,607</u>	 <u>\$ 14,084,758</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
LIABILITIES:			
Accounts Payable	\$ 968,002	\$ 18,518	\$ 986,520
Due to Other Funds	-	7,973	7,973
Wage and Benefits Payable	<u>76,114</u>	<u>-</u>	<u>76,114</u>
 Total Liabilities	 <u>1,044,116</u>	 <u>26,491</u>	 <u>1,070,607</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	<u>804,921</u>	<u>437,062</u>	<u>1,241,983</u>
 Total Deferred Inflows of Resources	 <u>804,921</u>	 <u>437,062</u>	 <u>1,241,983</u>
FUND BALANCE:			
Nonspendable:			
Prepays	105,919	-	105,919
Restricted for:			
Hotel/Motel Tax	116,516	-	116,516
Culture and Recreation	-	671,067	671,067
Motor Fuel Tax	-	667,987	667,987
Committed for:			
IMRF Pension Plan	372,657	-	372,657
Capital Improvements	2,676,582	-	2,676,582
Unassigned:			
General Fund	<u>7,161,440</u>	<u>-</u>	<u>7,161,440</u>
 Total Fund Balance	 <u>10,433,114</u>	 <u>1,339,054</u>	 <u>11,772,168</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u>\$ 12,282,151</u>	 <u>\$ 1,802,607</u>	 <u>\$ 14,084,758</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
APRIL 30, 2017

Total fund balance - total governmental funds	\$ 11,772,168
Capital assets of \$37,205,557 net of accumulated depreciation of \$21,736,988, are not financial resources and, therefore are not reported in the funds	15,468,569
Certain liabilities are not due and payable in the current period and therefore not reported in the funds:	
Other post employment benefit obligations	(599,318)
Compensated absences	(472,982)
Net pension liability (net of deferred outflows and inflows of resources)	<u>(3,221,471)</u>
Net position of governmental activities	<u>\$ 22,946,966</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2017

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:			
Taxes - Real Estate	\$ 753,623	\$ 425,797	\$ 1,179,420
Intergovernmental	3,626,161	303,392	3,929,553
Utility Taxes	773,833	-	773,833
Charges for Services	1,587,830	-	1,587,830
Licenses and Permits	277,799	-	277,799
Fines	50,962	-	50,962
Miscellaneous	127,613	35,131	162,744
Interest	42,133	3,907	46,040
Investment Income	3,604	-	3,604
Total Revenues	<u>7,243,558</u>	<u>768,227</u>	<u>8,011,785</u>
EXPENDITURES:			
Current			
General Government	1,415,449	-	1,415,449
Public Safety	2,398,963	-	2,398,963
Highways and Streets	1,328,055	219,636	1,547,691
Sanitation	718,574	-	718,574
Health	100	-	100
Culture and Recreation	188,353	420,051	608,404
Capital Outlay	589,029	-	589,029
Total Expenditures	<u>6,638,523</u>	<u>639,687</u>	<u>7,278,210</u>
Excess of Revenues	<u>605,035</u>	<u>128,540</u>	<u>733,575</u>
Other Financing (Uses)			
Transfers (Out)	<u>(435,902)</u>	<u>-</u>	<u>(435,902)</u>
Net Change in Fund Balance	<u>169,133</u>	<u>128,540</u>	<u>297,673</u>
Fund Balance, Beginning of Year	<u>10,263,981</u>	<u>1,210,514</u>	<u>11,474,495</u>
Fund Balance, End of Year	<u>\$ 10,433,114</u>	<u>\$ 1,339,054</u>	<u>\$ 11,772,168</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2017

Net change in fund balance - total governmental funds	\$ 297,673
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$1,415,155 exceeded capital outlay \$589,029 in the current period.	(826,126)
Other postemployment benefit obligations reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.	(57,797)
Compensated absences reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.	50,688
Changes in the net pension liability and related deferrals reported in the statement of activities do not require the net of current financial resources, and, therefore, are not reported as expenditures in governmental funds.	<u>64,035</u>
Change in net position of governmental activities	<u>\$ (471,527)</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
APRIL 30, 2017

<u>ASSETS</u>	<u>ENTERPRISE FUNDS</u>					<u>TOTAL</u>
	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>SEWER</u>	<u>UTILITY DEPOSITS</u>	
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 1,464,515	\$ 1,070,795	\$ 538,864	\$ 607,474	\$ 67,847	\$ 3,749,495
Investments	4,451,690	3,873,144	1,843,249	1,780,078	303,674	12,251,835
Accounts Receivable, Net	1,408,009	379,896	346,040	265,517	-	2,399,462
Inventories	300,000	29,000	48,830	27,200	-	405,030
Prepays	81,366	18,312	12,568	26,880	-	139,126
Total Current Assets	<u>7,705,580</u>	<u>5,371,147</u>	<u>2,789,551</u>	<u>2,707,149</u>	<u>371,521</u>	<u>18,944,948</u>
NON-CURRENT ASSETS:						
Due From Other Funds	-	160,000	-	-	-	160,000
Capital Assets, Net	20,227,435	4,081,582	5,389,749	12,718,349	-	42,417,115
Total Non-Current Assets	<u>20,227,435</u>	<u>4,241,582</u>	<u>5,389,749</u>	<u>12,718,349</u>	<u>-</u>	<u>42,577,115</u>
Total Assets	<u>27,933,015</u>	<u>9,612,729</u>	<u>8,179,300</u>	<u>15,425,498</u>	<u>371,521</u>	<u>61,522,063</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Related to Pensions	<u>281,305</u>	<u>161,849</u>	<u>81,697</u>	<u>108,028</u>	<u>-</u>	<u>632,879</u>
LIABILITIES						
CURRENT LIABILITIES:						
Accounts Payable	610,726	78,937	81,585	60,935	-	832,183
Wages and Benefits Payable	37,873	21,854	12,421	15,890	-	88,038
Accrued Interest Payable	-	-	-	46,707	-	46,707
Consumer Deposits	30,067	-	-	-	238,050	268,117
E.P.A. Loan, Current	-	-	-	633,579	-	633,579
Total Current Liabilities	<u>678,666</u>	<u>100,791</u>	<u>94,006</u>	<u>757,111</u>	<u>238,050</u>	<u>1,868,624</u>
NON-CURRENT LIABILITIES:						
Other Post Employment Benefit Obligation	111,052	77,702	7,187	34,237	-	230,178
Due to Other Funds	160,000	-	-	-	-	160,000
Compensated Absences	227,067	113,921	72,648	115,023	-	528,659
Net Pension Liability	527,982	302,811	153,595	202,603	-	1,186,991
E.P.A. Loan, Non-Current	-	-	-	6,469,736	-	6,469,736
Total Non-Current Liabilities	<u>1,026,101</u>	<u>494,434</u>	<u>233,430</u>	<u>6,821,599</u>	<u>-</u>	<u>8,575,564</u>
Total Liabilities	<u>1,704,767</u>	<u>595,225</u>	<u>327,436</u>	<u>7,578,710</u>	<u>238,050</u>	<u>10,444,188</u>
DEFERRED INFLOWS OF RESOURCES:						
Related to Pensions	<u>133,178</u>	<u>76,381</u>	<u>38,743</u>	<u>51,105</u>	<u>-</u>	<u>299,407</u>
NET POSITION						
NET POSITION:						
Net Investment in Capital Assets	20,227,435	4,081,582	5,389,749	5,615,034	-	35,313,800
Unrestricted Net Position	<u>6,148,940</u>	<u>5,021,390</u>	<u>2,505,069</u>	<u>2,288,677</u>	<u>133,471</u>	<u>16,097,547</u>
Total Net Position	<u>\$ 26,376,375</u>	<u>\$ 9,102,972</u>	<u>\$ 7,894,818</u>	<u>\$ 7,903,711</u>	<u>\$ 133,471</u>	<u>\$ 51,411,347</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2017

	ENTERPRISE FUNDS					TOTAL
	ELECTRIC	GAS	WATER	SEWER	UTILITY DEPOSITS	
OPERATING ACCOUNTS:						
Charges for Services	\$ 11,175,362	\$ 2,249,208	\$ 2,205,197	\$ 1,725,722	\$ -	\$ 17,355,489
Connection Fees	98,180	54,680	62,805	200,485	-	416,150
IMEA Credits	680,582	-	-	-	-	680,582
Subdivision Reinvestments	33,742	43,183	-	-	-	76,925
Total Operating Accounts	<u>11,987,866</u>	<u>2,347,071</u>	<u>2,268,002</u>	<u>1,926,207</u>	<u>-</u>	<u>18,529,146</u>
OPERATING EXPENSES:						
Cost of Sales	7,668,403	1,081,457	899,267	-	-	9,649,127
Distribution	1,249,471	810,959	362,052	-	-	2,422,482
Treatment	-	-	-	659,660	-	659,660
Collection	-	-	-	153,206	-	153,206
Administration	988,941	411,005	385,811	394,596	-	2,180,353
Depreciation	672,860	138,865	197,734	457,478	-	1,466,937
Total Operating Expenses	<u>10,579,675</u>	<u>2,442,286</u>	<u>1,844,864</u>	<u>1,664,940</u>	<u>-</u>	<u>16,531,765</u>
Operating Income (Loss)	<u>1,408,191</u>	<u>(95,215)</u>	<u>423,138</u>	<u>261,267</u>	<u>-</u>	<u>1,997,381</u>
NON-OPERATING REVENUES (EXPENSES):						
Interest Income	9,948	6,907	3,947	4,491	520	25,813
Investment Income	8,613	6,701	3,250	3,149	487	22,200
Interest Expense and Other Charges	-	-	-	(185,131)	-	(185,131)
Other Income	39,295	47,285	13,481	11,210	-	111,271
Total Non-Operating Revenues (Expenses)	<u>57,856</u>	<u>60,893</u>	<u>20,678</u>	<u>(166,281)</u>	<u>1,007</u>	<u>(25,847)</u>
Income (Loss) Before Transfers	1,466,047	(34,322)	443,816	94,986	1,007	1,971,534
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(185,662)</u>	<u>621,564</u>	<u>-</u>	<u>435,902</u>
Increase (Decrease) in Net Position	1,466,047	(34,322)	258,154	716,550	1,007	2,407,436
Total Net Position, Beginning of Year	<u>24,910,328</u>	<u>9,137,294</u>	<u>7,636,664</u>	<u>7,187,161</u>	<u>132,464</u>	<u>49,003,911</u>
Total Net Position, End of Year	<u>\$ 26,376,375</u>	<u>\$ 9,102,972</u>	<u>\$ 7,894,818</u>	<u>\$ 7,903,711</u>	<u>\$ 133,471</u>	<u>\$ 51,411,347</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2017

	ENTERPRISE FUNDS					TOTAL
	ELECTRIC	GAS	WATER	SEWER	UTILITY DEPOSITS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 11,847,201	\$ 2,344,734	\$ 2,237,487	\$ 1,917,528	\$ 124,125	\$ 18,471,075
Cash Paid Out to Customers	321	-	-	-	(117,400)	(117,079)
Cash Payments to Suppliers for Goods and Services	(8,887,052)	(1,482,309)	(1,287,156)	(723,024)	-	(12,379,541)
Cash Payments to Employees and Professional Contractors for Services	(1,044,874)	(593,563)	(332,789)	(425,046)	-	(2,396,272)
Net Cash Flows Provided by Operating Activities	<u>1,915,596</u>	<u>268,862</u>	<u>617,542</u>	<u>769,458</u>	<u>6,725</u>	<u>3,578,183</u>
CASH FLOWS FROM NON-CAPITAL RELATED FINANCING ACTIVITIES:						
Transfer of Funds	-	-	(185,662)	621,564	-	435,902
Other Income	39,295	47,285	13,481	11,210	-	111,271
Net Cash Flows Provided (Used) by Non-Capital Related Financing Activities	<u>39,295</u>	<u>47,285</u>	<u>(172,181)</u>	<u>632,774</u>	<u>-</u>	<u>547,173</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and Construction of Capital Assets	(302,892)	(45,500)	(302,898)	(322,152)	-	(973,442)
Principal Paid on Bonds and Notes	-	-	-	(618,031)	-	(618,031)
Interest Paid on Bonds and Notes	-	-	-	(189,194)	-	(189,194)
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(302,892)</u>	<u>(45,500)</u>	<u>(302,898)</u>	<u>(1,129,377)</u>	<u>-</u>	<u>(1,780,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
(Purchase) of Investments	(1,508,613)	(506,701)	(303,250)	(303,149)	(487)	(2,622,200)
Investment Income	18,561	13,608	7,197	7,640	1,007	48,013
Net Cash Flows Provided (Used) by Investing Activities	<u>(1,490,052)</u>	<u>(493,093)</u>	<u>(296,053)</u>	<u>(295,509)</u>	<u>520</u>	<u>(2,574,187)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	161,947	(222,446)	(153,590)	(22,654)	7,245	(229,498)
Cash and Cash Equivalents at May 1, 2016	<u>1,302,568</u>	<u>1,293,241</u>	<u>692,454</u>	<u>630,128</u>	<u>60,602</u>	<u>3,978,993</u>
Cash and Cash Equivalents at April 30, 2017	<u>\$ 1,464,515</u>	<u>\$ 1,070,795</u>	<u>\$ 538,864</u>	<u>\$ 607,474</u>	<u>\$ 67,847</u>	<u>\$ 3,749,495</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2017

