

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

Prepared by the
Finance Department
Jenifer Mein, Finance Director

**CITY OF WAVERLY, IOWA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2019
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December 13, 2019

Honorable Mayor and City Council
City of Waverly
Waverly, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2019. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to U.S. generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

The City's Department of Finance prepared our report. Management of the city is responsible for the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material aspects and is presented in a manner designed to fairly present the financial position and results of operations of the city as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a complete understanding of the City of Waverly's financial activities have been included. Management of the city has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City of Waverly's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

GAAP require that management provide an introduction, overview and analysis to accompany the basic financial statement, in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A, found immediately following the report of the City's independent auditors, and should be read in conjunction therewith. State statutes and the City Code require an annual audit by independent certified public accountants to provide reasonable assurance that the information in the CAFR can be relied upon. The auditors' report is included in the financial section of the report.

PROFILE OF THE CITY OF WAVERLY

The City of Waverly was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Bremer County along the Cedar River in northeast Iowa, about 15 miles north of the Waterloo-Cedar Falls metropolitan area. Highways serving the area include State Highway 3 and U.S. Highway 218 that is connected to Interstate Highway 380, Avenue of the Saints. The U.S. Census Bureau reported 9,874 residents in 2010 which is a growth of 10% over the last ten years.

Policy-making and legislative authority in the City of Waverly are vested in a governing council. The City of Waverly operates under a Mayor-council form of government. One council member is elected from each of the City's five wards, and two are elected at-large. For continuity purposes, the council members serve four-year staggered

terms with elections held every two years. The Mayor is elected every two years. The City Council makes policy decisions for the City through the enactment of ordinances, resolutions, and motions. The Council is also responsible for adopting the budget, appointing committees, and hiring the city administrator. The City Administrator is responsible for implementing policy decisions of the City Council, overseeing the day-to-day management of the City, and hiring department directors. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

The City of Waverly provides many municipal services including police and fire protection, library, streets, garbage collection, recycling, parks, recreation, planning, zoning, general administration, and water and sewer services.

FINANCIAL INFORMATION

The City of Waverly maintains an internal control structure designed to provide reasonable, but not absolute assurance that the assets of the city are protected from loss, theft, or fraud and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The requirement for reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City recognizes the importance of leadership from management in these controls. The City Council has adopted a personnel policy that provides guidance as to certain elements of the internal control structure. The employees are updated on changes to these ethics and personnel policies to stress that internal control is an important element of the public's trust. The City has incorporated the personnel policy manual in the training of all employees and elected officials.

The foundation of the City's financial planning and control is the annual budget. The budget process includes sessions with staff, management, and the City Council. To ensure compliance with legal budgetary controls, the City Council and management receive monthly reports comparing budgeted amounts to actual expenditures. The City Council may make additional appropriations during the year for unanticipated revenues or capital projects which were not completed in the prior year. Budget-to-actual comparisons by nine major functions are provided in the Required Supplementary Information section of this report.

Project length budgets are prepared for the various capital project funds. A "Five Year Capital Improvement Plan" is prepared and reviewed annually with the City Council. This plan defines the long-term capital plan of the City while each specific capital project is appropriated through different revenue streams. The budget document presents function disbursements by fund. However, the formal and legal level of budgetary control is at the aggregated function level, not by fund. After adoption, budget adjustments in these functions are authorized by the City Council.

State laws require audits for cities such as Waverly to be conducted by the auditor of the state or by certified public accountants. In addition to meeting state requirements, the audit must meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small-town atmosphere while being only a twenty-five-minute drive to a large metropolitan area. The last census showed Waverly's growth at 10.1% compared to the state's increase of 4.1%. The steady sale of building permits is a good sign for Waverly. The total value is 16% over last year; the overall growth is consistent with a five-year average. Fiscal year 2019 was still a strong building year with numerous projects including a new Casey's, the Accel Group, Group Benefit Partners, Scooters, and Subway. At times it is more important to add to the culture and livability in a community, compared to increasing valuations. Some of the continued growth is due to the number of students in the Waverly-Shell Rock Schools District and the high marks received for the quality of education. All these developments and factors will allow the City to continue receiving increased intergovernmental revenues.

The City benefits from a prosperous downtown retail area plus other shopping areas, both on the south and north side of the City. The retail economy is very important to Waverly and has gone through a period of expansion.

Waverly is the home of Wartburg College, a private four-year college. Wartburg continues to expand the college with major additions throughout the campus. The Wartburg Waverly Wellness Facility continues to have a strong impact on the Waverly economy by hosting a variety of sporting events and camps.

The City of Waverly is a growing manufacturing, retailing, educational, and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 550, Wartburg College with 500 employees, Waverly Health Center with 498 employees, Waverly Shell-Rock Schools with 404 employees, GMT Corporation with 259 employees, and Bartels Lutheran Retirement Community with 236 employees.

In July 2003 the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, while controlling property taxes. This revenue will continue to pay for safety, project debt, along with drainage and street improvements. The revenue stream has been consistent over the years with total receipts of \$978,192 in fiscal year 2019. Future projects for these funds include additional bond payments and various street improvements. After a vote by the citizens in 2016, the collection of the local option sales tax will continue through June 30, 2037.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's July 2019 unemployment rate of 1.9% compares favorably to the State's rate of 2.5 % for the same period. The tax base for the City is showing favorable increases. Growth of the City's taxable valuation has been steady compared to other cities of similar size. Assessed valuations for the same period increased, but the state's residential rollback continues to affect the taxing ability of cities. A new property class was established for multi-residential property in fiscal year 2017 and will likely have long-term impact for Waverly.

Long-term Financial Planning. The City of Waverly operates with a cash and investment pool concept, whereby funds not individually invested to the credit of a particular fund are invested to the credit of the General Fund. This is consistent with state law, which provides that with the exception of bond covenants and local ordinances that require investments by fund, investments can be pooled and invested to the credit of the General Fund.

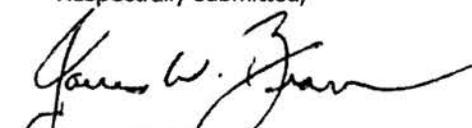
It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

The City may invest in any of the securities identified as eligible investments defined in the City of Waverly Investment Policy. In general, these consist of interest-bearing savings accounts, certificates of deposits, United States Treasury Notes and Bonds, Iowa Public Agency Investment Trust, and government sponsored securities.

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2018. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2019 annual financial report to GFOA for review to determine its eligibility for an award.

