



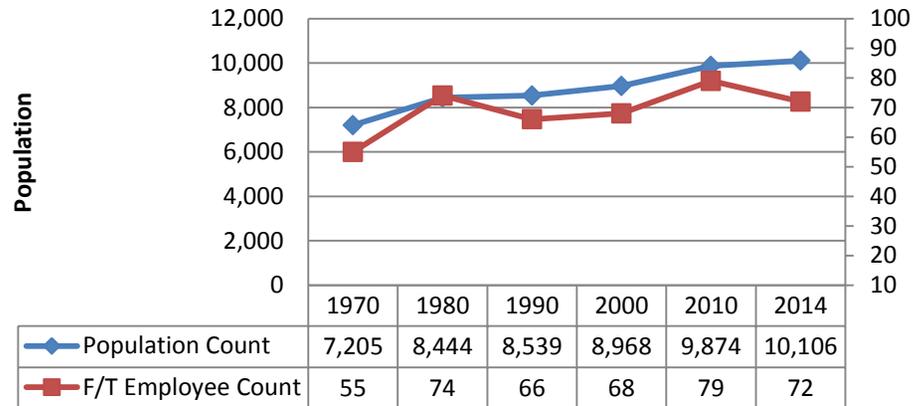
## Financial Indicators and Figures October 2015

This document is intended as a guide to help understand the past, current, and possible future trends in the financial condition of the City of Waverly.

Information in the document comes from the 2014 Comprehensive Annual Financial Report and Audit performed by Williams and Company, the 2015-2016 City Budget, the Iowa Department of Management, the U.S. Census, and Moody's Investor Services.

For questions or comments, please contact Waverly City Hall.

## Waverly Population and Full-Time Employees

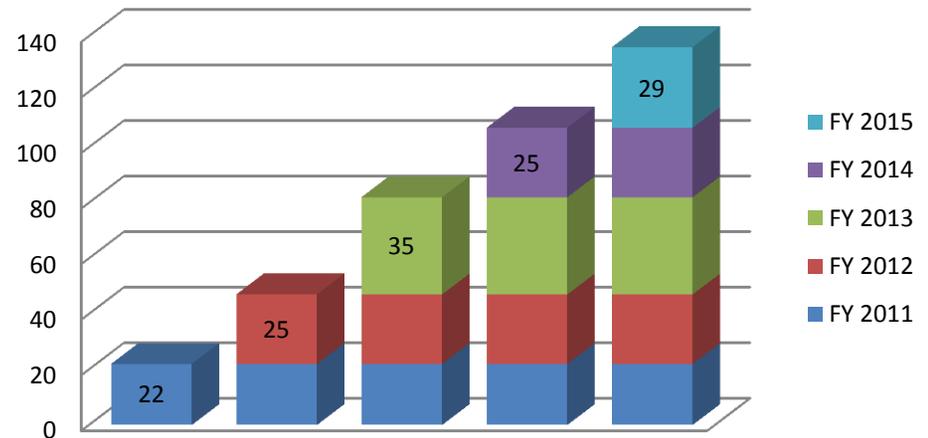


This chart shows population trends based on Census data, with a 40% population growth since 1970.