	ENTERPRISE FUNDS					TOTAL
	ELECTRIC	GAS	WATER	SEWER	UTILITY DEPOSITS	
Operating Income	\$ 1,408,191	\$ (95,215)	\$ 423,138	\$ 261,267	\$ -	\$ 1,997,381
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	672,860	138,865	197,734	457,478	-	1,466,937
Changes in Assets and Liabilities:						
(Increase) in Accounts Receivable	(131,607)	(2,337)	(30,515)	(8,679)	-	(173,138)
(Increase) Decrease in Prepaid Insurance	(5,184)	(1,140)	(395)	460	-	(6,259)
Decrease in Deferred Outflow of Resources	66,351	34,049	23,604	28,661	-	152,665
Increase (Decrease) in Accounts Payable	29,463	(4,650)	(2,341)	16,388	-	38,860
Increase in Wages and Benefits Payable	1,579	755	650	2,788	-	5,772
Increase in Other Post Employment Benefit Obligation	16,760	8,501	3,394	4,096	-	32,751
Increase (Decrease) in Compensated Absences	12,828	(1,652)	4,343	4,384	-	19,903
(Decrease) in Net Pension Liability	(110,086)	(54,695)	(40,813)	(48,490)	-	(254,084)
Increase in Deferred Inflow of Resources	133,178	76,381	38,743	51,105	-	299,407
Increase (Decrease) in Due to/from Other Funds	(170,000)	170,000	-	-	-	-
Increase (Decrease) in Consumer Deposits	(8,737)	-	-	-	6,725	(2,012)
Total Adjustments	<u>507,405</u>	<u>364,077</u>	<u>194,404</u>	<u>508,191</u>	<u>6,725</u>	<u>1,580,802</u>
Net Cash Provided by Operating Activities	<u>\$ 1,915,596</u>	<u>\$ 268,862</u>	<u>\$ 617,542</u>	<u>\$ 769,458</u>	<u>\$ 6,725</u>	<u>\$ 3,578,183</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
EMPLOYEE RETIREMENT PLAN
APRIL 30, 2017

	<u>EMPLOYEE RETIREMENT PLAN</u>
<u>ASSETS</u>	
Cash and Short-Term Investments	\$ <u>88,894</u>
RECEIVABLES:	
Employer	424,514
Interest	<u>18,459</u>
Total Receivables	<u>442,973</u>
Investments	<u>5,009,266</u>
Total Assets	<u>5,541,133</u>
<u>LIABILITIES</u>	
Total Liabilities	<u>-</u>
<u>NET POSITION</u>	
Held in Trust for Pension Benefits	<u>\$ 5,541,133</u>

A schedule of funding progress presented for the Police Pension Plan is presented in the Required Supplementary Information Section of this report.

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE RETIREMENT PLAN
YEAR ENDED APRIL 30, 2017

	<u>EMPLOYEE RETIREMENT PLAN</u>
ADDITIONS:	
Contributions:	
Employer	\$ 405,000
Plan Members	79,999
Total Contributions	<u>484,999</u>
Investment Income:	
Interest	67,513
Dividend	47,156
(Loss) on Investments	(33,500)
Unrealized Appreciation	230,846
Total Investment Income	<u>312,015</u>
Total Additions	<u>797,014</u>
DEDUCTIONS:	
Retirement Benefits	185,418
Disability	53,966
Administrative Expense	33,136
Total Deductions	<u>272,520</u>
Change in Net Position	<u>524,494</u>
Net Position, Beginning of Year	<u>5,016,639</u>
Net Position, End of Year	<u>\$ 5,541,133</u>

See notes to financial statements.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Management, in determining what potential component entities should be included for financial reporting purposes, considered accountability for fiscal matters, other manifestations of oversight responsibility, scope of public service, and special financing relationships. Fiscal accountability, the most significant of all the criteria, refers to conditions of financial interdependency between two entities including budgetary adoption, taxing authority, responsibility for debt, and control over or responsibility for financial management. Other manifestations of oversight responsibility encompass the ability to select governing authority, designate management, or significantly influence operations. The scope of public service evaluates the benefits derived in terms of the citizenry served or the geographic boundaries included.

Based upon these criteria, the City does not have any component units.

A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Waterloo, Illinois (City) are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended April 30, 2017.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, with composite columns for non-major funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the 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.

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

Government 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 90 days of the end of the current fiscal period. 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 reported only when payment is due.

Sales and use taxes, income taxes, other intergovernmental revenue, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and internal service funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds and internal service 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 expense.

Governmental Funds

The City reports the following major governmental funds:

General Fund - The general fund reports on the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds

The City reports the following major enterprise funds:

Electric Fund - The Electric fund accounts for the operating activities of the City's electric utilities services.

Gas Fund - The Gas fund accounts for the operating activities of the City's gas utilities services.

Water Fund - The Water fund accounts for the operating activities of the City's water utilities services.

Sewer Fund - The Sewer fund accounts for the operating activities of the City's sewer utilities services.

Utility Deposits - The utility deposits fund accounts for the utility deposits of the City's enterprise funds.

Other Fund Types

Pension Trust Fund - The pension trust fund reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. The City's pension trust fund is limited to police officers.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allocation of Indirect Expenses

The City allocates, from its governmental funds, indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions include police, street, and library.

Administrative Expenses

The City's general fund also charges an administrative fee to the City's proprietary funds in an amount equal to approximately five percent (5%) of the proprietary fund's gross receipts.

D. Cash and Investments

The City maintains and controls pooled and nonpooled cash and investments that are separately held and reflected in their respective funds as "Cash and cash equivalents" and "Investments".

The City has adopted a formal written investment and cash management policy. The City is restricted to investments outlined in the Public Funds Investment Act of the State of Illinois and Police Pension Fund in 40 ILCS 5/3-135.

The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value. Fair value is determined by closing market prices at year-end as reported by the investment custodian.

E. Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Capital Assets, Depreciation and Amortization

The City's property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired after June 30, 1980), with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City generally capitalizes building and infrastructure assets with a cost of \$25,000 or more as purchase and construction outlays occur. Furniture, fixtures and equipment are generally capitalized with a cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Improvements, other than buildings	15-25
Furniture, fixtures, and equipment	5-10

For more information describing capital assets, see Note 4.

G. Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. There were no funds affected in the year ended April 30, 2017.

H. Long-Term Debt and Bond Discounts/Premiums

In the government-wide and proprietary funds, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

I. Fund Equity

Beginning with fiscal year 2012, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- ° Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ° Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- ° Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove the constraint.
- ° Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- ° Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

J. Net Position

Net positions represent the difference between assets and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

1. Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
2. Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
3. Unrestricted net position - This is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

K. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues for full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to all accrued vacation leave upon termination. Retirees are entitled to a percentage of their sick leave.

Police officers are not entitled to their proportionate sick leave balance until they retire or become disabled. However, these employees historically remain with the City until retirement. Selected management employees are entitled to all accrued sick and vacation leave balances at termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

L. Budgetary Information

Budget Policy and Practice

The City Collector - Budget Officer submits an annual budget to the City Council for review and public hearings are held to address priorities and the allocation of resources. In April of the prior fiscal year (2016), the City Council adopted the annual fiscal year budget for the City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source.

The budgets for the operating funds and proprietary fund operations are prepared on the cash basis. Revenues are budgeted in the year receipt is expected and expenditures are budgeted in the year expected to be paid. Appropriations lapse at year-end.

The City adopted its annual budget for the fiscal year ended April 30, 2017 on April 25, 2016 and it was amended on April 17, 2017.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as they relate to governmental entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheet - governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2. CASH, CERTIFICATES OF DEPOSIT AND INVESTMENTS

Cash and Cash Equivalents

At April 30, 2017, the book balance of the City's cash was \$13,023,259 and the bank balance was \$13,610,362. Of the bank balance, \$1,427,587 was covered by federal depository insurance and \$14,876,496 was covered by collateralized securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust and \$0 was uncollateralized.

	CARRYING AMOUNT	BANK VALUE
Pooled Cash, Cash and Cash Equivalents	\$ 13,023,259	\$ 13,610,362
Certificates of Deposit	\$ 39,399	\$ 39,399

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT AND INVESTMENTS (CONT'D)

Investments

As of April 30, 2017, the City had the following investments and maturities:

INVESTMENT TYPE	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		ON DEMAND	LESS THAN 1	1-5
IMET 1-3 Year Fund	14,500,298	14,500,298	-	-
Total Investments	<u>\$ 14,500,298</u>	<u>\$ 14,500,298</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

The IMET 1-3 Year Fund is designed as an investment vehicle for public funds not required to be spent in the near term and are available for investment in securities with slightly longer average maturities. Although the 1-3 Year Fund is designed for funds that may be invested for a year or more, there is no minimum investment term and there are no early withdrawal/redemption fees or penalties for funds invested for less than one year.

The 1-3 Year Fund provides 5 day liquidity, participants are able to redeem investment shares with 5 business days notice to the IMET Operations desk. The IMET 1-3 Year Fund has a fluctuating net asset value (NAV) and an average portfolio maturity of 1-3 years. IMET invests exclusively in U.S. government backed securities (Treasuries and Agencies).

The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. U.S. Bank, N.A. serves as custodian for The Illinois Funds. The fair value of the City's investment in The Illinois Funds is the same as the value of the pool shares. Although not subject to direct regulatory oversight, The Illinois Funds is administered in accordance with the provisions of Illinois statute 30 ILCS 235 "Public Funds Investment Act". The Illinois Funds - Money Market Fund is rated AAA by Standard & Poor's. The rating signifies an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT AND INVESTMENTS (CONT'D)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's investments may not be returned to it. For all deposits in financial institutions, the City requires collateral equal to 100 percent of the deposits which exceed the insurance limitation provided by the FDIC or the FSLIC. The City's investment policy limits collateral to the following:

- U.S. Government direct securities
- Obligations of federal agencies
- Obligations of federal instrumentalities
- Obligations of the State of Illinois
- Obligations of the City of Waterloo
- Letters of credit issued by a Federal Home Loan Bank
- Acceptable collateral as identified in the Illinois Compiled Statutes for use by the Treasurer of the State of Illinois

Concentration of Credit Risk - The City places no limit on the amount the City may invest in one issuer. As of April 30, 2017, the investments were substantially all invested in Illinois Metropolitan Investment Fund.

Pension Trust Policy

The City's pension trust is the police pension fund.

The Police Pension Plan may invest in any type of security allowed for in the Illinois Compiled Statutes (40 ILCS 5/1 - 113.2 - 113.4) regarding the investment of pension funds.

The investment policy of the Police Pension Plan provides for the following asset allocation guideline.

<u>ASSET CLASS</u>	<u>MINIMUM</u>	<u>TARGET</u>	<u>MAXIMUM</u>
Equities	0%	25% - 45%	45%
Fixed Income	0%	50% - 75%	75%
Cash / Cash Equivalents	0%	2% - 10%	10%

The Police Pension Plan has entered into an agreement with an investment manager. Under the terms of the agreement, the investment manager has full power and authority to hold and manage all money and securities deposited with the investment manager.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 2. CASH, CERTIFICATES OF DEPOSIT AND INVESTMENTS (CONT'D)

Investments at April 30, 2017 are comprised of the following:

	FAIR VALUE	COST
Equity Mutual Funds	\$ 2,242,530	\$ 2,053,354
Corporate Bonds	1,303,587	1,316,305
U.S. Treasury Notes	985,283	991,196
U.S. Treasury Bonds	200,751	211,763
Federal Farm Credit Banks	100,082	100,806
Federal Home Loan Bank	167,107	170,434
Federal National Mortgage Association	9,926	9,905
	\$ 5,009,266	\$ 4,853,763

NOTE 3. RECEIVABLES

Accounts receivable at April 30, 2017 consists of the following:

Garbage	\$ 118,796
Telecommunications Taxes	42,318
Video Gaming	18,264
Local Utility Taxes	71,799
Utility Bills	2,399,462
	\$ 2,650,639

There is no allowance for doubtful accounts as management expects utility deposits of \$238,050 sufficient to cover any uncollectible accounts receivable.

Taxes receivable of \$916,080 is comprised of sales, income, motor fuel tax and other intergovernmental revenue.

Real estate taxes are collected one year in arrears. Although levied in 2016, real estate taxes are collected subsequent to June 30, 2017. Accordingly, real estate taxes are reported as deferred revenue because they are not available to liquidate liabilities of the current period nor or they intended to do so.