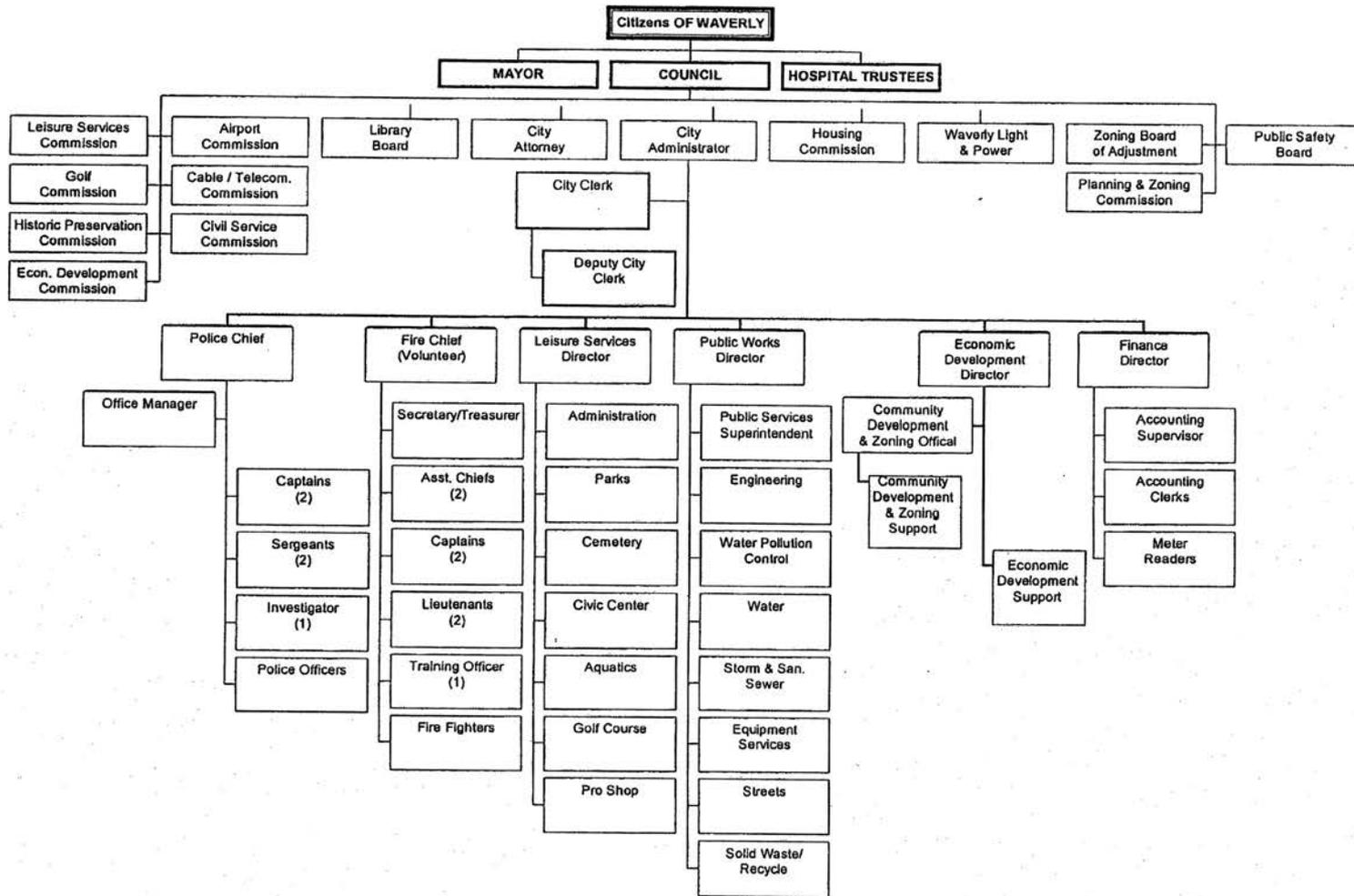
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,


James W. Bronner
City Administrator


Jenifer J. Mein
Director of Finance

Organizational Flow Chart The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

**List of Principal Officials
June 30, 2019**

ELECTED OFFICIALS

Mayor Dean Soash
Council Member – Ward 1 Brian Birgen
Council Member – Ward 2 Dan McKenzie
Council Member – Ward 3 Rodney Drenkow
Council Member – Ward 4 Mike Sherer
Council Member – Ward 5 Tim Kangas
Council Member – At Large Ann Rathe
Council Member – At Large Edith Waldstein

APPOINTED OFFICIALS

City Administrator James W. Bronner
City Clerk Carla Guyer
Community Development Director/City Attorney William D. Werger
Director of Finance Jenifer J. Mein
City Engineer/Director of Public Works Michael Cherry
Police Chief Richard Pursell
Leisure Services Director Garret Riordan
Fire Chief Dennis Happel
Library Director Sarah Meyer-Reyerson
Deputy City Clerk Valorie Northrup
Community Development and Zoning Manager Isaac Pezley
Public Services Superintendent Brian Sullivan



Government Finance Officers Association

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

Presented to

**City of Waverly
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



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INDEPENDENT AUDITORS' REPORT

The Mayor and Members of the
City Council
City of Waverly, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa, as of and for the year ended June 30, 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Waverly Health Center and Waverly Utilities (discretely presented component units), which statements reflect total assets of \$68,341,451 and \$62,614,763 as of June 30, 2019 and December 31, 2018, respectively, and total program revenues of \$58,335,079 and \$22,941,436 for the years then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for Waverly Health Center and Waverly Utilities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 City'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 City'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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of June 30, 2019, 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.

Emphasis of a Matter

As described in Note 21 to the financial statements, two accounts receivables from 2018 were not included in prior year's financial statements and is corrected on the accompanying financial statements and, the component unit, Waverly Utilities, adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the City's total OPEB liability, related ratios and notes, schedule of the City's proportionate share of net pension liability, and schedule of the City's contributions on pages 11 through 20 and 73 through 83 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 introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waverly's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waverly's internal control over financial reporting and compliance.

Williams & Company P.C.