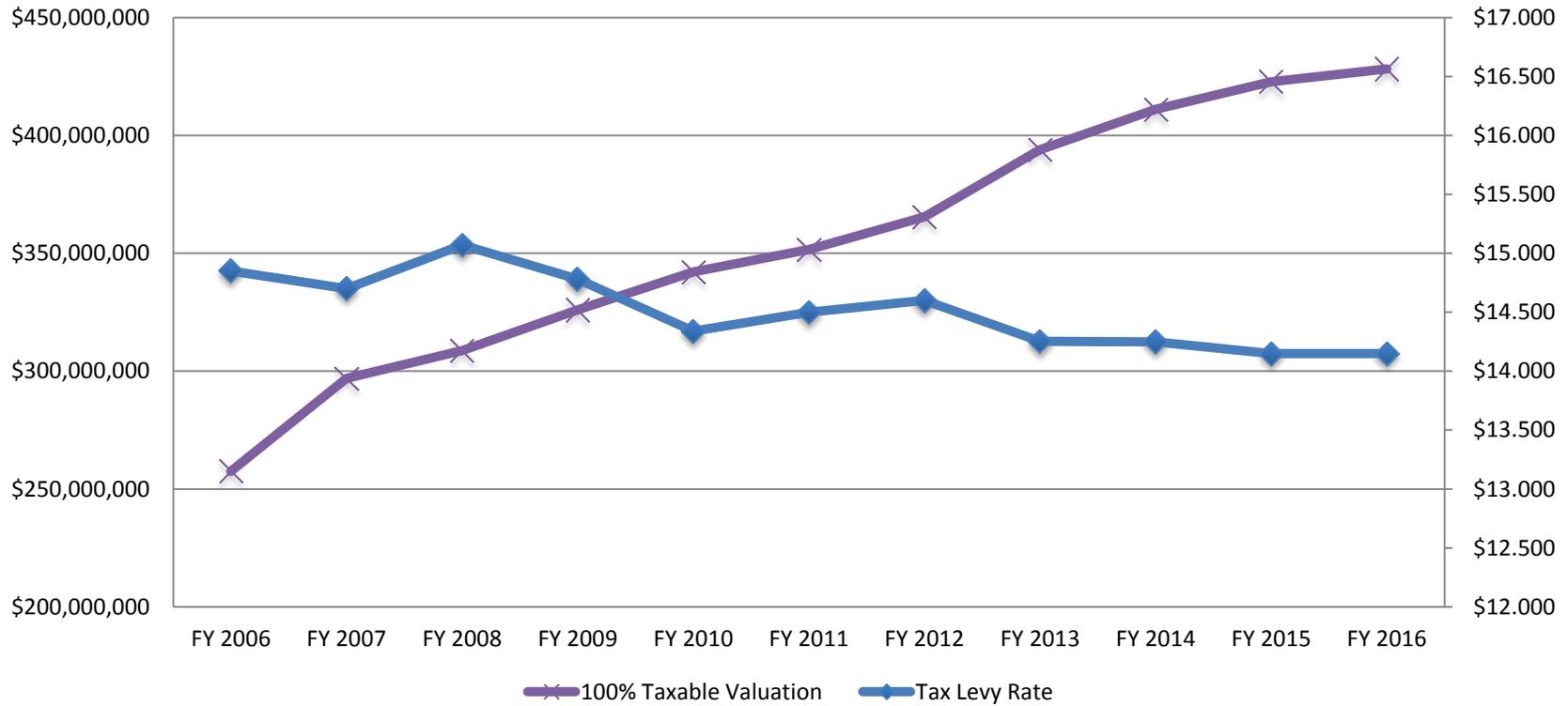
Over that same 45 year time period, the size of the staff has stayed fairly consistent around 72 full time employees.

Permits for 136 homes have been obtained over the last 5 years, annualized to 27 new homes per year with an average permit value of \$260,000.