Real estate taxes receivable are as follows:

Real Estate Taxes Receivable	\$ 1,245,096
Less Allowance for Uncollectible Accounts	(3,113)
Net Real Estate Taxes Receivable	\$ 1,241,983

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 4. CAPITAL ASSETS

Changes in Capital Assets:

The following table provides a summary of changes in capital assets:

	<u>CAPITAL ASSETS, NOT DEPRECIATED</u>			
	<u>CONSTRUCTION</u>			<u>TOTAL</u>
	<u>LAND</u>	<u>IN PROGRESS</u>	<u>TOTAL</u>	
Governmental Activities				
Balance at May 1, 2016	\$ 1,028,462	\$ 292,551		\$ 1,321,013
Increase	2,124	696,915		699,039
Decrease	-	650,302		650,302
Balance at April 30, 2017	<u>\$ 1,030,586</u>	<u>\$ 339,164</u>		<u>\$ 1,369,750</u>
	<u>CAPITAL ASSETS, DEPRECIATED</u>			
	<u>FURNITURE, MACHINERY AND</u>			<u>TOTAL</u>
	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>EQUIPMENT</u>	
Balance at May 1, 2016	\$ 4,788,750	\$ 25,274,514	\$ 5,232,251	\$ 35,295,515
Increases	-	363,949	176,343	540,292
Decreases	-	-	-	-
Balance at April 30, 2017 (Carried Forward)	<u>\$ 4,788,750</u>	<u>\$ 25,638,463</u>	<u>\$ 5,408,594</u>	<u>\$ 35,835,807</u>
	<u>CAPITAL ASSETS, DEPRECIATED</u>			
	<u>FURNITURE, MACHINERY AND</u>			<u>TOTAL</u>
	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>EQUIPMENT</u>	
Balance at April 30, 2017 (Brought Forward)	<u>\$ 4,788,750</u>	<u>\$ 25,638,463</u>	<u>\$ 5,408,594</u>	<u>\$ 35,835,807</u>
Accumulated Depreciation				
Balance at May 1, 2016	2,257,181	14,026,274	4,038,378	20,321,833
Increases	121,528	1,022,043	271,584	1,415,155
Decreases	-	-	-	-
Balance at April 30, 2017	<u>2,378,709</u>	<u>15,048,317</u>	<u>4,309,962</u>	<u>21,736,988</u>
Governmental Activities, Net	<u>\$ 2,410,041</u>	<u>\$ 10,590,146</u>	<u>\$ 1,098,632</u>	<u>\$ 14,098,819</u>

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 4. CAPITAL ASSETS (CONT'D)

	<u>CAPITAL ASSETS, NOT DEPRECIATED</u>			
	<u>CONSTRUCTION</u>			<u>TOTAL</u>
	<u>LAND</u>	<u>IN PROGRESS</u>		
Business-Type Activities				
Balance at May 1, 2016	\$ 2,871,540	\$ 400,024		\$ 3,271,564
Increases	-	543,503		543,503
Decreases	-	612,877		612,877
Balance at April 30, 2017	<u>\$ 2,871,540</u>	<u>\$ 330,650</u>		<u>\$ 3,202,190</u>
	<u>CAPITAL ASSETS, DEPRECIATED</u>			
	<u>FURNITURE, MACHINERY AND</u>			<u>TOTAL</u>
	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>EQUIPMENT</u>	
Balance at May 1, 2016	\$ 1,445,216	\$ 57,881,725	\$ 6,052,095	\$ 65,379,036
Increases	11,736	690,427	340,653	1,042,816
Decreases	-	-	-	-
Balance at April 30, 2017 (Carried Forward)	<u>\$ 1,456,952</u>	<u>\$ 58,572,152</u>	<u>\$ 6,392,748</u>	<u>\$ 66,421,852</u>
	<u>CAPITAL ASSETS, DEPRECIATED</u>			
	<u>FURNITURE, MACHINERY AND</u>			<u>TOTAL</u>
	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>EQUIPMENT</u>	
Balance at April 30, 2017 (Brought Forward)	\$ 1,456,952	\$ 58,572,152	\$ 6,392,748	\$ 66,421,852
Accumulated Depreciation				
Balance at May 1, 2016	330,189	21,098,103	4,311,698	25,739,990
Increases	36,277	1,274,369	156,291	1,466,937
Decreases	-	-	-	-
Balance at April 30, 2017	<u>366,466</u>	<u>22,372,472</u>	<u>4,467,989</u>	<u>27,206,927</u>
Net Business-Type Capital Assets Depreciated	<u>\$ 1,090,486</u>	<u>\$ 36,199,680</u>	<u>\$ 1,924,759</u>	<u>\$ 39,214,925</u>

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 4. CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 93,154
Public Safety	71,969
Highway and Streets	1,204,862
Culture and Recreation	45,170
	<u>\$ 1,415,155</u>
Business-Type Activities:	
Electric Fund	\$ 672,860
Gas Fund	138,865
Water Fund	197,734
Sewer Fund	457,478
	<u>\$ 1,466,937</u>

NOTE 5. LONG-TERM DEBT

A. Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended April 30, 2017:

Business-Type Activities	BALANCE	ISSUED	RETIRED	BALANCE
	MAY 1, 2016			APRIL 30, 2017
E.P.A. Loan	<u>\$ 7,721,346</u>	<u>\$ -</u>	<u>\$ 618,031</u>	<u>\$ 7,103,315</u>
	<u>\$ 7,721,346</u>	<u>\$ -</u>	<u>\$ 618,031</u>	<u>\$ 7,103,315</u>

Balances shown for bonds do not include unamortized premiums/discounts.

B. Loan Payable

The City received a loan from the Illinois Environmental Protection Agency of \$12,372,060. Through April 30, 2017, the balance of the loan is \$7,103,315.

The loan bears an interest rate of 2.50 percent and is payable over twenty (20) years with a final maturity in the year ended April 30, 2027.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 5. LONG-TERM DEBT (CONT'D)

The following is a schedule of the remaining principal and interest due on the Illinois Environmental Protection Agency loan:

YEAR ENDED APRIL 30,	PRINCIPAL	INTEREST	TOTAL
2018	\$ 633,579	\$ 173,647	\$ 807,226
2019	649,517	157,709	807,226
2020	665,856	141,370	807,226
2021	682,607	124,619	807,226
2022	699,779	107,447	807,226
2023 - 2027	3,771,977	254,154	4,026,131
	<u>\$ 7,103,315</u>	<u>\$ 958,946</u>	<u>\$ 8,062,261</u>

C. Legal Debt Margin

At April 30, 2017, the legal debt margin of the City was as follows:

Assessed Valuation - 2016	<u>\$ 260,178,226</u>
Legal Debt Margin	<u>8.625%</u>
Debt Margin	\$ 22,440,372
Debt Outstanding	-
Legal Debt Margin	<u>\$ 22,440,372</u>

The loan payable to the Illinois Environmental Protection Agency is payable from the system's revenues and hence are not considered in the computation of the legal debt margin and is also excluded by statute.

Illinois Municipal Retirement Plan

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 6. DEFINED BENEFIT PENSION PLAN

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hire *on or after* January 1, 2011, are eligible for Tier 2 benefits. For tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms. At December 31, 2016, the following employees were covered by the Plan:

Active	43
Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	8
Total	108

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 6. DEFINED PENSION PLAN (CONT'D)

Contributions . As set by statute, the City's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2016 was 12.15 percent. For the fiscal year ended April 30, 2017, the City contributed \$555,500 to the plan. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability . The City's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial methods and assumption, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale

MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 6. DEFINED PENSION PLAN (CONT'D)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in the City's Net Pension Liability. Changes in the City's net pension liability for the year ended December 31, 2016, were as follows:

	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET POSITION LIABILITY (ASSET)
Balance, December 31, 2015	\$ 16,316,313	\$ 14,269,913	\$ 2,046,400
Changes for the Year:			
Service Cost	349,687	-	349,687
Interest	1,208,003	-	1,208,003
Difference Between Expected and Actual Experience	(522,498)	-	(522,498)
Changes in Assumptions	(40,678)	-	(40,678)
Contributions-Employees	-	133,474	(133,474)
Contributions-Employer	-	360,379	(360,379)
Net Investment Income	-	994,458	(994,458)
Benefit Payments Including Refunds of Employee Contributions	(682,762)	(682,762)	-
Other (Net Transfer)	-	(131,549)	131,549
Net Changes	<u>311,752</u>	<u>674,000</u>	<u>(362,248)</u>
Balance, December 31, 2016	<u>\$ 16,628,065</u>	<u>\$ 14,943,913</u>	<u>\$ 1,684,152</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.50 percent, as well as, what the net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	DISCOUNT RATE	%	NET POSITION LIABILITY (ASSET)
1% decrease	6.50	%	\$ 3,877,927
Current discount rate	7.50		1,684,152
1% increase	8.50		(126,671)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended April 30, 2017, the City recognized pension expense of \$638,082. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 6. DEFINED PENSION PLAN (CONT'D)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Difference Between Expected and Actual Experience	\$ 122,618	\$ 394,126
Changes in Assumption	20,931	30,684
Net Difference Between Projected and Actual Earnings on Plan Investments	649,496	-
Contributions After Measurement Date	104,153	-
Total	\$ 897,198	\$ 424,810

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

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>		
2017	\$	244,696
2018		140,543
2019		84,109
2020		3,040
2021		-
Thereafter		-
Total	\$	472,388

NOTE 7. POLICE PENSION PLAN

Method Used to Value Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Administration - Police sworn personnel are covered by the police pension plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by the Illinois Compiled Statutes (chapter 40 ILCS 5/3-101) and may be amended only by the Illinois legislature.

The City accounts for the plan as a pension trust fund. The City does not, however, separately issue a financial report for the police pension plan.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. POLICE PENSION PLAN (CONT'D)

Management of the police pension plan is vested in the City's Police Pension Board, which consists of five members - two elected by active plan members, one elected by retired members and two members appointed by the mayor.

Plan membership at April 30, 2017, consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	7
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	<u>13</u>
 Total	 <u>22</u>

Benefits Provided - The Police Pension Plan provides retirement disability and death benefits. Benefits provided under the statute are summarized as follows:

Tier 1 - For police officers first entering Article 3 prior to January 1, 2011.

Tier 2 - For police officers first entering Article 3 after December 31, 2010.

Normal Pension Amount

Tier 1 - Age 50 with 20 or more years of creditable service. Pension is 50% of the greater of the annual salary held in the year proceeding retirement or the annual salary held on the last day of service, plus 2 1/2% of such annual salary for service from 20 to 30 years (maximum 25%).

Tier 2 - Age 55 with 10 or more years of creditable service. Pension is 2 1/2% of the final average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service.

Disability Pension Amount

Line of duty - Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum of \$1,000 per month.

Not on duty - 50% of salary attached to rank at date of suspension or retirement. Minimum of \$1,000 per month.

Pension to Survivors

Death of Retired Member

Tier 1 - 100% of pension amount to surviving spouse (or dependent children).

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. POLICE PENSION PLAN (CONT'D)

Tier 2 - 66 2/3 % of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of 1/2 of the Consumer Price Index - Urban (CPI-U) or 3% of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount each January 1 thereafter.

Death While in Service (Not in line of duty)

With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50 percent of the salary attached to the rank for the year prior to the date of death.

Death in Line of Duty

100% of the salary attached to the rank for the last day of service year prior to date of death.

Minimum Survivor Pension

\$1,000 per month to all surviving spouses.

Pension Increases

Tier 1 - 3% increase each January 1.

Tier 2 - 3% increase of the original pension amount each January 1.

Disabled - 3% increase of the original amount each January 1.

Contributions by Police Officer - Covered employees are required to contribute 9.91 percent of their base salary to the police pension plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

Contributions by the City - The City files an annual report with the Illinois Department of Insurance in compliance with the Illinois Compiled Statute. The City also engages an actuary to determine the employer contributions in an amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended April 30, 2017, the City contributed, \$405,000 which was 46.45% of covered payroll.

Investment Policy - The Pension Plan's investment policy follows the investments permissible under the Illinois Compiled Statutes 40 ILCS 5/1 - 113.1 and 40 ILCS 5/1 - 113.2. The Board has not adopted a specific asset allocation policy as of April 30, 2017.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. POLICE PENSION PLAN (CONT'D)

Concentrations - The Pension Plan had the following concentrations of investments:

- 1) The Plan had investments of \$1,186,034 (24 percent of total investments) in U.S. Treasury Notes at April 30, 2017.
- 2) The Plan had the following investments in mutual funds at April 30, 2017.

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
Fidelity Spartan International Index	\$ 240,199	5 %
Vanguard High Dividend Yield	467,422	9
Vanguard Research 1000	688,800	14

Rate of Return - For the year ended April 30, 2017 the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.43 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City - The components of the net pension liability of the City at April 30, 2017, were

Total Pension Liability	\$ 8,625,222
Plan Fiduciary Net Position	<u>(5,541,134)</u>
 City's Net Pension Liability	 <u>\$ 3,084,088</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.	 64.24%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of April 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0 percent
Salary Increases	3.5 percent, average, including inflation
Investment Rate of Return	6.50 percent, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments was based on the city council's decision with the actuary and the long-term expected rate of return based on the investment portfolio as a whole.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. POLICE PENSION PLAN (CONT'D)

Discount Rate - The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% DECREASE (5.50%)	CURRENT DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
City's Net Pension Liability	\$ 4,373,942	\$ 3,084,088	\$ 2,029,832

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources . For the year ended April 30, 2017, the City recognized pension expense of \$506,344. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to Police Pension from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Difference Between Expected and Actual Experience	\$ 204,084	\$ -
Difference Between Projected and Actual Investment		
Earnings on Pension Assets	16,778	-
Total	\$ 220,862	\$ -

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

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 7. POLICE PENSION PLAN (CONT'D)

YEAR ENDING	
<u>APRIL 30,</u>	
2018	\$ 27,043
2019	27,043
2020	27,043
2021	27,043
2022	22,849
Thereafter	<u>89,841</u>
Total	<u>\$ 220,862</u>

NOTE 8. OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description - The City of Waterloo defined other postemployment benefit plan (OPEB) is a single-employer defined benefit healthcare Plan that is administered by the City and covers retired employees of the City and their dependents. The Plan provides for the continuation of health care benefits for eligible retired employees. The City has the authority to establish and amend benefit provisions of the plan. The Plan does not issue a separate publicly available report.

Funding Policy - The Plan makes available to all employees who retire and their dependents the option to continue healthcare coverage under the City's group health program by contributing the monthly premium. Retirees contribute 100 percent of the premium for the level and type of coverage. The City pays 100 percent of the premium for duty-disabled police officers and their families. For the 2017 fiscal year, the annual pay-as-you-go cost is approximately \$32,604 (0.9 percent of payroll).

As of April 30, 2017, the Plan has four retirees receiving benefits and fifty-four active participants.