Certified Public Accountants

Le Mars, Iowa
December 13, 2019

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2019 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2019, by \$66,918,151. Of this amount, \$4,801,442 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net position increased by \$1,358,043 during the year. Of this amount the net position of our Governmental Activities increased by \$2,785,807 and the net position of our Business Activities decreased \$1,427,764.
- The City's long-term debt increased approximately \$12,540,000. The City issued \$16,155,000 in new bonds in 2019. The debt limit is \$37.3M. Outstanding general obligation debt totals \$29,070,000 and other Bank Loans total \$75,901, and revenue bonds total \$3,905,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$2,873,063.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waverly's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of changes in the City's Total OPEB Liability, Related Ratios, and Notes.. Supplementary Information provides detailed information about the nonmajor governmental funds.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waverly's finances, in a manner similar to a private-sector business. The *statement of net position* is essentially a balance sheet that combines all funds on a government-wide basis. Changes in net position over time may be an indicator of whether the City's financial position is improving or worsening.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event occurs, giving rise to the change regardless of the timing of the related cash

flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Waverly that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waverly include general government, public safety, public works, health and social services, economic development, and culture and recreation. The business-type activities of the City include a water, sewer, and solid waste utility.

The government-wide financial statement includes not only the City of Waverly itself (*the primary government*), but also the legally separate Waverly Health Center and Waverly Utilities (*component units*), for which the City has some degree of financial accountability. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 21-23 of this report.

Reporting the City's Most Significant Funds

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 Waverly, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waverly maintains 37 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

The basic governmental fund financial statements can be found on pages 24-29 of this report.

Proprietary funds. The City of Waverly maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Solid Waste Utility. Internal service funds are an accounting device used to accumulate and allocate

costs internally among the City's various functions. The City uses an internal service fund to account for the partially self-funded insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Solid Waste Utility as all are considered, or have been designated to be major funds of the City. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-36 of this report.

Reporting the City's Fiduciary Responsibilities

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties external to the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Waverly's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements are reported in a separate *statement of fiduciary net position* and a *statement of changes in assets and liabilities*.

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 on pages 38-72 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the City's net position reflects its investment in capital assets (land, buildings and improvements, and equipment). Less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net position for the years ended June 30, 2019 and 2018.

	General Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current & Other Assets	\$ 23,297,104	\$ 14,877,118	\$ 4,541,158	\$ 4,313,877	\$ 27,838,262	\$ 19,190,995
Capital Assets	72,832,885	65,964,400	15,832,343	16,632,407	88,665,228	82,596,807
Total Assets	96,129,989	80,841,518	20,373,501	20,946,284	116,503,490	101,787,802
Deferred Outflows						
	1,287,979	1,307,899	211,119	235,483	1,499,098	1,543,382
Liabilities						
Other Liabilities	2,481,342	2,293,011	249,333	186,681	2,730,675	2,479,692
Noncurrent Liabilities	34,618,477	22,882,197	5,853,098	5,104,624	40,471,575	27,986,821
Total Liabilities	37,099,819	25,175,208	6,102,431	5,291,305	43,202,250	30,466,513
Deferred Inflows						
	7,832,741	7,274,608	49,446	29,955	7,882,187	7,304,563
Net Position						
Net Investment in Capital Assets	47,543,076	48,702,502	10,833,717	12,439,840	58,376,793	61,142,342
Restricted	3,064,822	3,092,548	675,094	94,493	3,739,916	3,187,041
Unrestricted	1,877,510	(2,095,449)	2,923,932	3,326,174	4,801,442	1,230,725
Total Net Position	\$ 52,485,408	\$ 49,699,601	\$ 14,432,743	\$ 15,860,507	\$ 66,918,151	\$ 65,560,108

This summary reflects a decrease in the governmental net position and an increase in the business-type net position.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that 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, \$3,739,916, represents resources that are subject to external restriction on how they may be used. Restricted net position include the amounts restricted for airport expansion of \$265,691, FEMA flood projects of \$6,248, cemetery perpetual care of \$516,978, Tax Increment Financing allowable purposes of \$255,909, Local Option Sales Tax allowable purposes of \$802,415, Road Purposes of \$760,127, Debt Service of \$788,666 and other specific revenue restrictions of \$343,882. The remaining balance of unrestricted net position of \$4,801,442 may be used to meet the government's ongoing obligations.

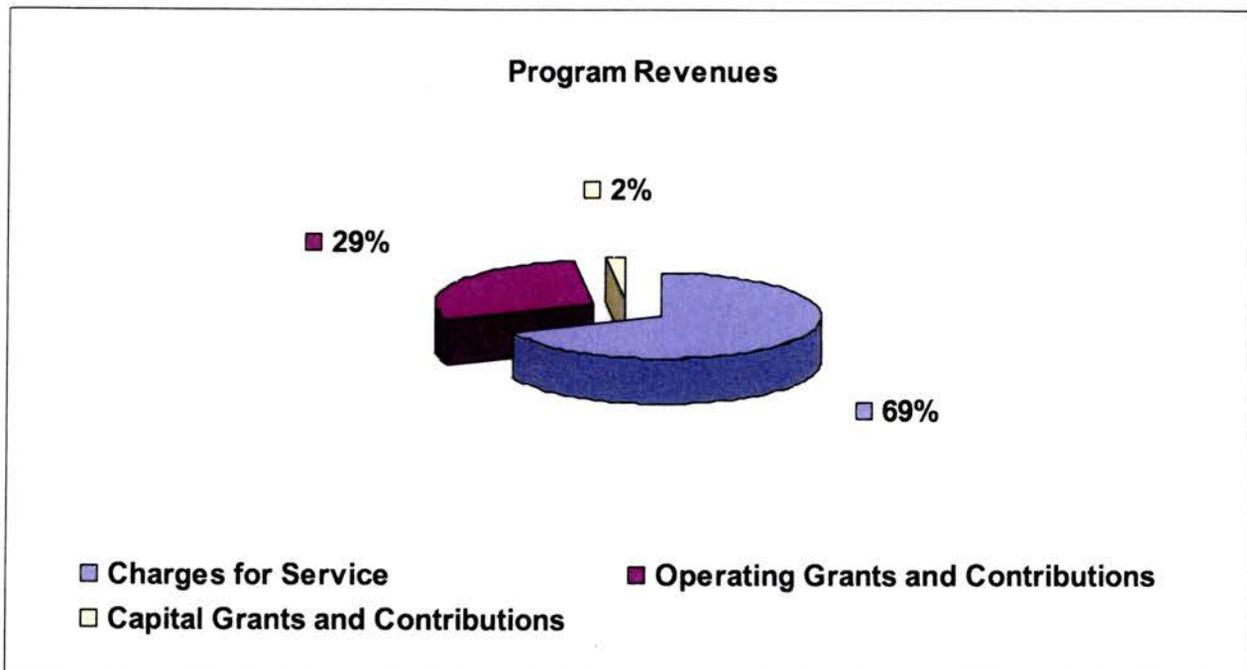
At the end of the current fiscal year, the City of Waverly is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. In the prior year, the City reported positive balances in all categories of net position other than governmental unrestricted.