## Cumulative Five Year Housing Starts

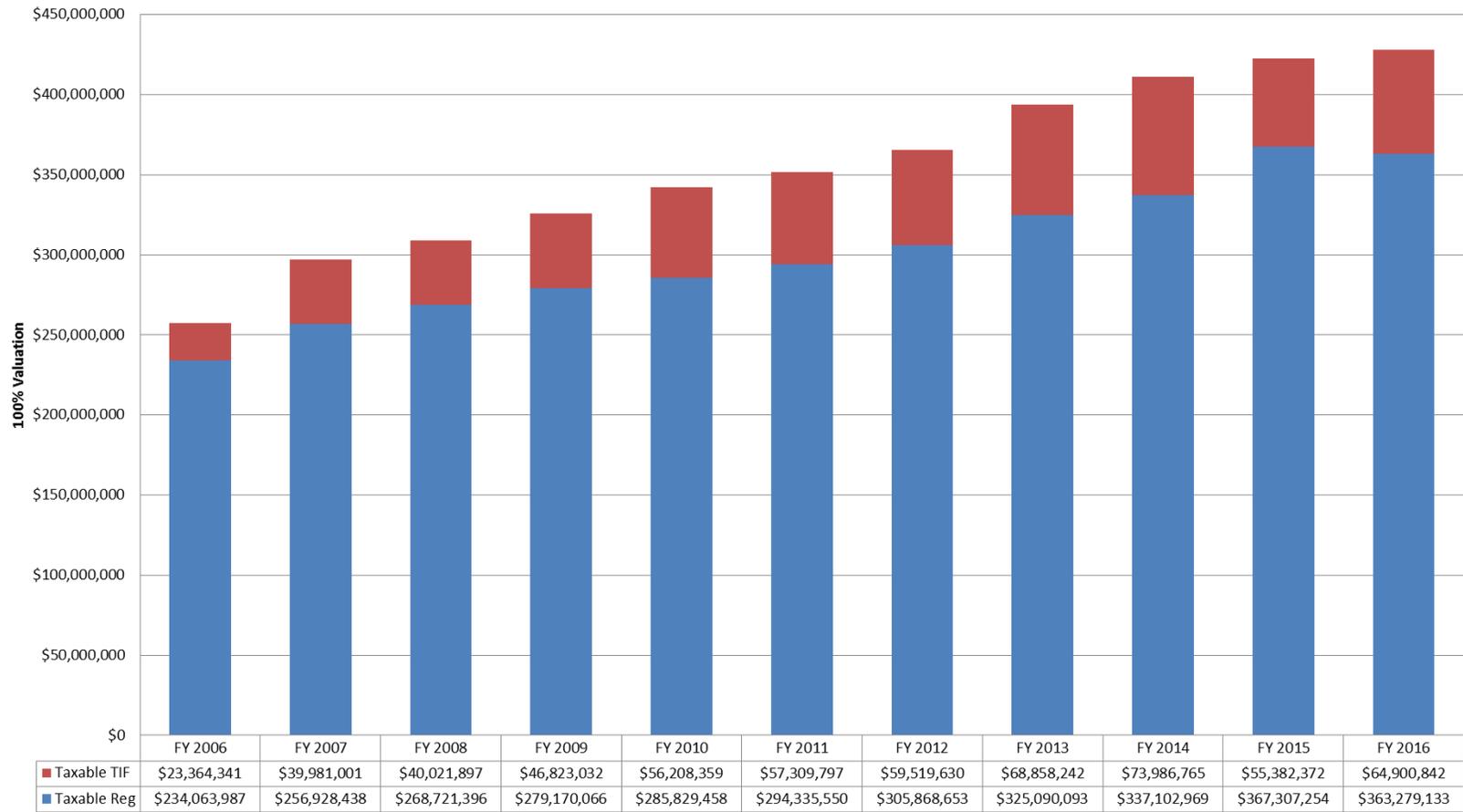


## Trends in Taxable Valuation and City Tax Rates



Trends in valuation continue to rise, while tax rates remain stable. More than 72% of the City's tax base is residential.

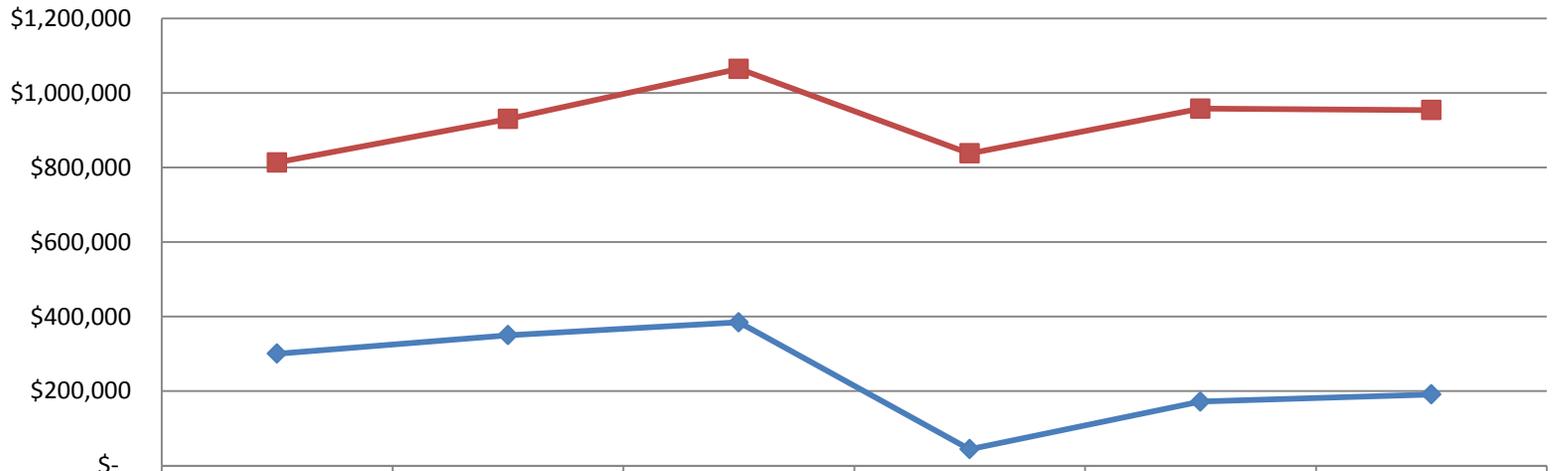
### Waverly 100% Taxable Valuation



This chart shows trends in the value of all property in the city, before the state-applied rollback. This is helpful to see the overall growth in the community in terms of assessed value.