Annual OPEB Cost and Net OPEB Obligation - The City engaged an actuarial firm to determine the estimated obligation associated with OPEB as of April 30, 2017, as well as the annual required contribution (ARC) for funding this obligation in accordance with the parameters of GASB Statement No. 45 for employers with more than one hundred total plan members. Based on this report, including assumptions that the ARC is not fully funded, the ARC for the City in fiscal year 2017 was \$105,502. The City's annual (OPEB) cost is calculated based on the ARC. The ARC represents a level of funding, that if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year ended April 30, 2017, the actual amount contributed to the plan, and changes in the City's net OPEB obligation to the plan:

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

	<u>ELECTRIC</u>	<u>GAS</u>	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL PROPRIETARY FUNDS</u>
Annual Required Contribution	\$ 18,623	\$ 9,452	\$ 3,446	\$ 4,511	\$ 36,032
Interest on OPEB Obligation	4,243	3,114	171	1,356	8,884
Adjustment to Annual Required Contribution	<u>(5,539)</u>	<u>(4,065)</u>	<u>(223)</u>	<u>(1,771)</u>	<u>(11,598)</u>
Annual OPEB Cost (Expense)	17,327	8,501	3,394	4,096	33,318
Contributions Made	<u>(567)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(567)</u>
Increase in Net OPEB Obligation	16,760	8,501	3,394	4,096	32,751
Net OPEB Obligation - May 1, 2016	<u>94,292</u>	<u>69,201</u>	<u>3,793</u>	<u>30,141</u>	<u>197,427</u>
Net OPEB Obligation - April 30, 2017	<u>\$ 111,052</u>	<u>\$ 77,702</u>	<u>\$ 7,187</u>	<u>\$ 34,237</u>	<u>\$ 230,178</u>

	<u>POLICE</u>	<u>MUNICIPAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Annual Required Contribution	\$ 63,666	\$ 15,962	\$ 79,628
Interest on OPEB Obligation	19,884	4,485	24,369
Adjustment to Annual Required Contribution	<u>(25,958)</u>	<u>(5,855)</u>	<u>(31,813)</u>
Annual OPEB Cost (Expense)	57,592	14,592	72,184
Contributions Made	<u>(7,696)</u>	<u>(6,691)</u>	<u>(14,387)</u>
Increase in Net OPEB Obligation	49,896	7,901	57,797
Net OPEB Obligation - May 1, 2016	<u>441,859</u>	<u>99,662</u>	<u>541,521</u>
Net OPEB Obligation - April 30, 2017	<u>\$ 491,755</u>	<u>\$ 107,563</u>	<u>\$ 599,318</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended April 30, 2017 and the two preceding years are as follows:

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
April 30, 2017	\$ 105,502	14.20%	\$ 829,496
April 30, 2016	143,011	4.00%	738,948
April 30, 2015	151,888	21.70%	601,687

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Funded Status and Funding Progress - The funded status of the Plan based on the most recent actuarial valuation as of April 30, 2017 is as follows:

	TOTAL PROPRIETARY			TOTAL
	FUNDS	POLICE	MUNICIPAL	
Actuarial Accrued Liability (AAL)	\$ 360,040	\$ 563,108	\$ 169,371	\$ 1,092,519
Actuarial Value of Plan Assets	-	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 360,040</u>	<u>\$ 563,108</u>	<u>\$ 169,371</u>	<u>\$ 1,092,519</u>
 Funded Ratio/Actuarial Value of Plan Assets (AAL)	 0.0%	 0.0%	 0.0%	 0.0%
Covered Payroll (Active Plan Members)	\$ 1,968,020	\$ 949,706	\$ 704,924	\$ 3,622,650
UAAL as of Percentage of Covered Payroll	18.3%	59.3%	24.0%	30.2%

The details of the proprietary funds are as follows:

	ELECTRIC	GAS	WATER	SEWER	TOTAL
					PROPRIETARY FUNDS
Actuarial Accrued Liability (AAL)	\$ 180,713	\$ 98,782	\$ 32,337	\$ 48,208	\$ 360,040
Actuarial Value of Plan Assets	-	-	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 180,713</u>	<u>\$ 98,782</u>	<u>\$ 32,337</u>	<u>\$ 48,208</u>	<u>\$ 360,040</u>
 Funded Ratio (Actuarial Value of Plan Assets / AAL)	 0.0%	 0.0%	 0.0%	 0.0%	 0.0%
Covered Payroll (Active Plan Members)	\$ 853,582	\$ 525,129	\$ 258,785	\$ 330,524	\$ 1,968,020
UAAL as a Percentage of Covered Payroll	21.2%	18.8%	12.5%	14.6%	18.3%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Actuarial Methods and Assumptions - The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the City and employees) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs to the City to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the actuarial valuation for the fiscal year ended April 30, 2017, the entry age normal cost method was used.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Active plan members were assumed to retire at age 50 (police) or 55 (municipal) or the first year thereafter in which the member would qualify for benefits. If an employee would not yet qualify for 5 years of benefits, then the employee is assumed to work until he/she has accumulated enough years of vested service to obtain benefits until they reach Medicare eligibility (age 65).

Mortality - Life expectancies were based on mortality tables according to the 1994 Group Annuity Mortality Tables for Males and Females.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in health insurance premiums initially used a select rate of 8.5 percent, with a reduction to the ultimate rate of 4.5 percent after five years. Rates include a 2.5 percent general inflation assumption.

Health Insurance Premiums - Health insurance premiums for employees for the year ended April 30, 2017 were used as the basis for the calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.5 percent was used. In addition, a simplified version of the unit credit cost method was used.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8. OTHER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years as a level dollar amount.

NOTE 9. PROPERTY TAXES

The City's 2015 property tax levy was passed by the City on November 23, 2015. Property taxes attach as an enforceable lien on property as of January 1. Taxes were payable in two (2) installments on October 18, 2016 and November 18, 2016. Major tax payments were received by the City funds by April 30, 2017 for taxes payable in 2016.

The City's 2016 property tax levy was passed by the Board on November 21, 2016.

NOTE 10. COMMITMENTS AND CONTINGENCIES

A. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

B. State Motor Fuel Fund

This fund is under the direct supervision of state authorities and is subject to audit and review by them. Therefore, this report does not constitute final approval. Under current procedures, the allotments of the City are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois.

NOTE 11. RISK MANAGEMENT

The City is a member of the Illinois Municipal League Risk Management Association, a public entity risk pool, currently operating as a common risk management and insurance program. The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by their participation in a public entity risk pool. Whenever the pool determines that the assets of the fund are less than the reserves which would be required to be maintained by the fund, then the fund shall assess each public agency member the amount necessary to correct the deficiency. Each assessment will be prorated based upon the public agencies' annual contributions, provided that in no event shall the annual total of any assessment exceed 10 percent of the gross annual premium or contributions to the fund during the most recent year. The premium for the year ending April 30, 2017 was \$367,568. In the opinion of the City officials, no additional liability will be incurred. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 12. CONCENTRATIONS

Management expects that approximately \$600,000 in sales tax revenue is derived from the Wal-Mart Super Center located within the corporate limits.

The City also had approximately \$489,100 in gross utility revenue from Wal-Mart in the Proprietary fund.

Included in charges for services within governmental revenue is \$854,093 in administrative fees received from the Proprietary funds (Electric, Gas, Water and Sewer).

NOTE 13. INTERFUND TRANSFERS

DUE FROM	DUE TO	AMOUNT
Electric Fund	Gas Fund	\$ <u>160,000</u>

The details for the interfund transfers for the year ended April 30, 2017 are as follows:

Fund	AMOUNT
Transfer from Utility Tax Fund to Sewer Fund to cover debt payment	\$ 435,902
Transfer from Water Fund to Sewer Fund to cover debt payment	<u>185,662</u>
	<u>\$ 621,564</u>

NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended April 30, 2017:

FUND	DEPARTMENT	OBJECT CATEGORY	EXCEEDING APPROPRIATIONS
General Fund	Police	Vacation Leave	\$ 2,250
General Fund	Police	Health Insurance Reimbursement	327
General Fund	Police Commission	Testing for Officer Hiring	491
General Fund	Streets and Alleys	Sick Leave	275
General Fund	Streets and Alleys	Land	624

The excess expenditures were covered by available fund balance in the funds.

CITY OF WATERLOO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 15. LEASE REVENUE

The City has a lease agreement with Verizon Wireless for rental of a parcel of property on which communications equipment will be stationed. The terms of this agreement are based on 5 year increments. After each 5 year period, the next term will be automatically renewed unless canceled by either party. Rent under this agreement will be paid in annual installments of \$9,000 and increase at each renewal date as set forth in the lease. This lease was amended to provide additional space at a total cost of \$4,800 for the initial term. The lease provides for annual increases.

The City has a lease agreement with Sprint Spectrum L.P. for rental of a parcel of property on which communications equipment will be stationed. The terms of this agreement are based on 5 year increments. After each 5 year period, the next term will be automatically renewed for 5 years unless canceled by either party. Rent under this agreement will be paid in annual installments of \$7,000 and increase at each renewal date as set forth in the lease.

Minimal rentals on leases for the next five years are as follows:

5/1/17 - 4/30/18	\$	29,313
5/1/18 - 4/30/19		32,195
5/1/19 - 4/30/20		32,195
5/1/20 - 4/30/21		32,195
5/1/21 - 4/30/22		32,195

The leases included in the balance shown in the previous schedule include rental amounts that are determined annually based on formulas prescribed in the individual lease agreements. The minimum future rentals for these leases were determined using the rates in effect at April 31, 2017.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated the effect of subsequent events on the financial statements through the date of this report, which is the date the financials statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WATERLOO, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Calendar Year Ending December 31,	LAST 10 CALENDAR YEARS (SCHEDULE TO BE BUILT PROSPECTIVELY FROM 2014)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
TOTAL PENSION LIABILITY:										
Service Cost	\$ 349,687	\$ 323,114								
Interest on the Total Pension Liability	1,208,003	1,132,785								
Benefit Changes	-	-								
Difference Between Expected and Actual Experience	(522,498)	236,500								
Assumption Changes	(40,678)	40,371								
Benefit Payments and Refunds	(682,762)	(717,413)								
Net Change in Total Pension Liability	<u>311,752</u>	<u>1,015,357</u>								
Total Pension Liability - Beginning	<u>16,316,313</u>	<u>15,300,956</u>								
Total Pension Liability - Ending (a)	<u>\$ 16,628,065</u>	<u>\$ 16,316,313</u>								
PLAN FIDUCIARY NET POSITION:										
Employer Contributions	\$ 360,379	\$ 468,089								
Employee Contributions	133,474	131,980								
Pension Plan Net Investment Income	994,458	71,203								
Benefit Payments and Refunds	(682,762)	(717,413)								
Other	(131,549)	16,808								
Net Change in Plan Fiduciary Net Position	<u>674,000</u>	<u>(29,333)</u>								
Plan Fiduciary Net Position - Beginning	<u>14,269,913</u>	<u>14,299,246</u>								
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,943,913</u>	<u>\$ 14,269,913</u>								
Net Pension Liability/(Asset)-Ending (a)-(b)	\$ 1,684,152	\$ 2,046,400								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.87%	87.46%								
Covered Valuation Payroll	\$ 2,966,080	\$ 2,932,889								
Net Pension Liability as a Percentage of Covered Valuation Payroll	56.78%	69.77%								

CITY OF WATERLOO, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
MULTIYEAR SCHEDULE OF CONTRIBUTIONS

LAST 10 CALENDAR YEARS

<u>CALENDAR YEAR ENDING DECEMBER 31,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>COVERED VALUATION PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS OF % OF COVERED VALUATION PAYROLL</u>
2015	\$ 468,089	\$ 468,089	\$ -	\$ 2,932,889	15.96%
2016	360,379	360,379	-	2,966,080	12.15%

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
OTHER POST PUBLIC EMPLOYMENT BENEFIT PLAN
APRIL 30, 2017

ACTUARIAL VALUATION DATE	ANNUAL OPEB COST	PERCENTAGE OF OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
4/30/2017	\$ 105,502	14.20 %	\$ 829,496
4/30/2016	143,011	4.00	738,948
4/30/2015	151,888	21.70	601,687
4/30/2014	153,357	19.90	482,704
4/30/2013	154,873	18.00	359,815
4/30/2012	131,978	45.60	232,895
4/30/2011	132,910	41.50	161,044
4/30/2010	133,903	37.80	83,296

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL COST (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
4/30/2017	\$ -	\$ 1,092,519	\$ 1,092,519	- %	\$ 3,622,650	30.20 %
4/30/2016	-	1,352,778	1,352,778	-	3,497,478	38.70
4/30/2015	-	1,573,019	1,573,019	-	3,687,166	42.66
4/30/2014	-	1,450,811	1,450,811	-	3,562,479	40.72
4/30/2013	-	1,335,844	1,335,844	-	3,442,008	38.81
4/30/2012	-	1,228,644	1,228,644	-	3,374,229	36.40
4/30/2011	-	1,157,616	1,157,616	-	3,260,125	35.50
4/30/2010	-	1,088,563	1,088,563	-	3,149,879	34.60

CITY OF WATERLOO
POLICE PENSION FUND
APRIL 30, 2017

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
TOTAL PENSION LIABILITY:										
Service Cost	\$ 246,585	\$ 268,414	\$ 282,417							
Interest on the Total Pension Liability	505,436	500,155	382,427							
Changes of Benefit Terms	-	-	-							
Difference Between Expected and Actual Experience	226,932	(465,422)	790,465							
Changes of Assumptions	-	-	561,107							
Benefit Payments	(239,384)	(207,093)	(203,635)							
Net Change in Total Pension Liability	739,569	96,054	1,812,781							
Total Pension Liability - Beginning	7,885,653	7,789,599	5,976,818							
Total Pension Liability - Ending	<u>\$ 8,625,222</u>	<u>\$ 7,885,653</u>	<u>\$ 7,789,599</u>							
PLAN FIDUCIARY NET POSITION:										
Employer Contributions	\$ 405,000	\$ 441,000	\$ 380,000							
Employee Contributions	79,999	96,824	94,024							
Pension Plan Net Investment Income	295,773	(44,528)	156,597							
Benefit Payments and Refunds	(239,384)	(207,093)	(203,635)							
Other	(16,893)	(17,115)	(18,460)							
Net Change in Plan Fiduciary Net Position	524,495	269,088	408,526							
Plan Fiduciary Net Position - Beginning	5,016,639	4,747,551	4,339,025							
Plan Fiduciary Net Position - Ending	<u>\$ 5,541,134</u>	<u>\$ 5,016,639</u>	<u>\$ 4,747,551</u>							
Net Pension Liability/(Asset)	\$ 3,084,088	\$ 2,869,014	\$ 3,042,048							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.24%	63.62%	60.95%							
Covered Valuation Payroll	\$ 871,922	\$ 914,496	\$ 987,469							

CITY OF WATERLOO
POLICE PENSION FUND
APRIL 30, 2017

MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS

<u>FISCAL YEAR ENDING APRIL 30,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>COVERED VALUATION PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL</u>
2017	402,177	\$ 405,000	(2,823)	914,496	44.29%
2016	440,707	441,000	(293)	967,469	45.58%
2015	380,000*	380,000	-	873,150	43.52%

* Estimate based on the prior year actuarial evaluation.