Total revenue reported in Fiscal year 2019 was \$18,359,654. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2019 and 2018.

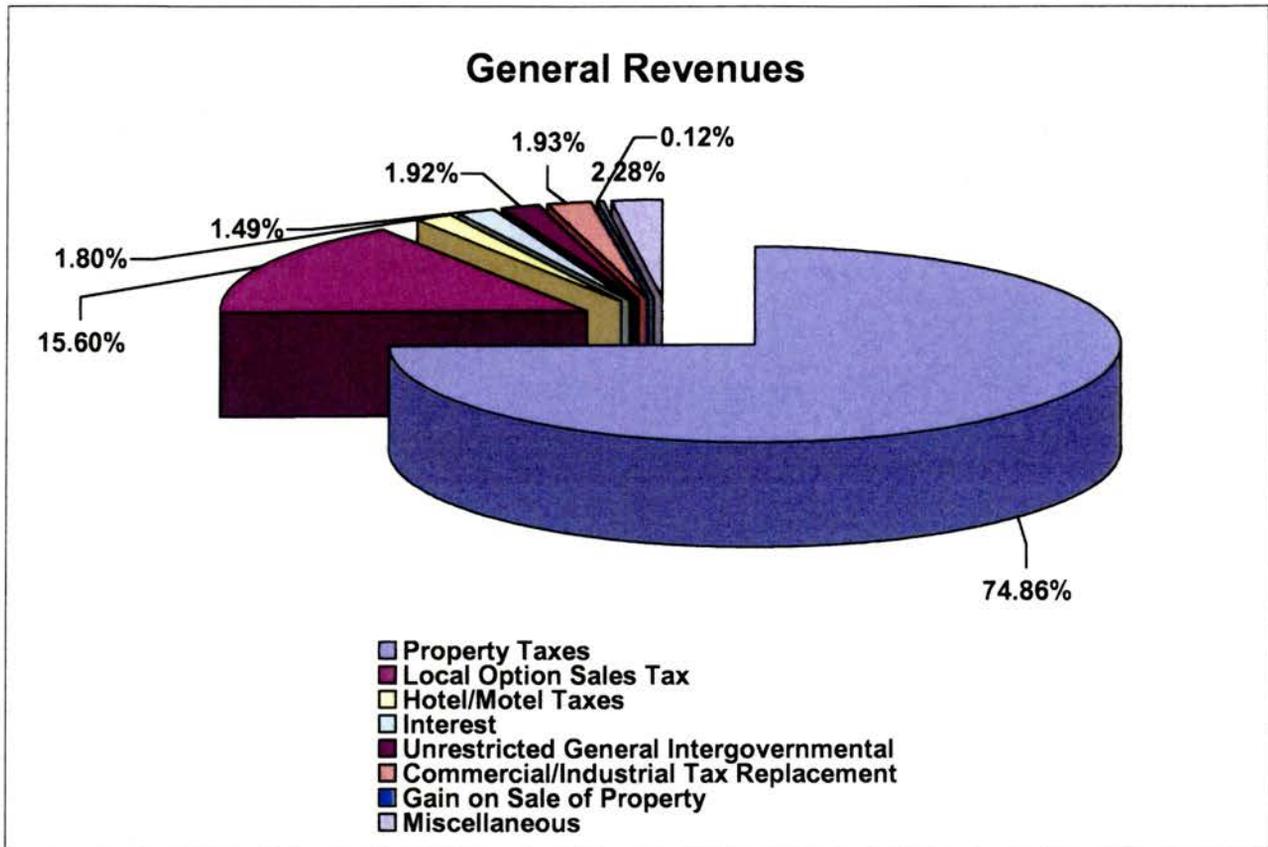
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for services	\$ 936,958	\$ 996,722	\$ 4,797,205	\$ 4,490,157	\$ 5,734,163	\$ 5,486,879
Operating grants & contributions	2,443,545	2,157,667	-	-	2,443,545	2,157,667
Capital grants & contributions	69,412	681,523	109,913	359,703	179,325	1,041,226
Total Program Revenues	3,449,915	3,835,912	4,907,118	4,849,860	8,357,033	8,685,772
General Revenues and Transfers:						
Property Taxes	7,487,736	7,287,523	-	-	7,487,736	7,287,523
Local Option Sales Tax	1,560,866	1,412,934	-	-	1,560,866	1,412,934
Hotel/Motel Tax	179,842	188,106	-	-	179,842	188,106
Interest	103,701	45,347	45,229	35,407	148,930	80,754
Unrestricted General						
Intergovernmental Revenues	191,646	197,245	-	-	191,646	197,245
Commercial/Industrial Tax Replacement	193,412	202,647	-	-	193,412	202,647
Gain on Sale of Property	12,230	-	-	1,500	12,230	1,500
Miscellaneous	129,650	224,921	98,309	98,477	227,959	323,398
Total General Revenues	9,859,083	9,558,723	143,538	135,384	10,002,621	9,694,107
Interfund Transfers	1,837,271	(108,102)	(1,837,271)	108,102	-	-
Total Revenues and Interfund Transfers	\$ 15,146,269	\$ 13,286,533	\$ 3,213,385	\$ 5,093,346	\$ 18,359,654	\$ 18,379,879

Program revenues totaled \$8,357,033 for fiscal year 2019. Governmental Activities provided \$3,449,915 and Business-Type Activities provided \$4,907,118.

The city continues to develop projects to move the city forward. Property tax revenue was up slightly in fiscal year 2019. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2019 totaled \$10,002,621. Governmental Activities provided \$9,859,083 and Business-Type Activities provided \$143,538. Property Tax Revenues for fiscal year 2019 totaled \$7,487,736, accounting for 74.86% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2019 totaled \$17,001,611. Expenses for General Governmental Activities totaled \$12,360,462 accounting for 72.70% of the total expenses. Business-Type Activity expenses totaled \$4,641,149 for 27.30% of the total. There was little change from fiscal year 2018. The breakdown of expenses by activity and program are as follows:

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Public Safety	\$ 2,643,357	\$ 2,701,599	\$ -	\$ -	\$ 2,643,357	\$ 2,701,599
Public Works	4,724,799	5,104,045	-	-	4,724,799	5,104,045
Health & Social Services	9,874	9,874	-	-	9,874	9,874
Culture and Recreation	2,776,818	2,605,857	-	-	2,776,818	2,605,857
Community and Economic Development	774,466	729,567	-	-	774,466	729,567
General Government	669,502	1,149,385	-	-	669,502	1,149,385
Debt Service	761,646	445,257	-	-	761,646	445,257
Water System	-	-	1,502,936	1,211,683	1,502,936	1,211,683
Sewer System	-	-	1,764,687	1,698,567	1,764,687	1,698,567
Solid Waste	-	-	1,373,526	1,219,573	1,373,526	1,219,573
Total Expenses	\$ 12,360,462	\$ 12,745,584	\$ 4,641,149	\$ 4,129,823	\$ 17,001,611	\$ 16,875,407

For the most part, expenses closely paralleled inflation and the constant demand for services. Water and sewer business-type activities were close to last year. Other programs are in line with last year.