The small red section shows the value of property in the Urban Renewal Area. This is where the City captures the majority of the growth in taxes to use toward economic development and infrastructure improvements.

## Employee Insurance Trends



	2011	2012	2013	2014	2015	2016
Health Premiums+fees	\$512,930	\$579,878	\$680,135	\$793,156	\$785,832	\$762,501
Worker's Comp	\$300,388	\$350,188	\$384,417	\$44,426	\$171,840	\$191,311

The chart above shows annual premium costs for healthcare and workers' compensation insurance. After another 20%+ increase in 2013, the City changed how it bid health insurance in 2014 by moving to the Iowa Governmental Healthcare Pool (IGHCP). This allowed the city to bid insurance with 4,000 other covered lives, rather than 70, stabilizing health insurance rates.

The City also changed work comp carriers and enhanced safety programming to reduce work comp expenses. The drop in 2014 is due to a timing change in payments from calendar year to fiscal year.

Health insurance program changes flattened the trajectory of health care costs into the future, leading to potential savings over time when compared to the old trends. With the two changes, the realized combined savings is just less than \$225,000.



Moody's recently affirmed Waverly's AA3 rating, citing the following factors in their decision:

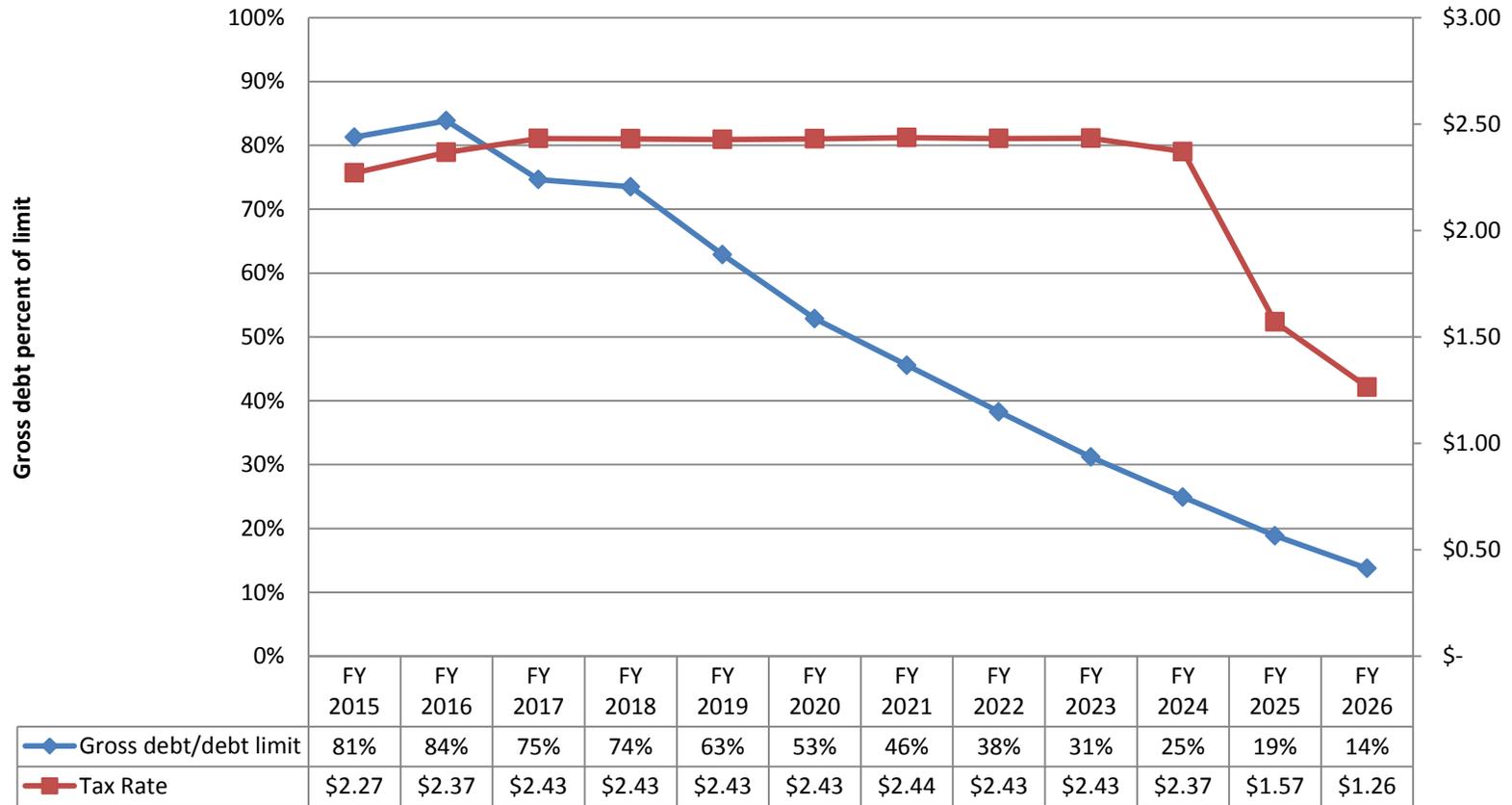
"The city's financial operations are expected to remain satisfactory given the existence of healthy General Fund reserves and moderate revenue raising flexibility. General Fund reserves have been somewhat variable, though they have remained above 20% of revenues for at least the last five years. In fiscal 2014, the city passed a balanced budget, but closed the year with a \$536,000 surplus, increasing the available General Fund balance to \$2.1 million, or 31.5% of revenues. Management attributes the surplus to favorable variances to budget for both revenues and expenditures. For fiscal 2015, the city also passed a balanced budget. Management has budgeted for balanced operations in fiscal 2016.