CITY OF WATERLOO
POLICE PENSION FUND
APRIL 30, 2017

SCHEDULE OF INVESTMENT RETURNS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual Money - Weighted Rate of Return, Net of Investment Expense	3.09%	-1.25%	5.43%	-	-	-	-	-	-	-

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>(BUDGETARY</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET-</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS)</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUE:				
Property Tax IMRF/FICA	\$ 108,000	\$ 108,000	\$ 107,585	\$ (415)
Property Tax Road and Bridge	55,000	55,000	54,787	(213)
Property Tax Gen. Corporate	187,000	187,000	186,251	(749)
Liquor License	6,200	6,900	7,030	130
Franchise License	120,000	128,000	129,255	1,255
Utility Franchise	838,000	857,000	854,092	(2,908)
Infrastructure Fee	265,000	256,800	252,165	(4,635)
Fees and Permits	80,000	90,000	124,114	34,114
Inspection Fees	20,000	20,000	17,400	(2,600)
State Income Tax	1,231,000	1,231,000	1,173,840	(57,160)
State Replacement Tax	62,200	56,600	64,357	7,757
Mobile Home Taxes	20	20	13	(7)
Grant	-	-	-	-
Sales Tax	2,300,000	2,200,000	2,216,798	16,798
Business District Tax	70,000	91,000	91,642	642
Video Gaming	60,000	80,000	83,454	3,454
Court Fines	50,000	50,000	50,962	962
Penalties on Service	9,200	9,200	9,583	383
Refuse Fees	732,500	725,000	723,802	(1,198)
Utility Bill Adjustment	(250)	(250)	(82)	168
Interest Income	5,300	32,500	40,005	7,505
Rural Fire District Rent	-	-	-	-
Tower Rental	29,500	30,000	30,024	24
Sundry Income	6,000	58,000	57,573	(427)
Donations	20,700	27,000	15,134	(11,866)
Hotel/Motel Tax	15,000	22,000	24,203	2,203
Miscellaneous	2,000	500	373	(127)
Total Revenue	<u>\$ 6,272,370</u>	<u>\$ 6,321,270</u>	<u>\$ 6,314,360</u>	<u>\$ (6,910)</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>WITH FINAL</u> <u>BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
EXPENDITURES:				
Legislative				
Mayor	\$ 25,000	\$ 25,000	\$ 24,303	\$ 697
Aldermen	140,000	130,000	119,542	10,458
FICA	12,600	12,600	10,985	1,615
IMRF	-	-	-	-
Professional Services	28,000	129,000	128,708	292
Communications	5,800	5,000	3,855	1,145
Printing and Publishing	6,100	6,300	6,240	60
Membership and Dues	12,000	12,000	11,500	500
Training	15,500	10,000	6,751	3,249
Books and Publications	250	250	187	63
Bad Debt Expense	2,000	2,000	3,250	(1,250)
Insurance and Bonds	500	500	458	42
Sales Tax Rebate	69,000	83,000	82,911	89
Miscellaneous	15,000	15,000	12,241	2,759
Office Supplies	200	200	-	200
Capital Projects	-	-	-	-
Legislative Total Expense	<u>\$ 331,950</u>	<u>\$ 430,850</u>	<u>\$ 410,931</u>	<u>\$ 19,919</u>
Finance				
District of Public Works	\$ 24,000	\$ 24,000	\$ 23,099	\$ 901
Finance Director	19,700	19,700	19,165	535
Clerical	58,500	58,500	56,487	2,013
Part-Time Salaries	4,500	4,500	-	4,500
Over-Time Salaries	2,000	2,000	1,066	934
Sick Leave	2,600	2,600	2,026	574
Vacation Leave	9,000	9,000	7,479	1,521
Treasurer	8,500	8,500	8,338	162
Health Insurance	18,500	18,500	17,128	1,372
Health Insurance Reimbursement	-	6,520	3,826	2,694
Unemployment Insurance	200	200	119	81
FICA	10,000	10,000	8,779	1,221
IMRF	14,000	14,000	13,088	912
Bank Charges	800	900	776	124
Clothing Allowance	1,500	1,500	1,270	230
Sub-Total (Carried Forward)	<u>\$ 173,800</u>	<u>\$ 180,420</u>	<u>\$ 162,646</u>	<u>\$ 17,774</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Sub-Total (Brought Forward)	<u>\$ 173,800</u>	<u>\$ 180,420</u>	<u>\$ 162,646</u>	<u>\$ 17,774</u>
Equipment Rental and Service	2,400	2,400	1,879	521
Professional Services	2,800	2,800	1,922	878
Postage	1,600	1,600	1,255	345
Communications	17,100	17,500	15,427	2,073
Printing and Publishing	1,500	1,500	1,281	219
Membership and Dues	200	200	70	130
Training	4,000	2,000	775	1,225
Insurance and Bonds	19,000	16,000	14,570	1,430
Miscellaneous	500	500	45	455
Office Supplies	5,000	5,000	3,240	1,760
Department Supplies	1,500	1,600	1,525	75
Equipment - Office	2,000	3,000	1,097	1,903
Furniture and Fixtures	1,000	-	-	-
Information Systems	11,000	11,000	8,193	2,807
Tourism	<u>15,000</u>	<u>15,000</u>	<u>12,296</u>	<u>2,704</u>
Finance Total Expenses	<u>\$ 258,400</u>	<u>\$ 260,520</u>	<u>\$ 226,221</u>	<u>\$ 34,299</u>
Building				
Building Repairs	\$ 7,500	\$ 13,500	\$ 12,745	\$ 755
Equipment Rental and Service	126,000	126,000	107,854	18,146
Professional Services	3,500	3,500	2,160	1,340
Independent Contractor	20,000	20,000	18,200	1,800
Utilities	62,000	62,000	59,462	2,538
Janitorial Supplies	2,000	2,000	1,911	89
Fuels	1,000	1,000	510	490
Equipment	5,000	5,000	2,990	2,010
Furniture and Fixtures	-	-	-	-
Building Total Expenses	<u>\$ 227,000</u>	<u>\$ 233,000</u>	<u>\$ 205,832</u>	<u>\$ 27,168</u>
Legal				
Legal	<u>\$ 160,000</u>	<u>\$ 170,000</u>	<u>\$ 162,760</u>	<u>\$ 7,240</u>
Legal Total Expenses	<u>\$ 160,000</u>	<u>\$ 170,000</u>	<u>\$ 162,760</u>	<u>\$ 7,240</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Zoning/Building Inspector				
Planning Commission	\$ 6,420	\$ 6,420	\$ 4,395	\$ 2,025
Zoning Board	6,180	6,180	3,160	3,020
Zoning Officer	69,500	69,500	68,596	904
Building Inspector	49,500	49,700	49,482	218
Part-Time Salaries	1,000	1,000	280	720
Sick Leave	3,000	7,500	7,163	337
Vacation Leave	8,000	14,000	12,487	1,513
Health Insurance	45,000	45,000	43,327	1,673
Health Insurance Reimbursement	-	2,100	1,871	229
Unemployment Insurance	200	250	249	1
FICA	11,000	11,200	11,103	97
IMRF	17,000	17,000	16,420	580
Vehicle Maintenance and Repair	1,500	1,500	788	712
Professional Services	85,500	85,500	68,720	16,780
Postage	100	100	100	-
Communications	1,000	1,100	941	159
Printing and Publishing	100	100	73	27
Membership and Dues	200	200	150	50
Training	2,000	2,000	685	1,315
Books and Publications	250	250	-	250
Insurance and Bonds	11,500	11,500	10,588	912
Miscellaneous	500	500	80	420
Office Supplies	1,000	1,000	995	5
Vehicle Fuel and Lube	3,000	2,000	1,406	594
Equipment - Office	2,000	2,000	-	2,000
Equipment - Vehicle	-	-	-	-
Information Systems	600	1,200	1,200	-
Zoning/Building Inspector				
Total Expenses	<u>\$ 326,050</u>	<u>\$ 338,800</u>	<u>\$ 304,259</u>	<u>\$ 34,541</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>WITH FINAL</u> <u>BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
Records				
Deputy City Clerk	\$ 49,000	\$ 49,500	\$ 48,770	\$ 730
Over-Time Salaries	500	500	-	500
Sick Leave	1,600	1,700	1,637	63
Vacation Leave	5,000	5,000	4,554	446
City Clerk	17,200	17,200	17,058	142
Health Insurance	18,500	18,500	16,868	1,632
Health Insurance Reimbursement	-	2,100	2,013	87
Unemployment Insurance	100	100	71	29
FICA	6,000	6,000	5,197	803
IMRF	7,000	7,000	6,532	468
Clothing Allowance	250	250	212	38
Equipment Repairs	200	200	-	200
Professional Services	7,000	7,000	560	6,440
Postage	100	100	100	-
Printing and Publishing	4,000	4,000	3,457	543
Membership and Dues	200	200	30	170
Training	3,500	3,500	2,204	1,296
Books and Publications	100	100	-	100
Insurance and Bonds	350	300	234	66
Recording Fees	1,000	1,000	687	313
Miscellaneous	100	100	-	100
Office Supplies	500	500	147	353
Equipment - office	-	-	-	-
Information systems	500	-	-	-
Records Total Expenses	<u>\$ 122,700</u>	<u>\$ 124,850</u>	<u>\$ 110,331</u>	<u>\$ 14,519</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Police				
Regular Salaries	\$ 965,000	\$ 940,000	\$ 932,497	\$ 7,503
Part-Time Salaries	22,000	22,000	21,320	680
PEDA Salaries	-	27,000	14,679	12,321
Over-Time Salaries	50,000	85,000	80,578	4,422
Sick Leave	25,000	72,000	64,270	7,730
Vacation Leave	85,000	97,000	99,250	(2,250)
Holiday	45,000	50,000	42,916	7,084
Health Insurance	260,000	230,000	228,247	1,753
Health Insurance Reimbursement	-	29,400	29,727	(327)
Unemployment Insurance	1,500	1,500	1,359	141
FICA	92,000	92,000	88,441	3,559
IMRF	7,000	7,000	6,321	679
Clothing Allowance	12,000	12,000	10,918	1,082
Vehicle Maintenance and Repair	20,000	20,000	18,720	1,280
Equipment Rental and Service	3,000	3,000	2,016	984
Postage	500	500	430	70
Communications	163,500	158,000	153,822	4,178
Printing and Publishing	1,000	1,500	1,385	115
Membership and Dues	12,000	12,000	11,051	949
Training	12,000	14,000	11,549	2,451
Books and Publications	1,000	1,000	28	972
Insurance and Bonds	67,000	66,000	64,218	1,782
Miscellaneous	3,000	3,000	1,571	1,429
Office Supplies	5,000	5,000	3,223	1,777
Department Supplies	6,500	6,500	5,723	777
Vehicle Fuel and Lube	45,000	28,000	25,142	2,858
Ammunition	1,500	1,500	1,438	62
Canine	3,000	3,000	1,193	1,807
Equipment - Office	2,500	2,500	1,413	1,087
Equipment - New	20,000	20,000	18,626	1,374
Equipment - Vehicle	90,000	90,000	87,767	2,233
Information Systems	36,000	36,000	35,462	538
Community Relations	3,500	4,500	4,136	364
DARE Fund	3,000	3,000	2,386	614
DUI Fund	5,500	5,500	5,262	238
Police Total Expenses	<u>\$ 2,069,000</u>	<u>\$ 2,149,400</u>	<u>\$ 2,077,084</u>	<u>\$ 72,316</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Emergency Management Agency				
ESDA Coordinator	\$ 6,000	\$ 6,000	\$ 5,760	\$ 240
Unemployment Insurance	100	100	23	77
FICA	500	500	434	66
IMRF	300	300	215	85
Vehicle Maintenance and Repair	500	500	-	500
Postage	100	100	100	-
Communications	400	300	245	55
Training	200	200	-	200
Vehicle Fuel and Lube	100	100	-	100
Equipment	500	500	-	500
Equipment - New	-	-	-	-
Emergency Management Agency Total Expenses	<u>\$ 8,700</u>	<u>\$ 8,600</u>	<u>\$ 6,777</u>	<u>\$ 1,823</u>
Police Commission				
Legal	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Officer Candidates Testing	100	100	-	100
Testing for Officer Hiring	3,000	6,000	6,491	(491)
Printing and Publishing	1,000	200	120	80
Membership and Dues	400	400	375	25
Training	2,000	2,000	-	2,000
Office Supplies	100	100	-	100
Police Commission Total Expenses	<u>\$ 7,600</u>	<u>\$ 9,800</u>	<u>\$ 6,986</u>	<u>\$ 2,814</u>
Health and Ordinance				
Postage	\$ 100	\$ 100	\$ 100	\$ -
Miscellaneous	35,000	-	-	-
Equipment -New	10,000	-	-	-
Health and Ordinance Total Expenses	<u>\$ 45,100</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>WITH FINAL</u> <u>BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
Social Services				
Community Relations Coordinator	\$ 45,000	\$ 46,000	\$ 44,667	\$ 1,333
Sick Leave	1,300	1,700	921	779
Vacation Leave	3,000	3,000	1,642	1,358
Health Insurance	2,000	2,000	1,593	407
Unemployment Insurance	100	100	71	29
FICA	3,800	3,800	3,542	258
IMRF	6,000	6,000	5,612	388
Communications	1,000	1,000	917	83
Printing and Publishing	100	100	-	100
Training	2,000	2,000	640	1,360
Books and Publications	50	50	30	20
Street Lighting	70,000	70,000	69,185	815
Refuse	728,500	720,000	717,544	2,456
Insurance and Bonds	150	200	170	30
Miscellaneous	150	150	-	150
Office Supplies	3,000	3,000	968	2,032
Office Equipment	500	-	-	-
Furniture and Fixtures	-	-	-	-
Information Systems	5,500	2,500	2,355	145
Community Relations	23,000	23,000	18,939	4,061
Contribution Sr. Citizens	7,500	7,500	7,500	-
Sister Cities Program	2,500	2,500	2,013	487
Downtown Enhancement	60,000	105,000	94,263	10,737
Social Services Total Expenses	<u>\$ 965,150</u>	<u>\$ 999,600</u>	<u>\$ 972,572</u>	<u>\$ 27,028</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>WITH FINAL</u> <u>BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
Streets and Alleys				
Regular Salaries	\$ 306,000	\$ 308,000	\$ 301,711	\$ 6,289
Part-Time Salaries	3,300	3,300	2,455	845
Over-Time Salaries	25,000	20,000	11,471	8,529
Sick Leave	8,000	6,000	6,275	(275)
Vacation Leave	27,000	27,000	25,890	1,110
Interdepartmental Salaries	20,000	15,000	8,906	6,094
Health Insurance	75,000	70,000	67,912	2,088
Health Insurance Reimbursement	-	10,500	8,620	1,880
Unemployment Insurance	500	500	370	130
FICA	30,000	30,000	25,997	4,003
IMRF	50,000	46,000	42,146	3,854
Clothing Allowance	3,750	3,750	729	3,021
Building Repairs	10,000	5,000	3,810	1,190
Equipment Repairs	50,000	40,000	26,421	13,579
Communications	2,500	2,000	1,275	725
Training	2,000	2,000	820	1,180
Utilities	19,000	17,000	14,861	2,139
Insurance and Bonds	68,000	66,000	65,005	995
Miscellaneous	6,000	5,000	3,239	1,761
Street Maintenance and Repair	20,000	18,000	5,552	12,448
Street Signs	7,500	7,500	3,459	4,041
Construction Materials	30,000	30,000	18,169	11,831
Department Supplies	10,000	12,000	10,702	1,298
Tools	3,000	4,000	3,444	556
Janitorial Supplies	2,500	2,500	1,666	834
Vehicle Fuel and Lube	40,000	30,000	25,392	4,608
Safety Materials	10,000	10,000	2,549	7,451
Land	-	1,500	2,124	(624)
Building Improvements	1,000	1,500	1,357	143
Equipment	77,000	80,000	73,653	6,347
Equipment - Office	-	-	-	-
Equipment - Vehicle	-	-	-	-
Street Improvements	175,000	175,000	136,509	38,491
Other Improvements - Storm Drains	125,000	50,000	38,375	11,625
Capital Projects	<u>2,485,300</u>	<u>2,000,000</u>	<u>781,772</u>	<u>1,218,228</u>
Streets and Alleys Total Expenses	<u>\$ 3,692,350</u>	<u>\$ 3,099,050</u>	<u>\$ 1,722,636</u>	<u>\$ 1,376,414</u>
Total Expenditures (Carried Forward)	<u>\$ 8,214,000</u>	<u>\$ 7,824,570</u>	<u>\$ 6,206,489</u>	<u>\$ 1,618,081</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Total Expenditures (Brought Forward)	<u>\$ 8,214,000</u>	<u>\$ 7,824,570</u>	<u>\$ 6,206,489</u>	<u>\$ 1,618,081</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,941,630)</u>	<u>\$ (1,503,300)</u>	<u>107,871</u>	<u>\$ 1,611,171</u>
Reconciliation of Budgetary Basis to Government Fund Statement of Changes in Fund Balance				
Effect of Unrecorded Assets			(3,004)	
Effect of Unrecorded Liabilities			<u>(26,190)</u>	
(Deficiency) of Revenue Over Expenses			78,677	
BEGINNING FUND BALANCE			<u>7,677,855</u>	
ENDING FUND BALANCE			<u>\$ 7,756,532</u>	