The following table shows the activities included within each program level:

Public Safety.....	Individual & Community Protection, Physical
Health & Social Services.....	Essential Human Services
Public Works.....	Roadway Construction, Airport Operations, General Streets, Transportation Services
Culture and Recreation.....	Education & Culture, Leisure Time Opportunities
Community and Economic Development.....	Economic Development & Community Beautification
General government.....	Administration, Accounting, Support Services
Debt Service.....	Payment of Interest
Capital Projects.....	Construction of Capital Facilities
Water System.....	Operation of Water Supply Distribution System
Sewer System.....	Operation of Waste Water Treatment Plant/Collection System
Solid Waste System.....	Operation of Garbage and Recycling Collection and Disposal System

Governmental Activities

The Statement of Activities requires some additional explanation. The format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$2,643,357 and received \$75,725 in charges for services and grants, leaving a cost to the taxpayer of \$2,567,632 to be funded by various methods including property taxes.

The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety.....	Fines, Fees
Public Works.....	Road Use Tax, State Agreements
Culture and Recreation.....	Fees, State Aid
General Government.....	Licenses, Permits, Utility Reimbursement
Capital Projects.....	Donations, State & Federal Grants

The net cost of governmental activities this year was \$8,910,547. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Business-Type Activities

Functions/Programs	Net (Expense) Revenue	
	2019	2018
Governmental Activities:		
Public Safety	\$ (2,567,632)	\$ (2,630,846)
Public Works	(2,519,418)	(2,512,655)
Health & Social Services	(9,874)	(9,874)
Culture and Recreation	(1,951,750)	(1,899,525)
Community and Economic Development	(559,360)	(514,855)
General Government	(540,867)	(896,660)
Debt Service	(761,646)	(445,257)
Total Net (Expense) Governmental Activities	(8,910,547)	(8,909,672)
General Revenues	9,859,083	9,558,723
Excess of Revenues Over Expenses	948,536	649,051
Interfund Transfers	1,837,271	(108,102)
Change in Net Position	\$ 2,785,807	\$ 540,949

The cost of all Proprietary Activities this year was \$4,641,149. As shown in the Statement of Activities, the amount paid by users of the systems was \$4,797,205, and capital grants and contributions paid for \$109,913, resulting in a total Net Revenue increase for Business-Type Activities of \$265,969. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2019	2018
Water System	\$ (4,846)	\$ 173,513
Sewer System	181,423	114,269
Solid Waste System	89,392	432,255
Total Net (Expense) Business Type Activities	265,969	720,037
General Revenues	143,538	135,384
Excess of Revenues Over Expenditures	409,507	855,421
Interfund Transfers	(1,837,271)	108,102
Change in Net Position	\$ (1,427,764)	\$ 963,523

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$12,918,625. The combined Governmental Funds fund balance increased \$7,776,493 mostly as a result of continuing capital projects and issuance of debt.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenue and other financing sources in the General Fund by \$104,755 due to increased spending in the Culture and Recreation function. The total unassigned fund balance of \$2,873,063 is 50% of expenditures, which exceeds the goal set by the city council. The Employee Benefit fund balance increased due to an increase in transfers in from the General fund to pay for benefits. The Tax Increment Financing Fund decreased due to increased transfers out for various capital projects, but still has a favorable ending balance. The Debt Service fund increased slightly in fiscal year 2019 due to an increase in transfers in to pay off debt. The Cedar River Parkway fund balance increase significantly during the year due to the issuance of debt to cover past, present and future project related expenditures.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens.

Additional information on the City of Waverly's capital assets can be found in Note 6 of the financial statements.

Debt Administration

On June 30, 2019 the City had \$29,070,000 of GO Bond debt outstanding.

Debt administration is an important aspect of the City's financial obligation to its citizens. Any new debt is amortized over no more than twelve years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has aided in the City maintaining an Aa3 rating from Moody's.

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$37,339,744 for the 2019 fiscal year. With outstanding General Obligation Debt applicable to this limit of \$29,961,756 the City is at 80% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Waverly reports an average of 22 residential building projects per year in the past five years. In fiscal year 2019 the City had 19 new single-family house permits which is 9 more than last year. New commercial building permits have averaged three per year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

Requests for Information

This financial report is designed to provide a general overview of the City of Waverly's financial position for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Waverly, Accounting Department, 200 First Street NE, P.O. Box 616, Waverly, Iowa 50677.