"In fiscal 2014, property taxes comprised 60% of Waverly's General Fund revenues, inclusive of transfers from the Employee Benefits Fund. Favorably, the city has the flexibility to raise additional revenues. Although it is levying the full \$8.10 per \$1,000 of assessed valuation in its General Fund, it retains the ability to utilize the \$0.27 Emergency Levy, which could generate approximately \$99,000 if levied in fiscal 2016. Furthermore, the city has the authority to levy for an additional \$721,000 to support employee benefits and insurance costs that is currently paid for out of the General Fund. The city has not implemented a franchise fee on electric and gas utilities, which would be worth at least several hundred thousand dollars. The city maintains a 1% local option sales tax, which expires in 2019 and generated \$897,000 in fiscal 2014. Sales tax revenues are designated for public safety, storm sewer and water ways, and road expenditures. The city also leverages a 7% hotel/motel tax generating \$160,000 annually.

"The city's debt burden is expected to remain elevated due to near term borrowing plans. Both its direct debt burden (3.6% of full value) and overall debt burden (5.1% of full value) are above the national average. In fiscal 2014, debt service expenditures comprised a substantial 25% of operating expenditures. Debt service on the district's outstanding GO debt is primarily paid with alternative revenues, mainly tax increment financing (TIF) revenues, which are used to repay approximately 30% of GO debt. Smaller portions are repaid by water and sewer enterprise revenues and local option sales tax revenues. Approximately 30% of the city's GO debt is expected to be repaid via the city's regular debt service levy. The city intends to issue additional debt in the near term to finance capital projects. In fiscals 2016 and 2017, the city plans to issue \$3 million and \$2.7 million of GO bonds. Amortization is rapid, with 88% of principal scheduled to be retired within ten years."



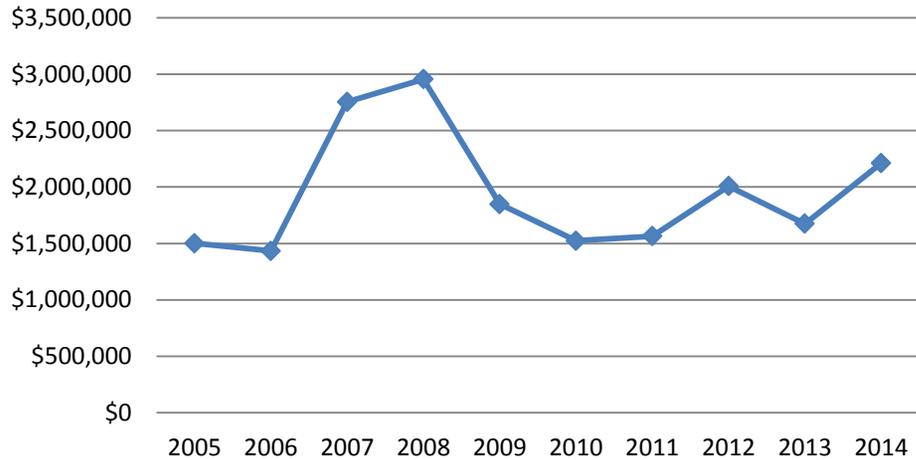
## Debt Service Trends



This chart shows projected debt as percent of state limit and debt tax rate figures. The numbers include a projected \$3 million in funding for the city’s portion of IDOT Bremer Avenue improvements in 2017, and \$1 million for 3<sup>rd</sup> Street SE bridge improvements, if needed.