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - UTILITY TAX FUND
YEAR ENDED APRIL 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>(BUDGETARY</u> <u>BASIS)</u>	<u>WITH FINAL</u> <u>BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUE:				
City Utility Tax	\$ 210,000	\$ 205,000	\$ 196,178	\$ (8,822)
Other Utility Tax	22,000	23,000	22,162	(838)
Electric Municipal Tax	296,000	300,000	304,616	4,616
Utility Bill Adjustment	(700)	(2,500)	(1,739)	761
Interest Income	2,000	2,000	2,129	129
Investment Income	6,700	6,700	3,604	(3,096)
Total Revenue	<u>536,000</u>	<u>534,200</u>	<u>526,950</u>	<u>(7,250)</u>
EXPENDITURES:				
Bad Debt Expense	2,000	2,000	844	1,156
Customer Refunds	200	200	107	93
Capital Projects	75,000	-	-	-
Total Expenditures	<u>77,200</u>	<u>2,200</u>	<u>951</u>	<u>1,249</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>458,800</u>	<u>532,000</u>	<u>525,999</u>	<u>(6,001)</u>
OTHER FINANCING (USES):				
Transfers (Out)	(435,902)	(435,902)	(435,902)	-
Net Change in Fund Balance	<u>\$ 22,898</u>	<u>\$ 96,098</u>	<u>90,097</u>	<u>\$ (6,001)</u>
RECONCILIATION OF BUDGETARY BASIS TO GOVERNMENT FUND STATEMENT OF CHANGES IN FUND BALANCE:				
Effect of Unrecorded Assets			252	
Effect of Unrecorded Liabilities			108	
Excess of Revenue Over Expenses			<u>90,457</u>	
BEGINNING FUND BALANCE			<u>2,586,125</u>	
ENDING FUND BALANCE			<u>\$ 2,676,582</u>	

SUPPLEMENTAL INFORMATION

CITY OF WATERLOO, ILLINOIS
COMBINING BALANCE SHEET - GENERAL FUND
APRIL 30, 2017

<u>ASSETS</u>	<u>GENERAL</u>	<u>UTILITY TAX FUND</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 7,612,779	\$ 356,320	\$ 7,969,099
Investments	-	2,248,463	2,248,463
Taxes Receivable	894,599	-	894,599
Accounts Receivable, Net	179,378	71,799	251,177
Due From Other Funds	7,973	-	7,973
Prepays	105,919	-	105,919
Real Estate Taxes Receivable, Net	<u>804,921</u>	<u>-</u>	<u>804,921</u>
 Total Assets	 <u>\$ 9,605,569</u>	 <u>\$ 2,676,582</u>	 <u>\$ 12,282,151</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
 LIABILITIES:			
Accounts Payable	\$ 968,002	\$ -	\$ 968,002
Wage and Benefits Payable	<u>76,114</u>	<u>-</u>	<u>76,114</u>
 Total Liabilities	 <u>1,044,116</u>	 <u>-</u>	 <u>1,044,116</u>
 DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	<u>804,921</u>	<u>-</u>	<u>804,921</u>
 Total Deferred Inflows of Resources	 <u>804,921</u>	 <u>-</u>	 <u>804,921</u>
 FUND BALANCE:			
Nonspendable			
Prepays	105,919	-	105,919
Restricted for:			
Hotel/Motel Tax	116,516	-	116,516
Committed for:			
IMRF Pension Plan	372,657	-	372,657
Capital Improvements	-	2,676,582	2,676,582
Unassigned:			
General Fund	<u>7,161,440</u>	<u>-</u>	<u>7,161,440</u>
 Total Fund Balance	 <u>7,756,532</u>	 <u>2,676,582</u>	 <u>10,433,114</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u>\$ 9,605,569</u>	 <u>\$ 2,676,582</u>	 <u>\$ 12,282,151</u>

CITY OF WATERLOO, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GENERAL FUND
APRIL 30, 2017

	GENERAL	UTILITY TAX FUND	TOTAL
REVENUES:			
Taxes - Real Estate	\$ 753,623	\$ -	\$ 753,623
Intergovernmental	3,626,161	-	3,626,161
Utility Taxes	252,364	521,469	773,833
Charges for Services	1,587,830	-	1,587,830
Licenses and Permits	277,799	-	277,799
Fines	50,962	-	50,962
Grants	-	-	-
Miscellaneous	127,613	-	127,613
Interest	40,004	2,129	42,133
Investment Income	-	3,604	3,604
Total Revenues	<u>6,716,356</u>	<u>527,202</u>	<u>7,243,558</u>
EXPENDITURES:			
Current			
General Government	1,414,606	843	1,415,449
Public Safety	2,398,963	-	2,398,963
Highways and Streets	1,328,055	-	1,328,055
Sanitation	718,574	-	718,574
Health	100	-	100
Culture and Recreation	188,353	-	188,353
Capital Outlay	589,029	-	589,029
Total Expenditures	<u>6,637,680</u>	<u>843</u>	<u>6,638,523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>78,676</u>	<u>526,359</u>	<u>605,035</u>
Other Financing (Uses)			
Transfers (Out)	<u>-</u>	<u>(435,902)</u>	<u>(435,902)</u>
Net Change in Fund Balance	<u>78,676</u>	<u>90,457</u>	<u>169,133</u>
Fund Balance, Beginning of Year	<u>7,677,856</u>	<u>2,586,125</u>	<u>10,263,981</u>
Fund Balance, End of Year	<u>\$ 7,756,532</u>	<u>\$ 2,676,582</u>	<u>\$ 10,433,114</u>

CITY OF WATERLOO, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
APRIL 30, 2017

<u>ASSETS</u>	<u>MOTOR FUEL TAX</u>	<u>MUNICIPAL BAND FUND</u>	<u>LIBRARY FUND</u>	<u>TOTAL</u>
Cash in Bank	\$ 668,842	\$ 18,108	\$ 617,715	\$ 1,304,665
Certificates of Deposit	-	-	39,399	39,399
Taxes Receivable	21,481	-	-	21,481
Real Estate Taxes Receivable, Net	<u>-</u>	<u>21,966</u>	<u>415,096</u>	<u>437,062</u>
 Total Assets	 <u>\$ 690,323</u>	 <u>\$ 40,074</u>	 <u>\$ 1,072,210</u>	 <u>\$ 1,802,607</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts Payable	\$ 14,363	\$ -	\$ 4,155	\$ 18,518
Due to Other Funds	<u>7,973</u>	<u>-</u>	<u>-</u>	<u>7,973</u>
 Total Liabilities	 <u>22,336</u>	 <u>-</u>	 <u>4,155</u>	 <u>26,491</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	<u>-</u>	<u>21,966</u>	<u>415,096</u>	<u>437,062</u>
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>21,966</u>	 <u>415,096</u>	 <u>437,062</u>
FUND BALANCES:				
Restricted for:				
Culture and Recreation	-	18,108	652,959	671,067
Motor Fuel Tax	<u>667,987</u>	<u>-</u>	<u>-</u>	<u>667,987</u>
 Total Fund Balances	 <u>667,987</u>	 <u>18,108</u>	 <u>652,959</u>	 <u>1,339,054</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 690,323</u>	 <u>\$ 40,074</u>	 <u>\$ 1,072,210</u>	 <u>\$ 1,802,607</u>