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
ASSETS					
Cash and Cash Equivalents	\$ 13,682,846	\$ 2,133,247	\$ 15,816,093	\$ 1,960,343	\$ 10,864,728
Certificates of Deposit	291,993	400,000	691,993	-	-
Investments	922,027	443,534	1,365,561	2,584,411	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	27,473	455,384	482,857	7,714,709	2,960,989
Taxes	42,436	-	42,436	-	-
Subsequent Year Taxes	7,635,993	-	7,635,993	-	-
Accrued Interest	1,332	-	1,332	28,447	26,489
Other	-	-	-	392,420	-
Estimated Unbilled Usage	-	195,535	195,535	-	-
Special Assessments	47,327	102,663	149,990	-	-
Notes Receivable	90,000	-	90,000	-	-
Due from Other Governmental Agencies	321,894	-	321,894	-	-
Inventories	104,014	125,295	229,309	1,537,810	1,372,662
Prepaid Assets	129,769	-	129,769	556,557	138,986
Other	-	-	-	245,098	226,180
Restricted Assets:					
Cash and Cash Equivalents	-	435,500	435,500	39,221,383	1,878,280
Certificates of Deposit	-	250,000	250,000	-	-
Investment in Joint Venture	23,909	-	23,909	-	-
Land	15,350,436	117,723	15,468,159	2,206,302	351,624
Construction in Progress	13,011,317	204,443	13,215,760	1,582,735	1,077,048
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	44,447,223	15,510,177	59,957,400	10,311,236	43,717,777
Total Assets	96,129,989	20,373,501	116,503,490	68,341,451	62,614,763
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	1,287,979	211,119	1,499,098	5,674,532	686,822
Total Deferred Outflows of Resources	1,287,979	211,119	1,499,098	5,674,532	686,822
LIABILITIES					
Accounts Payable	2,167,002	196,682	2,363,684	3,016,541	1,444,248
Accrued Wages	211,517	42,052	253,569	2,471,634	810,737
Line of Credit	-	-	-	717,175	-
Other Accrued Expenses	-	-	-	830,248	145,709
Estimated Third-Party Payor Settlements	-	-	-	550,000	-
Accrued Claims	41,064	-	41,064	-	-
Unearned Revenue	-	-	-	-	120,841
Accrued Interest Payable	61,759	10,599	72,358	62,019	50,054
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	495,000	495,000	-	1,580,728
General Obligation Bonds	3,325,000	305,000	3,630,000	-	-
Bank Loan	-	75,901	75,901	161,074	-
Revenue Bond Anticipation Note	-	-	-	27,063,000	-
Compensated Absences and Benefits	271,581	41,248	312,829	-	-
Due in more than one year:					
Revenue Bonds Payable	-	3,486,425	3,486,425	-	17,919,640
General Obligation Bonds	25,688,793	636,300	26,325,093	-	-
Bank Loan	-	-	-	328,194	-
Total OPEB Liability	777,602	-	777,602	-	641,278
Net Pension Liability	4,374,447	785,727	5,160,174	19,929,046	2,167,557
Compensated Absences and Benefits	181,054	27,497	208,551	-	-
Total Liabilities	37,099,819	6,102,431	43,202,250	55,128,931	24,880,792
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Taxes	7,635,993	-	7,635,993	-	-
Pension Related Deferred Inflows	196,748	49,446	246,194	1,090,616	151,008
Regulator credits - Rate Stabilization	-	-	-	-	1,475,294
Total Deferred Inflows of Resources	7,832,741	49,446	7,882,187	1,090,616	1,626,302
NET POSITION					
Net Investment in Capital Assets	47,543,076	10,833,717	58,376,793	13,611,005	28,735,930
Restricted for:					
Debt Service	113,572	675,094	788,666	-	404,442
Tax Increment Financing	255,909	-	255,909	-	-
Employee Benefits	276,764	-	276,764	-	-
Road Purposes	760,127	-	760,127	-	-
Local Option Sales Tax	802,415	-	802,415	-	-
Airport Expansion	265,691	-	265,691	-	-
FEMA Flood Projects	6,248	-	6,248	-	-
Cable TV	67,118	-	67,118	-	-
Capital Expansion	-	-	-	206,379	-
Endowments:					
Nonexpendable	516,978	-	516,978	-	-
Unrestricted	1,877,510	2,923,932	4,801,442	3,979,052	7,654,119
Total Net Position	\$ 52,485,408	\$ 14,432,743	\$ 66,918,151	\$ 17,796,436	\$ 36,794,491

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,643,357	\$ 53,175	\$ 22,550	\$ -
Public Works	4,724,799	105,935	2,038,409	61,037
Health and Social Services	9,874	-	-	-
Culture and Recreation	2,776,818	630,601	191,092	3,375
Community and Economic Development	774,466	19,612	190,494	5,000
General Government	669,502	127,635	1,000	-
Debt Service	761,646	-	-	-
Total governmental activities	<u>12,360,462</u>	<u>936,958</u>	<u>2,443,545</u>	<u>69,412</u>
Business-Type Activities:				
Water System	1,502,936	1,496,978	-	1,112
Sewer System	1,764,687	1,837,309	-	108,801
Solid Waste System	1,373,526	1,462,918	-	-
Total Business-Type Activities:	<u>4,641,149</u>	<u>4,797,205</u>	<u>-</u>	<u>109,913</u>
Total Primary Government	<u>\$ 17,001,611</u>	<u>\$ 5,734,163</u>	<u>\$ 2,443,545</u>	<u>\$ 179,325</u>
Component Unit:				
Waverly Health Center	<u>\$ 58,971,612</u>	<u>\$ 58,063,971</u>	<u>\$ 55,500</u>	<u>\$ 215,608</u>
Waverly Utilities	<u>\$ 23,749,568</u>	<u>\$ 22,941,436</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Local Option Sales Tax
Hotel/Motel Taxes
Interest
Unrestricted General Intergovernmental Revenues
Commercial/Industrial Tax replacement
Gain on Sale of Property
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net position
Net Position - beginning
Prior Period Adjustment
Net Position - beginning, as restated
Net Position - ending

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Utilities
\$ (2,567,632)		\$ (2,567,632)		
(2,519,418)		(2,519,418)		
(9,874)		(9,874)		
(1,951,750)		(1,951,750)		
(559,360)		(559,360)		
(540,867)		(540,867)		
(761,646)		(761,646)		
<u>(8,910,547)</u>		<u>(8,910,547)</u>		
	\$ (4,846)	(4,846)		
	181,423	181,423		
	<u>89,392</u>	<u>89,392</u>		
	<u>265,969</u>	<u>265,969</u>		
<u>(8,910,547)</u>	<u>265,969</u>	<u>(8,644,578)</u>		
			\$ (636,533)	\$ (808,132)
7,487,736	-	7,487,736	-	-
1,560,866	-	1,560,866	-	-
179,842	-	179,842	-	-
103,701	45,229	148,930	695,484	232,700
191,646	-	191,646	-	-
193,412	-	193,412	-	-
12,230	-	12,230	-	26,013
129,650	98,309	227,959	-	-
<u>1,837,271</u>	<u>(1,837,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,696,354</u>	<u>(1,693,733)</u>	<u>10,002,621</u>	<u>695,484</u>	<u>258,713</u>
2,785,807	(1,427,764)	1,358,043	58,951	(549,419)
49,501,007	15,860,507	65,361,514	17,737,485	37,571,625
198,594	-	198,594	-	(227,715)
<u>49,699,601</u>	<u>15,860,507</u>	<u>65,560,108</u>	<u>17,737,485</u>	<u>37,343,910</u>
<u>\$ 52,485,408</u>	<u>\$ 14,432,743</u>	<u>\$ 66,918,151</u>	<u>\$ 17,796,436</u>	<u>\$ 36,794,491</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2019