The debt level has increased in the past two years due to several major projects underway. All of the Dry Run Creek improvements were bonded by the city, but 45% of the costs are repaid by the State of Iowa. With an average 10-year payback, debt is paid off quickly and allows capacity for future projects. Another goal is to keep the debt tax rate steady, as shown above.

## General Fund Cash Reserves



General Fund Cash Reserves is a good indicator of stability, based on cash in the bank.

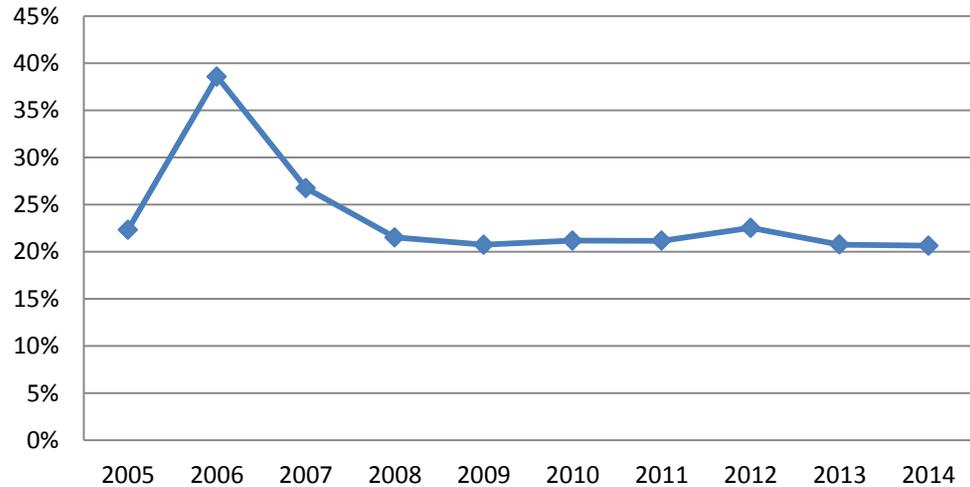
The city's level fluctuates at times because funds are borrowed in one year for a big project, and then spent in the next. Overall, trend is positive.

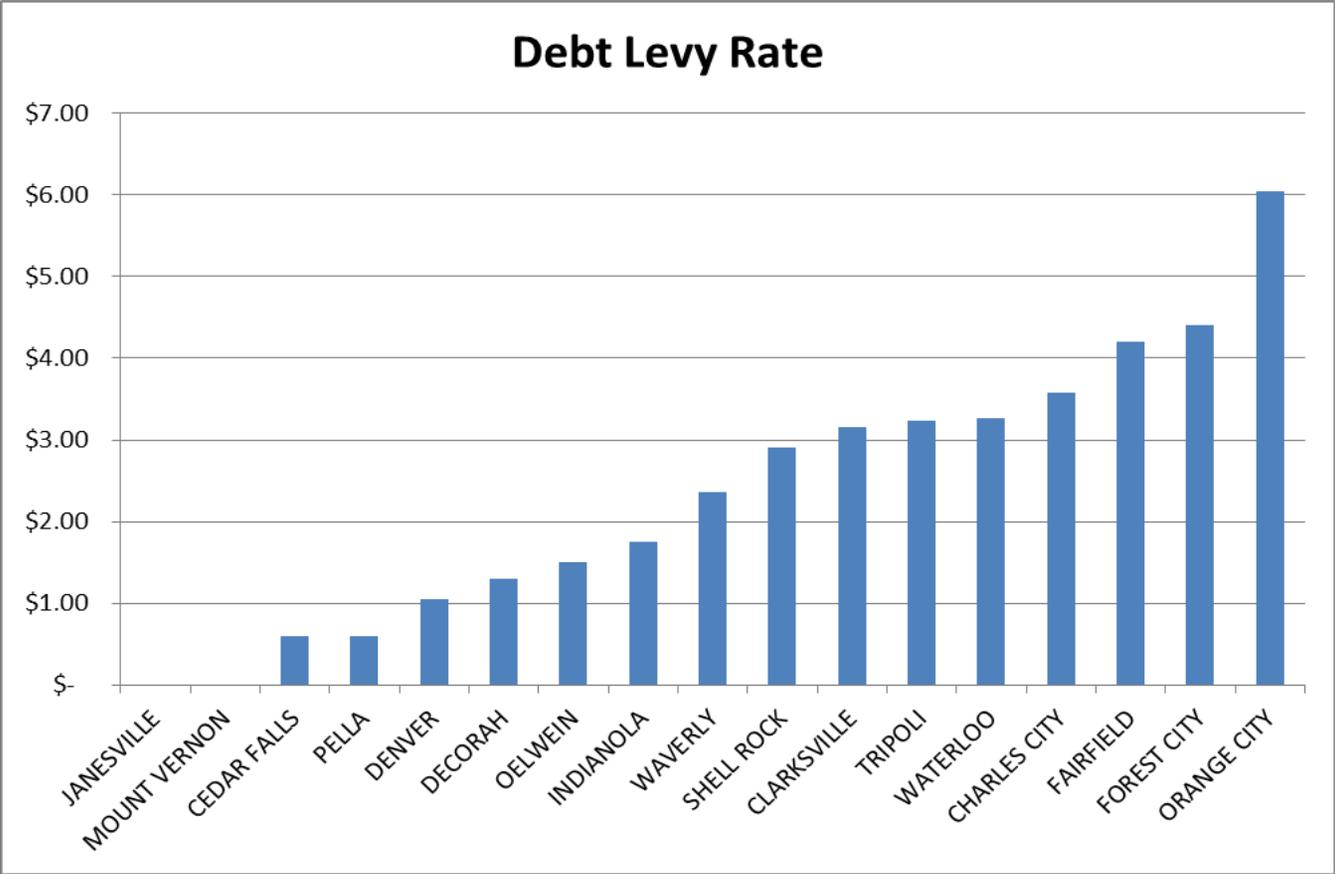
Waverly's fund balance trends about 20 to 25% of the general fund expenses, this is above average for cities like Waverly.