CITY OF WATERLOO, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2017

	<u>MOTOR FUEL TAX</u>	<u>MUNICIPAL BAND FUND</u>	<u>LIBRARY FUND</u>	<u>TOTAL</u>
REVENUES:				
Taxes - Real Estate	\$ -	\$ 21,934	\$ 403,863	\$ 425,797
Intergovernmental	261,020	1,791	40,581	303,392
Miscellaneous	-	-	35,131	35,131
Interest	<u>3,103</u>	<u>-</u>	<u>804</u>	<u>3,907</u>
 Total Revenues	 <u>264,123</u>	 <u>23,725</u>	 <u>480,379</u>	 <u>768,227</u>
EXPENDITURES:				
Highways and Streets	219,636	-	-	219,636
Culture and Recreation	<u>-</u>	<u>22,935</u>	<u>397,116</u>	<u>420,051</u>
 Total Expenditures	 <u>219,636</u>	 <u>22,935</u>	 <u>397,116</u>	 <u>639,687</u>
 Excess of Revenues Over Expenditures	 <u>44,487</u>	 <u>790</u>	 <u>83,263</u>	 <u>128,540</u>
 FUND BALANCE - BEGINNING OF YEAR	 <u>623,500</u>	 <u>17,318</u>	 <u>569,696</u>	 <u>1,210,514</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 667,987</u>	 <u>\$ 18,108</u>	 <u>\$ 652,959</u>	 <u>\$ 1,339,054</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
General Government		
Legal		
Legal Fees	\$ 161,986	\$ 167,005
Total Legal	<u>161,986</u>	<u>167,005</u>
City Clerk		
Salaries - City Clerk	17,058	16,420
Salaries - Deputy City Clerk	48,882	46,938
Salaries - Sick Leave	1,637	1,409
Salaries - Vacation Leave	4,554	4,529
FICA	5,197	4,916
IMRF	6,532	7,793
Group Hospital Insurance	16,868	22,124
Health Insurance Reimbursement	2,013	-
Unemployment Tax	71	71
Clothing Allowance	212	212
Postage	100	100
Printing and Publishing	3,404	2,498
Memberships and Dues	30	110
Training	2,204	1,207
Recording Fees	687	602
Insurance and Bonds	217	333
Office Supplies	147	391
Professional Services	560	3,797
Information Systems	-	410
Miscellaneous	-	20
Office Equipment	-	939
Total City Clerk	<u>110,373</u>	<u>114,819</u>
Legislation		
Salaries - Mayor	24,303	23,278
Salaries - Alderman	119,542	112,693
FICA	10,985	10,238
Memberships and Dues	11,500	1,650
Professional Services	128,738	26,546
Office Supplies	-	62
Miscellaneous	12,673	14,460
Insurance and Bonds	412	370
Bad Debts	3,250	2,110
Books and Publications	6,427	6,386
Training	6,782	11,436
Communications	3,901	5,281
Capital Projects	-	310
Sales Tax Rebate	89,837	68,808
Total Legislation	<u>418,350</u>	<u>283,628</u>
Sub-Total General Government (Carried Forward)	<u>\$ 690,709</u>	<u>\$ 565,452</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>216</u>
Sub-Total General Government (Brought Forward)	<u>\$ 690,709</u>	<u>\$ 565,452</u>
General Government (Continued)		
Zoning		
Planning Commission	4,395	4,670
Zoning Board	3,160	3,510
Salaries - Zoning Officer	68,733	65,444
Salaries - Building Inspector	49,266	47,364
Salaries - Part-Time	280	210
Salaries - Sick Leave	7,163	2,987
Salaries - Vacation Leave	12,487	8,080
FICA	11,103	10,065
IMRF	16,420	18,249
Group Hospital Insurance	43,327	53,848
Health Insurance Reimbursement	1,871	-
Unemployment Tax	247	188
Postage	100	100
Printing and Publishing	73	-
Memberships and Dues	150	30
Professional Services	58,762	56,476
Vehicle Maintenance and Repair	788	1,556
Equipment	-	939
Training	120	1,762
Office Supplies	995	865
Insurance and Bonds	9,940	9,696
Communications	860	1,441
Vehicle Fuel and Lubrications	1,391	2,177
Miscellaneous	80	-
Information Systems	1,200	780
Total Zoning	<u>292,911</u>	<u>290,437</u>
Sub-Total General Government (Carried Forward)	<u>\$ 983,620</u>	<u>\$ 855,889</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Sub-Total General Government (Brought Forward)	<u>\$ 983,620</u>	<u>\$ 855,889</u>
General Government (Continued)		
Finance		
Salaries - Treasurer	8,338	8,215
Salaries - Director of Public Works	23,147	23,497
Salaries - Finance Director	19,204	18,454
Salaries - Clerical	56,656	54,732
Salaries - Overtime	1,066	965
Salaries - Part-Time	-	4,178
Salaries - Sick Leave	2,026	1,822
Salaries - Vacation Leave	7,479	8,281
FICA	8,779	8,895
IMRF	13,088	15,944
Group Hospital Insurance	17,128	17,887
Health Insurance Reimbursement	3,826	-
Unemployment	119	156
Dues and Memberships	70	70
Insurance and Bonds	15,590	14,630
Communications and Dispatch	15,508	14,830
Equipment Rental and Service	1,909	2,000
Training	775	1,804
Clothing Allowance	1,270	1,365
Office Supplies	3,267	3,205
Postage	1,255	803
Equipment	292	218
Tourism	11,293	13,406
Professional Services	1,933	1,783
Miscellaneous	45	45
Printing and Publishing	1,370	1,142
Department Supplies	1,402	1,217
Bank Charges	776	607
Information Systems	8,619	7,935
Total Finance	<u>226,230</u>	<u>228,086</u>
Building		
Building Repairs	12,745	5,398
Equipment Rental and Service	107,854	24,933
Professional Services	2,035	2,370
Independent Contractors	18,200	18,270
Utilities	58,378	58,587
Janitorial Supplies	2,044	1,599
Fuels	510	-
Equipment	2,990	1,608
Total Building	<u>204,756</u>	<u>112,765</u>
Total General Government	<u>\$ 1,414,606</u>	<u>\$ 1,196,740</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Public Safety		
Police		
Salaries - Regular	\$ 953,117	\$ 941,461
Salaries - Part-Time	20,943	22,536
Salaries - Overtime	80,578	58,553
Salaries - Sick Leave	64,270	23,584
Salaries - Vacation Leave	99,250	72,099
Salaries - Holiday	42,916	45,955
FICA	88,441	84,119
IMRF	6,321	7,564
Pension	405,000	441,000
Group Hospital Insurance	228,247	304,601
Health Insurance Reimbursement	29,727	-
Unemployment Tax	1,359	1,235
Insurance and Bonds	61,505	60,256
Communication and Dispatch	154,442	147,468
Training	11,603	10,741
Equipment Rental and Service	2,014	2,080
Vehicle Maintenance and Repairs	18,477	17,956
Memberships and Dues	11,051	11,475
Community Services Programs	7,601	3,938
Office Supplies	2,943	2,727
Postage	430	412
Ammunition	1,250	1,372
Clothing Allowance	11,779	10,841
Vehicle Fuel and Lubrications	25,288	27,203
Information Systems	35,813	24,528
Department Supplies	5,678	5,336
Canine	1,193	1,761
Printing and Publishing	1,385	220
Miscellaneous	1,571	1,391
Books and Publications	28	300
DUI Fund	5,262	2,600
Independent Contractor	(37)	-
Equipment - New	4,362	3,048
Equipment - Office	1,413	3,141
Equipment - Vehicle	580	4,588
Total Police	<u>2,385,800</u>	<u>2,346,089</u>
Sub-Total Public Safety (Carried Forward)	<u>\$ 2,385,800</u>	<u>\$ 2,346,089</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	2017	2016
Sub-Total Public Safety (Brought Forward)	<u>\$ 2,385,800</u>	<u>\$ 2,346,089</u>
Public Safety (Continued)		
Police Commissioners		
Testing for Officer Hiring	5,891	600
Printing and Publishing	120	284
Training	-	108
Memberships and Dues	375	375
Total Police Commissioners	<u>6,386</u>	<u>1,367</u>
E.S.D.A.		
E.S.D.A. Coordinator	5,760	5,760
FICA	435	432
IMRF	215	264
Communications and Dispatch	244	329
Postage	100	100
Unemployment	23	23
Total E.S.D.A.	<u>6,777</u>	<u>6,908</u>
Total Public Safety	<u>\$ 2,398,963</u>	<u>\$ 2,354,364</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Highways and Streets		
Salaries - Regular	\$ 303,200	\$ 277,626
Salaries - Part-Time	(37)	67
Salaries - Overtime	11,472	16,439
Salaries - Sick Leave	6,275	18,248
Salaries - Vacation Leave	25,890	25,373
Salaries - Interdepartmental	8,906	10,625
FICA	25,997	25,213
IMRF	42,146	51,569
Group Hospital Insurance	67,912	88,103
Health Insurance Reimbursement	8,620	-
Unemployment Tax	371	373
Equipment Repairs	26,757	26,470
Building Repairs	4,989	2,174
Utilities	14,848	14,968
Insurance and Bonds	62,181	60,924
Communication and Dispatch	1,283	1,490
Training	575	2,571
Safety Materials	2,549	5,645
Janitorial Supplies	1,690	2,473
Clothing Allowance	729	2,553
Tools	3,944	2,342
Street Maintenance and Repairs	7,102	11,440
Construction Materials	17,786	14,811
Vehicle Fuel and Lubrications	24,964	24,710
Equipment	3,452	6,911
Street Improvements	526,982	1,303,725
Storm Drains, Meter Repairs	39,659	40,028
Street Lights	69,185	69,126
Street Signs	2,691	9,761
Miscellaneous	3,239	5,471
Building Improvements	1,357	-
Supplies	11,341	9,801
Total Highways and Streets	<u>\$ 1,328,055</u>	<u>\$ 2,131,030</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - GENERAL FUND
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Sanitation		
Solid Waste Collection	\$ 718,574	\$ 708,344
Total Sanitation	<u>718,574</u>	<u>708,344</u>
Health		
Postage	<u>100</u>	<u>100</u>
Total Health	<u>100</u>	<u>100</u>
Cultural and Recreation		
Salaries - Community Relations Coordinator	45,071	32,844
Salaries - Sick Leave	921	1,268
Salaries - Vacation Leave	1,642	3,363
FICA	3,542	2,763
IMRF	5,612	5,396
Group Hospital Insurance	1,593	1,441
Unemployment Tax	71	83
Insurance and Bonds	136	113
Communication and Dispatch	934	910
Training	640	864
Office Supplies	983	794
Equipment	-	1,619
Books and Publications	30	30
Information Systems	2,384	425
Community Relations	19,046	15,708
Contributions - Senior Citizens	7,500	7,500
Downtown Enhancement	96,525	12,074
Sister Cities Programs	1,723	292
Total Cultural and Recreation	<u>188,353</u>	<u>87,487</u>
Capital Outlay		
General Government	805	-
Public Safety	105,263	-
Highways and Streets	482,961	1,001,658
Total Capital Outlay	<u>589,029</u>	<u>1,001,658</u>
Total Expenditures - General Fund	<u>\$ 6,637,680</u>	<u>\$ 7,479,723</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

Electric Fund	<u>2017</u>	<u>2016</u>
Cost of Sales		
Cost of Power	\$ 7,310,166	\$ 7,063,561
Salaries	176,595	162,678
FICA	12,862	11,673
IMRF	36,115	28,863
Group Hospital	33,033	43,705
Health Insurance Reimbursement	7,688	-
Unemployment	158	142
Professional Services	165	162
Communications	1,824	2,033
Safety Materials	1,216	1,086
E.P.A. Permits	5,626	5,626
Utilities	33,898	53,009
Clothing Allowances	2,182	3,333
Department Supplies	2,423	1,823
Tools	644	908
Vehicle Fuel and Lubrications	551	(2,445)
Chemicals	4,013	8,529
Training	540	860
Building Repairs	1,807	491
Utility System Maintenance	33,166	37,042
Equipment	183	-
Janitorial Supplies	3,548	3,836
Total Cost of Sales	<u>7,668,403</u>	<u>7,426,915</u>
Distribution		
Salaries	660,868	612,095
FICA	48,264	44,146
IMRF	140,761	109,295
Group Hospital	102,922	132,158
Health Insurance Reimbursement	20,044	-
Other Post Employee Benefit	16,760	23,929
Other - IMRF	685	-
Unemployment	555	610
Building Repairs	1,250	2,972
Machinery Repairs	16,886	19,707
Communications	2,905	2,983
Utilities	16,728	16,289
Clothing Allowances	478	5,849
Tools	6,073	7,284
Professional Services	542	2,049
Sub-Total (Carried Forward)	<u>\$ 1,035,721</u>	<u>\$ 979,366</u>

SCHEDULE "14" (CONTD)