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Assets			
Cash and Cash Equivalents	\$ 1,662,316	\$ 228,061	\$ 274,147
Certificates of Deposit	26,993	-	-
Investments	922,027	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	14,364	-	-
Taxes	6,897	27,848	2,617
Subsequent Year Taxes	3,624,124	1,311,169	1,278,478
Accrued Interest	1,332	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	558,939	-	-
Due from Other Governmental Agencies	77,298	-	-
Inventories	104,014	-	-
Prepaid Assets	129,769	-	-
Total Assets	<u>7,128,073</u>	<u>1,567,078</u>	<u>1,555,242</u>
Liabilities			
Accounts Payable	176,664	-	-
Accrued Wages	193,933	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>370,597</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	3,624,124	1,311,169	1,278,478
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>3,624,124</u>	<u>1,311,169</u>	<u>1,278,478</u>
Fund Balances (Deficits)			
Nonspendable:			
Inventory	104,014	-	-
Prepaid Asset	129,769	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	255,909	-
Employee Benefits	-	-	276,764
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	26,506	-	-
Capital Improvement	-	-	-
Unassigned	2,873,063	-	-
Total Fund Balances (Deficits)	<u>3,133,352</u>	<u>255,909</u>	<u>276,764</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 7,128,073</u>	<u>\$ 1,567,078</u>	<u>\$ 1,555,242</u>

See Accompanying Notes to Financial Statements

Debt Service	Capital Projects		Other Governmental Funds	Total Governmental Funds
	2017 Cedar River Parkway			
\$ 170,257	\$ 2,133,515	\$ 8,770,612	\$ 13,238,908	
-	-	265,000	291,993	
-	-	-	922,027	
-	-	13,109	27,473	
5,074	-	-	42,436	
1,422,222	-	-	7,635,993	
-	-	-	1,332	
-	-	47,327	47,327	
-	-	90,000	90,000	
-	-	-	558,939	
-	-	244,596	321,894	
-	-	-	104,014	
-	-	-	129,769	
<u>1,597,553</u>	<u>2,133,515</u>	<u>9,430,644</u>	<u>23,412,105</u>	
-	1,239,134	634,598	2,050,396	
-	-	17,584	211,517	
-	-	558,939	558,939	
-	<u>1,239,134</u>	<u>1,211,121</u>	<u>2,820,852</u>	
1,422,222	-	-	7,635,993	
-	-	36,635	36,635	
<u>1,422,222</u>	-	<u>36,635</u>	<u>7,672,628</u>	
-	-	-	104,014	
-	-	-	129,769	
-	-	516,978	516,978	
175,331	-	-	175,331	
-	-	-	255,909	
-	-	-	276,764	
-	-	760,127	760,127	
-	-	802,415	802,415	
-	-	271,939	271,939	
-	-	67,118	67,118	
-	-	-	26,506	
-	894,381	6,545,160	7,439,541	
-	-	(780,849)	2,092,214	
<u>175,331</u>	<u>894,381</u>	<u>8,182,888</u>	<u>12,918,625</u>	
\$ 1,597,553	\$ 2,133,515	\$ 9,430,644	\$ 23,412,105	

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 25)		\$12,918,625
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		72,808,976
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		23,909
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position.		(491,334)
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		36,635
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(61,759)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,287,979	
Deferred inflows of resources	<u>(196,748)</u>	1,091,231
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds (net of unamortized premium)	\$ (29,013,793)	
Net Pension Liability	(4,374,447)	
Compensated Absences	<u>(452,635)</u>	<u>(33,840,875)</u>
Total Net Position - Governmental Activities (page 21)		<u><u>\$52,485,408</u></u>

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CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2019

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Revenue:			
Taxes	\$ 3,506,608	\$ 1,346,116	\$ 1,341,880
Special Assessments	-	-	-
Licenses and Permits	89,540	-	-
Intergovernmental Revenue	1,069,210	-	43,387
Charges for Services	587,526	-	-
Fines and Forfeits	43,750	-	-
Contributions	106,245	-	-
Revenue from Use of Property	75,206	-	-
Interest on Investments	58,372	2,789	-
Miscellaneous	107,890	-	-
Total Revenue	<u>5,644,347</u>	<u>1,348,905</u>	<u>1,385,267</u>
Expenditures:			
Current:			
Public Safety	1,943,854	-	650,257
Public Works	486,702	-	120,023
Health and Social Services	9,874	-	-
Culture and Recreation	2,188,243	-	421,806
Community and Economic Development	524,018	150,551	99,891
General Government	569,228	-	63,723
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>5,721,919</u>	<u>150,551</u>	<u>1,355,700</u>
Excess (deficiency) of revenues over expenditures	<u>(77,572)</u>	<u>1,198,354</u>	<u>29,567</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Premium on Bonds Issued	-	-	-
Proceeds from Sale of Capital Assets	12,230	-	-
Transfers In	258,439	-	247,852
Transfers Out	(297,852)	(1,261,780)	-
Total other financing sources (uses)	<u>(27,183)</u>	<u>(1,261,780)</u>	<u>247,852</u>
Net Change in Fund Balance	(104,755)	(63,426)	277,419
Fund balances (deficits) - beginning of year	3,238,107	319,335	(655)
Prior Period Adjustment	-	-	-
Fund balances (deficits)- beginning of year, as restated	<u>3,238,107</u>	<u>319,335</u>	<u>(655)</u>
Fund balances (deficits) - end of year	<u>\$ 3,133,352</u>	<u>\$ 255,909</u>	<u>\$ 276,764</u>

See Accompanying Notes to Financial Statements

	<u>Capital Projects</u>			
	2017		Other	Total
Debt Service	Cedar River Parkway		Governmental Funds	Governmental Funds
\$ 1,293,132	\$ -	\$ 1,560,866	\$ 9,048,602	
-	-	13,167	13,167	
-	-	52,493	142,033	
36,880	-	1,811,266	2,960,743	
-	-	-	587,526	
-	-	-	43,750	
-	-	3,375	109,620	
-	-	30,456	105,662	
11,818	14,742	15,980	103,701	
-	323	35,496	143,709	
<u>1,341,830</u>	<u>15,065</u>	<u>3,523,099</u>	<u>13,258,513</u>	
-	-	-	2,594,111	
-	-	1,234,987	1,841,712	
-	-	-	9,874	
-	-	31,955	2,642,004	
-	-	-	774,460	
-	-	-	632,951	
-	5,705,560	4,129,714	9,835,274	
3,742,269	72,285	34,740	3,849,294	
<u>3,742,269</u>	<u>5,777,845</u>	<u>5,431,396</u>	<u>22,179,680</u>	
(2,400,439)	(5,762,780)	(1,908,297)	(8,921,167)	
-	9,150,000	5,350,000	14,500,000	
-	200,287	147,872	348,159	
-	-	-	12,230	
2,447,505	-	3,000,196	5,953,992	
-	(235,000)	(2,322,089)	(4,116,721)	
<u>2,447,505</u>	<u>9,115,287</u>	<u>6,175,979</u>	<u>16,697,660</u>	
47,066	3,352,507	4,267,682	7,776,493	
128,265	(2,458,126)	3,716,612	4,943,538	
-	-	198,594	198,594	
<u>128,265</u>	<u>(2,458,126)</u>	<u>3,915,206</u>	<u>5,142,132</u>	
<u>\$ 175,331</u>	<u>\$ 894,381</u>	<u>\$ 8,182,888</u>	<u>\$ 12,918,625</u>	