Debt Service as a percent of non-capital expenditures shows what portion of the city's general fund dollars go to paying off debt.

The city pays off debt quickly compared to other communities, with 88% of its current debt paid off in ten years.

## Debt Service as Percent of Non-Capital Expenditures





One benchmark for comparing cities is the debt levy rate on property taxes. Comparing other college towns and neighboring communities, Waverly falls in the middle of the range.

Below is a composite of information including other college communities and neighboring cities, sorted by 2016 Tax Rate. Waverly's overall tax rate is below the average by \$0.76. The city's 2014 taxable value dropped due to a larger Urban Renewal Area valuation for 2014, as shown in an earlier graph.

CITY	2010 CENSUS	TAXABLE VALUE 1/1/2013	TAXABLE VALUE 1/1/2014	% Change	2015 Tax Rate	2016 Tax Rate	Change
DENVER	1,780	\$60,011,673	\$60,957,711	1.6%	\$6.962	\$6.962	\$0.000
PELLA	10,352	\$449,361,898	\$444,212,495	-1.1%	\$10.200	\$10.200	\$0.000
JANESVILLE	930	\$33,676,031	\$35,153,327	4.4%	\$11.071	\$10.758	-\$0.313
CEDAR FALLS	39,260	\$1,497,708,339	\$1,514,959,618	1.2%	\$11.810	\$11.528	-\$0.282
INDIANOLA	14,782	\$468,506,382	\$475,010,758	1.4%	\$12.700	\$12.700	\$0.000
MOUNT VERNON	4,506	\$124,713,126	\$126,122,069	1.1%	\$13.000	\$13.000	\$0.000
DECORAH	8,127	\$298,574,350	\$298,176,503	-0.1%	\$13.798	\$13.802	\$0.004
ORANGE CITY	6,004	\$173,940,481	\$173,164,104	-0.4%	\$13.951	\$13.985	\$0.034
WAVERLY	9,874	\$370,764,783	\$366,616,994	-1.1%	\$14.149	\$14.048	-\$0.101
SHELL ROCK	1,296	\$36,588,729	\$39,390,803	7.7%	\$16.239	\$15.404	-\$0.835
CLARKSVILLE	1,439	\$29,672,119	\$30,234,600	1.9%	\$14.982	\$15.510	\$0.528
CHARLES CITY	7,652	\$216,945,785	\$237,099,708	9.3%	\$15.867	\$15.829	-\$0.038
TRIPOLI	1,313	\$28,405,570	\$30,004,007	5.6%	\$15.892	\$15.888	-\$0.004
FOREST CITY	4,151	\$122,751,375	\$119,411,037	-2.7%	\$17.364	\$16.718	-\$0.646
FAIRFIELD	9,464	\$295,390,346	\$296,212,394	0.3%	\$17.494	\$17.076	-\$0.418
WATERLOO	68,406	\$2,238,493,876	\$2,218,783,803	-0.9%	\$17.952	\$17.764	-\$0.188
OELWEIN	6,415	\$129,745,267	\$130,439,178	0.5%	\$18.301	\$18.124	-\$0.177