CITY OF WATERLOO, ILLINOIS
 SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
 YEAR ENDED APRIL 30, 2017
 (WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Sub-Total Carried Forward	\$ 1,035,721	\$ 979,366
Distribution (continued)		
Department Supplies	28,066	32,954
Safety Materials	7,011	4,097
Line Materials	98,787	145,737
Training	710	1,399
Miscellaneous	250	-
Street Light Materials	48,483	77,126
Equipment	2,418	3,465
Janitorial Supplies	1,313	1,306
PCB Program	395	449
Vehicle Fuel and Lubrication	15,198	15,244
Repairs and Maintenance	11,119	-
Total Distribution	<u>1,249,471</u>	<u>1,261,143</u>
Administrative		
Salaries	138,689	132,998
FICA	10,268	9,799
IMRF	23,162	19,175
Group Hospital	17,675	22,845
Health Insurance Reimbursement	2,759	-
Unemployment	247	259
Insurance and Bonds	118,842	88,560
Equipment Rentals	3,002	2,184
Postage	9,352	8,508
Printing and Publishing	1,401	1,022
Professional Services	82,422	64,711
Miscellaneous	2,299	1,316
Office Supplies	3,372	3,177
Information Systems	7,460	6,318
Training	989	4,089
Bad Debts	16,099	15,282
Equipment	1,845	218
Refunds	694	(85)
Administrative - General Fund	548,364	519,849
Total Administrative	<u>988,941</u>	<u>900,225</u>
Depreciation	<u>672,860</u>	<u>658,340</u>
	<u>672,860</u>	<u>658,340</u>
Total Operating Expenses - Electric Fund	<u>\$ 10,579,675</u>	<u>\$ 10,246,623</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Gas Fund		
Cost of Sales		
Gas Purchased	\$ 1,081,457	\$ 1,122,334
Total Cost of Sales	<u>1,081,457</u>	<u>1,122,334</u>
Distribution		
Salaries	428,682	407,684
FICA	31,152	29,165
IMRF	91,565	68,978
Group Hospital Insurance	81,975	102,033
Health Insurance Reimbursement	15,742	-
Other Post Employment Benefit	8,501	10,808
Other - IMRF	4,601	-
Unemployment	422	448
Repairs	4,542	14,130
Vehicle Fuel	10,354	11,288
Utilities	13,372	12,308
Communications	7,734	8,168
Training	925	1,839
Office Supplies	291	358
Chemicals	1,708	3,099
Line Materials	43,099	44,592
Safety Materials	5,308	3,216
Clothing Allowances	903	3,915
Department Supplies	1,760	1,678
Tools	4,282	1,835
Janitorial Supplies	-	291
Other Repairs and Maintenance	48,886	18,503
Equipment and Building	5,155	3,406
Total Distribution	<u>\$ 810,959</u>	<u>\$ 747,742</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Gas Fund (Continued)		
Administration		
Salaries	\$ 138,699	\$ 133,009
FICA	10,292	9,825
IMRF	23,162	19,175
Group Hospital Insurance	17,675	22,845
Health Insurance Reimbursement	2,759	-
Unemployment	247	260
Insurance and Bonds	41,203	38,554
Equipment Rentals	2,864	2,183
Office Supplies	3,751	3,143
Postage	9,593	8,463
Information Systems	7,460	7,268
Memberships and Dues	4,029	3,797
Miscellaneous	2,579	1,314
Printing and Publishing	1,401	1,022
Professional Services	25,285	27,457
Training	112	1,303
Bad Debts	6,041	3,242
Equipment	1,822	1,814
Refunds	-	154
Administration - General Fund	<u>112,031</u>	<u>119,675</u>
Total Administration	411,005	404,503
Depreciation	<u>138,865</u>	<u>138,874</u>
Total Operating Expenses - Gas Fund	<u>\$ 2,442,286</u>	<u>\$ 2,413,453</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Water Fund		
Cost of Sales		
Water Purchased	\$ 899,267	\$ 868,471
Total Cost of Sales	<u>899,267</u>	<u>868,471</u>
Distribution		
Salaries	165,923	154,510
FICA	12,147	11,148
IMRF	35,031	28,762
Group Hospital Insurance	24,831	42,218
Health Insurance Reimbursement	7,961	-
Other Post Employment Benefit	3,394	4,616
Other - IMRF	(3,968)	-
Unemployment	146	133
Repairs	2,307	52
Communications	3,488	3,571
Utilities	21,087	19,795
Miscellaneous	5,210	1,004
Department Supplies	1,086	831
Tools	3,305	1,327
Vehicle Fuel and Lubrications	3,212	2,781
Chemicals	10,085	13,345
Safety Materials	1,414	2,246
Repairs and Maintenance	49,672	45,743
Testing	5,405	4,435
Professional Services	95	65
Clothing Allowance	753	632
Training	1,353	1,524
Capital Projects	8,115	18,941
Total Distribution	<u>362,052</u>	<u>357,679</u>
Administration		
Salaries	138,775	133,083
FICA	10,275	9,806
IMRF	23,162	19,175
Group Hospital Insurance	17,674	22,845
Health Insurance Reimbursement	2,759	-
Unemployment	247	260
Insurance and Bonds	18,720	18,327
Equipment Rentals	3,002	2,184
Office Supplies	3,328	3,143
Postage	9,325	8,523
Memberships and Dues	83	83
Miscellaneous	2,299	1,313
Printing and Publishing	1,401	1,022
Professional Services	32,989	13,017
Customer Refunds	1,721	-
Information Systems	7,460	6,318
Bad Debts	4,072	3,693
Equipment	292	1,814
Administration - General Fund	108,130	105,875
Training	97	1,291
Total Administration	<u>385,811</u>	<u>351,772</u>
Depreciation and Amortization	<u>197,734</u>	<u>194,501</u>
Total Operating Expenses - Water Fund	<u>\$ 1,844,864</u>	<u>\$ 1,772,423</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	<u>2017</u>	<u>2016</u>
Sewer Fund		
Sewer Treatment Plant		
Salaries	\$ 253,890	\$ 246,358
FICA	18,678	18,122
IMRF	53,599	42,739
Group Hospital Insurance	28,508	37,010
Health Insurance Reimbursement	4,140	-
Other Post Employment Benefits	4,096	5,789
Other - IMRF	(2,927)	-
Unemployment	214	214
Building Repairs	1,377	5,068
Machinery Repairs	57,197	83,900
Utilities	199,912	203,176
Communications	2,952	3,030
Department Supplies	1,157	1,453
Safety Materials	3,154	158
Disposal Fees	2,140	2,520
Chemicals	4,238	4,128
Clothing Allowance	396	2,071
Tools	420	567
Vehicle Fuels	20	38
Miscellaneous	6,386	-
Office Supplies	-	176
E.P.A. Permits	17,500	17,500
Equipment	1,366	-
Janitorial Supplies	-	308
Training	1,247	1,905
Total Sewer Treatment Plant	<u>659,660</u>	<u>676,230</u>
Sewer Collection System		
Utilities	67,646	78,185
Building Repairs	958	3,074
Equipment Repairs	33,249	34,461
Vehicle Fuels	3,704	4,274
Department Supplies	1,494	4,615
Tools	383	513
Fuels	1,094	779
Safety Materials	209	382
Repairs and Maintenance	44,469	70,134
Total Sewer Collection System	<u>\$ 153,206</u>	<u>\$ 196,417</u>

CITY OF WATERLOO, ILLINOIS
SCHEDULES OF EXPENDITURES - PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2017
(WITH COMPARATIVE TOTALS FOR APRIL 30, 2016)

	2017	2016
Sewer Fund (Continued)		
Administration		
Salaries	\$ 117,929	\$ 112,055
FICA	8,687	8,178
IMRF	23,162	19,175
Group Hospital Insurance	17,675	22,845
Health Insurance Reimbursement	2,759	-
Unemployment	133	144
Insurance and Bonds	41,519	40,619
Equipment Rentals	2,227	1,894
Office Supplies	3,285	3,156
Postage	9,344	8,472
Printing and Publishing	1,239	1,022
Miscellaneous	2,299	1,314
Professional Services	60,399	62,215
Customer Refunds	4,094	-
Information Systems	7,460	6,318
Bad Debts	4,475	3,509
Equipment	2,245	218
Administration - General Fund	85,568	84,715
Training	97	1,291
Total Administration	394,596	377,140
Depreciation	457,478	436,685
Total Operating Expenses - Sewer Fund	\$ 1,664,940	\$ 1,686,472

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF INVESTMENTS
APRIL 30, 2017

Governmental Activities	<u>ISSUER</u>	<u>AMOUNT</u>	<u>MATURITY</u>	<u>INTEREST</u>
Capital Improvements Fund				
1 - 3 Year Investment Fund	IMET	\$ 2,248,463		
Total Capital Improvements Fund		<u>2,248,463</u>		
Total Governmental Activities		<u>2,248,463</u>		
Business-Type Activities				
Water Fund				
1 - 3 Year Investment Fund	IMET	1,843,249		
Total Water Fund		<u>1,843,249</u>		
Sewer Fund				
1 - 3 Year Investment Fund	IMET	1,780,078		
Total Sewer Fund		<u>1,780,078</u>		
Electric Fund				
1 - 3 Year Investment Fund	IMET	4,451,690		
Total Electric Fund		<u>4,451,690</u>		
Gas Fund				
1 - 3 Year Investment Fund	IMET	3,873,144		
Total Gas Fund		<u>3,873,144</u>		
Consumer Deposits				
Certificate of Deposit	IMET	303,674		
Total Consumer Deposits		<u>303,674</u>		
Business-Type Activities		<u>\$ 12,251,835</u>		

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF INVESTMENTS
APRIL 30, 2017

Fiduciary Fund Types	<u>ISSUER</u>	<u>AMOUNT</u>	<u>MATURITY</u>	<u>INTEREST</u>
Police Pension				
Equity Mutual Funds		\$ 2,242,530		
Corporate Bonds		1,303,587		
U.S. Treasury Notes		985,283		
U.S. Treasury Bonds		200,751		
Federal Farm Credit Banks		100,082		
Federal Home Loan Bank		167,107		
Federal National Mortgage Association		9,926		
Total Police Pension		<u>5,009,266</u>		
Total Fiduciary Fund Types		<u>5,009,266</u>		
Total Investments		<u>\$ 19,509,564</u>		

ADDITIONAL INFORMATION
(UNAUDITED)

CITY OF WATERLOO, ILLINOIS
SCHEDULE OF ASSESSED VALUATION - TAX RATES
TAXES EXTENDED AND COLLECTED

	TAX YEAR		
	2016	2015	2014
Assessed Valuation	\$ 260,178,226	\$ 226,002,790	\$ 221,176,891
Tax Rates (Per \$100 of Assessed Valuation)			
Corporate	0.10285	0.08254	0.10693
Road and Bridge	0.02378	0.02428	0.02487
Municipal Band	0.00952	0.00972	0.00995
Library	0.14997	0.14962	0.14785
Illinois Municipal Retirement	0.05707	0.05761	0.05901
Police Pension	0.17509	0.19464	0.17181
Special Library	0.01998	0.01942	0.01945
	<u>0.53826</u>	<u>0.53783</u>	<u>0.53987</u>
Taxes Extended			
Corporate	\$ 237,911	\$ 186,543	\$ 236,504
Road and Bridge	55,008	54,874	55,007
Municipal Band	22,021	21,968	22,007
Library	346,909	338,146	327,010
Illinois Municipal Retirement	132,014	130,200	130,517
Police Pension	405,016	439,892	380,004
Special library	46,217	43,890	43,019
	<u>\$ 1,245,096</u>	<u>\$ 1,215,513</u>	<u>\$ 1,194,068</u>
Taxes Collected			
Corporate		\$ 186,251	\$ 236,351
Road and Bridge		54,787	54,971
Municipal Band		21,933	21,993
Library		337,616	326,798
Illinois Municipal Retirement		129,996	130,431
Police Pension		439,202	379,756
Special Library		43,821	42,991
		<u>\$ 1,213,606</u>	<u>\$ 1,193,291</u>
Percentage of Extension Collected		<u>99.84%</u>	<u>99.93%</u>

CITY OF WATERLOO, ILLINOIS
ADDITIONAL INFORMATION
REGARDING CUSTOMERS AND INSURANCE

NOTE 1. CUSTOMERS

The City provides water and sewer service to the following number of customers:

	<u>WATER</u>	<u>SEWER</u>	<u>GAS</u>	<u>ELECTRIC</u>	<u>TRASH</u>
Beginning of Year	4,431	4,252	3,931	4,666	4,081
End of Year	4,503	4,319	3,996	4,741	4,148

NOTE 2. INSURANCE

The following insurance policies are maintained by the City and are in effect as of April 30, 2017.

A. Illinois Municipal League Risk Management Association

Coverage period: December 31, 2016 to December 31, 2017

**SELF-INSURED RETENTION FUND AND EXCESS OR REINSURANCE
 COVERAGE COMBINED LIMITS OF LIABILITY**

General Liability, Auto Liability Broad Form Property, Civil Constitutional Rights - Assault/Battery, Contractual Liability Employee Benefit Programs Liability, Incidental Malpractice, Intentional Building Removal, Limited Worldwide Liability, Personal Injury/ Advertising Liability, and Watercraft Liability	\$8,000,000 each occurrence, each covered member, for all applicable coverages
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SPECIAL LIABILITY COVERAGES

<u>Fire Legal Liability</u>	\$100,000 each occurrence, \$100,000 annual aggregate
<u>Premises Medical Payments</u>	\$3,000 each person, \$1,000,000 each occurrence
<u>Liquor Liability</u>	\$1,000,000 each occurrence, \$1,000,000 annual aggregate
<u>Public Officials/Employees</u>	\$1,000,000 each occurrence, \$8,000,000 annual aggregate
<u>Auto Medical Payments</u>	\$10,000 each person, \$1,000,000 each occurrence
<u>Uninsured/Underinsured Motorist</u>	\$100,000 each person, \$300,000 each accident

CITY OF WATERLOO, ILLINOIS
ADDITIONAL INFORMATION
REGARDING CUSTOMERS AND INSURANCE

PROPERTY COVERAGES

<u>Personal Property/Building</u>	Combined limit: \$30,000,000 any location, each occurrence;
<u>Auto Physical Damage</u>	\$250,000,000 each occurrence, all members
<u>Inland Marine</u>	\$50,000 extra expense
<u>Valuable Papers/Records</u>	\$50,000 each occurrence
<u>Flood and Earthquake Coverage</u>	\$5,000,000 each occurrence / annual aggregate, each covered member, \$76,500,000, annual aggregate, all members

STAND-ALONE COVERAGES

<u>Crime Coverage</u>	\$100,000 each occurrence
<u>Workers Compensation/ Occupational Disease</u>	Statutory
<u>Employer's Liability</u>	\$3,000,000 each accident
<u>General Liability, Auto Liability Broad Form Property, Civil Constitutional Rights - Assault/Battery, Contractual Liability Employee Benefit Programs Liability, Incidental Malpractice, Intentional Building Removal Limited Worldwide Liability, Personal Injury/ Advertising Liability, and Watercraft Liability</u>	\$2,000,000 each occurrence
<u>Fire Legal Liability</u>	\$100,000 each occurrence, \$100,000 annual aggregate
<u>Premises Medical Payments</u>	\$3,000 each person, \$2,000,000 each occurrence
<u>Liquor Liability</u>	\$1,000,000 each occurrence, \$1,000,000 annual aggregate
<u>Public Officials/Employees</u>	\$2,000,000 each occurrence

CITY OF WATERLOO, ILLINOIS
ADDITIONAL INFORMATION
REGARDING CUSTOMERS AND INSURANCE

STAND-ALONE COVERAGES (CONTINUED)

<u>Auto Medical Payments</u>	\$10,000 each person, \$1,000,000 each occurrence
<u>Uninsured/Underinsured Motorist</u>	\$100,000 each person, \$300,000 each accident
<u>Flood/Earthquake</u>	\$1,500,000 each occurrence
<u>Auto Physical Damage,</u> <u>Building/Personal Property, Inland Marine</u>	\$2,000,000 each occurrence, each location; \$50,000 extra expense
<u>Crime Coverage</u>	\$100,000 each occurrence
<u>Valuable Papers/Records</u>	\$50,000 each occurrence
<u>Workers Compensation/</u> <u>Occupational Disease</u>	\$2,000,000 each occurrence
<u>Employer's Liability</u>	\$2,000,000 each accident
<u>Additional Endorsements for Electric Utility Liability</u>	\$8,000,000 with no annual aggregate limit
<u>Additional Endorsements for Replacement Cost Value</u>	
Electric Utility Property	\$ 17,825,022
Gas Utility Property	1,693,488

B. Illinois Municipal League Risk Management Association - Public Official Bond Coverage

Coverage Period: December 31, 2015 to December 31, 2017

<u>POSITION</u>	<u>INSURED</u>	<u>COVERAGE</u>
Mayor	Tom Smith	\$ 50,000
City Clerk	Barbara Pace	50,000
Finance Officer	Shawn Kennedy	50,000
Treasurer	Brad Papenberg	50,000