College Communities

Minimum	\$10.758
25th percentile	\$13.401
50th percentile	\$15.404
75th percentile	\$16.303
Max	\$18.124
Average	\$14.809

Some of the projects and accomplishments over the last three years (2012-2015) include:

- Acquiring land for Champions Ridge
- Review locations for expanded business parks
- Construction of phase two of Cedar River Parkway
- Engineering, financing, and construction of Dry Run Creek improvements, including 45% State matching funds
- Reconstruction of two blocks of 4<sup>th</sup> Street SW from Bremer Ave to 2<sup>nd</sup> Ave
- Rehabilitation of pool, including new heaters, and renovations to the tub, toddler area, and bathhouse
- Assistance with Upper Story renovation program for 18 downtown apartments
- FEMA flood map revision for the Cedar River following the dam reconstruction, and approval of conditional flood mapping of the Dry Run corridor removing more than 435 homes and businesses from the 100-year flood plain
- Discussion of downtown façade programs, now included in Urban Renewal Plan (need financing)
- Public Services Center phase 1 construction
- Box culvert at 20<sup>th</sup> Street NW widened, applied to IDOT for rail crossing improvements
- Rental housing code written and implemented with self-inspection from owners
- Municipal Infractions ordinance implemented
- Housing study completed by Maxfield analyzing census data and market data to project housing needs
- 3<sup>rd</sup> Street SE Bridge studies and options for repair and future bridge needs discussed
- TIF districts expanded and entire urban renewal area amended and restated to match today's laws and needs
- IDOT now planning to reconstruct Bremer Avenue from 20<sup>th</sup> Street NW to 8<sup>th</sup> Street NE, over 36 city blocks
- Passed ordinance creating Municipal Broadband – Waverly Utilities now constructing fiber to the premise in Waverly
- Sidewalk program and repairs continued through the 7 zone area across town
- Automatic Meter Reading program complete with new meters installed city-wide
- Airport runway rehabilitation commencing in spring 2016, and 6 of 7 safety zone properties purchased or in agreement to purchase
- Historic Surveys (post-flood) completed in 3 areas and finishing in Southwest Waverly
- Community Satisfaction Surveys and Community Strategic Planning efforts completed in 2013
- High level plan of Memorial Park completed by James Carver for future use concepts
- New website for the City and Chamber
- City YouTube Channel for free streaming and archiving of meetings
- Enhanced City Facebook page

- Curbside comingled recycling now offered, mandatory city-provided trash bins allow for new automated residential routes
- Chickens now allowed in small numbers in the city to promote sustainability
- Economic development agreement for new 45-room, four story hotel in downtown
- New growth in residential developments city-wide and in commercial development along 10<sup>th</sup> Avenue SW and the 4<sup>th</sup> Street corridor
- Recurring discussions on multi-family housing need and approach
- Moody's bond ratings and annual audits continue to affirm city financial strength
- New home starts continue to be strong, as do permits for construction.
- Stronger ties with Public Financial Management and Ahlers and Cooney on capital financing, bonding strategies, and urban renewal strategies for enhanced planning and financial strength
- Negotiated new 3-year contracts with both unions, including moving to a percent-share of health insurance costs from flat rates
- Upgraded space utilization of library furniture and replaced carpet at the same time
- Joined IEDA's Energy Management Program for monitoring and reducing city energy use in all major facilities
- Community supported construction of iconic Kohlmann Park Amphitheater
- Hosted 15,000 bicyclists and guests for RAGBRAI in 2014
- Hosted Mumford & Sons plus 18,000 of their guests for Gentlemen of the Road in 2015
- Will host the Iowa Firefighters Convention for 5,000 firefighters and family in 2016
- Created an enhanced program with Waverly Utilities, Public Services, and Leisure Services to address dangerous, diseased, and dying trees in the community
- Continue to enhance the golf course with the current pond project
- Community Sharing Gardens and taskforce on ending hunger in Waverly featured on IPTV's "Iowa Ingredient"
- Waverly featured in 2015 as KCRG's "Our Town"
- Named best place for families, retirees, and cost of living by various ranking groups
- Modernized the fire department pay structure
- Hired new Finance Director
- Hired new Economic Development Director/Attorney and restructured department
- Community-led effort to get \$100,000 grant for the new, largest off-leash dog park in Waverly
- Successfully obtained numerous grants for quality of life and health including REAP, hunger security, and public art projects
- Adopted procedures for less-than-lethal use of force for safer community policing