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds (page 28)		\$ 7,776,493
<p>Governmental funds report capital outlays, including infrastructure, 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. Capital outlays exceeded depreciation expense in the current year as follows:</p>		
Expenditures for capital assets	\$ 9,994,435	
Depreciation expense	<u>(3,149,859)</u>	6,844,576
Loss on investment in joint venture not recorded at the fund level.		(5,580)
Governmental funds report special assessments and notes receivable as revenue when it becomes available, but the statement of activities includes as revenue when levied.		(19,732)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		(22,022)
Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures.		(11,230)
Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net position. The net revenue of the internal service funds is reported with governmental activities.		57,987
The current year City IPERS and MFPRSI contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position		547,347
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(643,543)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount by which proceeds exceeded repayments in the current year is as follows:		
Repayments of long-term debt	\$ 3,024,002	
Proceeds from Premium on issuance of long-term debt	(348,159)	
Proceeds from issuance of long-term debt	<u>(14,500,000)</u>	(11,824,157)
The governmental funds report the effect of premiums, discounts, and deferred charges on refundings when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		85,668
Change in net position of governmental activities (page 23)		<u>\$ 2,785,807</u>

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2019

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Activities Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 125,535	\$ 1,414,287	\$ 593,425	\$ 2,133,247	\$ 443,938
Certificates of Deposit	-	400,000	-	400,000	-
Investments	443,534	-	-	443,534	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	136,231	188,441	130,712	455,384	-
Estimated Unbilled Usage	86,881	108,654	-	195,535	-
Special Assessments	37,350	65,313	-	102,663	-
Inventories	72,541	52,754	-	125,295	-
Restricted Assets:					
Cash and Cash Equivalents	352,500	83,000	-	435,500	-
Certificates of Deposit	-	250,000	-	250,000	-
Total Current Assets	1,254,572	2,562,449	724,137	4,541,158	443,938
Noncurrent Assets:					
Land	-	117,723	-	117,723	-
Construction in Progress	9,849	194,594	-	204,443	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,573,309	8,020,290	1,916,578	15,510,177	-
Total Noncurrent Assets	5,583,158	8,332,607	1,916,578	15,832,343	-
Total Assets	6,837,730	10,895,056	2,640,715	20,373,501	443,938
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	52,089	75,498	83,532	211,119	-
Total Deferred Outflows of Resources	52,089	75,498	83,532	211,119	-
LIABILITIES					
Current Liabilities					
Accounts Payable	94,402	28,202	74,078	196,682	116,606
Accrued Wages	10,422	13,844	17,786	42,052	-
Compensated Absences and Benefits	22,822	11,629	6,797	41,248	-
Accrued Interest Payable	6,182	4,224	193	10,599	-
Accrued Claims	-	-	-	-	41,064
Bank Loan	-	-	75,901	75,901	-
Revenue Bonds	320,000	175,000	-	495,000	-
General Obligation Bonds	126,207	178,793	-	305,000	-
Total Current Liabilities	580,035	411,692	174,755	1,166,482	157,670
Noncurrent Liabilities:					
Due in more than one year:					
Revenue Bonds	2,276,516	1,209,909	-	3,486,425	-
General Obligation Bonds	263,297	373,003	-	636,300	-
Total OPEB Liability	-	-	-	-	777,602
Net Pension Liability	193,790	281,533	310,404	785,727	-
Compensated Absences and Benefits	15,214	7,752	4,531	27,497	-
Total Noncurrent Liabilities	2,748,817	1,872,197	314,935	4,935,949	777,602
Total Liabilities	3,328,852	2,283,889	489,690	6,102,431	935,272
DEFERRED INFLOWS OF RESOURCES					
Pension Related Deferred Inflows	12,195	17,717	19,534	49,446	-
Total Deferred Inflows of Resources	12,195	17,717	19,534	49,446	-
NET POSITION					
Net Investment in Capital Assets	2,597,138	6,395,902	1,840,677	10,833,717	-
Restricted for:					
Debt Service	346,318	328,776	-	675,094	-
Unrestricted	605,316	1,944,270	374,346	2,923,932	(491,334)
Total Net Position	\$ 3,548,772	\$ 8,668,948	\$ 2,215,023	\$ 14,432,743	\$ (491,334)

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2019

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,397,026	\$ 1,836,008
Miscellaneous	99,952	1,301
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	<u>1,496,978</u>	<u>1,837,309</u>
Operating Expenses:		
General Government	-	-
Employee Services	360,222	489,983
Contract Services	422,807	441,407
Supplies	72,384	69,452
Repairs and Maintenance	108,166	35,186
Utilities	113,262	152,369
Miscellaneous	4,557	6,234
Depreciation	330,319	522,519
Total Operating Expenses	<u>1,411,717</u>	<u>1,717,150</u>
Operating Income	85,261	120,159
Non-Operating Income (Expense):		
Interest Income	14,114	26,364
Revenue from Use of Property	98,309	-
Gain (Loss) on Disposition of Equipment	-	-
Interest Expense	(91,219)	(47,537)
Total Non-Operating Income (Expenses)	<u>21,204</u>	<u>(21,173)</u>
Income before Contributions and Transfers	106,465	98,986
Contributed Capital Revenue	1,112	108,801
Transfers (Out)	(1,687,271)	-
Change in Net Position	(1,579,694)	207,787
Net Position - Beginning	<u>5,128,466</u>	<u>8,461,161</u>
Net Position - Ending	<u>\$ 3,548,772</u>	<u>\$ 8,668,948</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Solid Waste	Total	Internal Service	
\$ 1,455,598	\$ 4,688,632	\$ -	
7,320	108,573	-	
-	-	1,366,076	
<u>1,462,918</u>	<u>4,797,205</u>	<u>1,366,076</u>	
-	-	1,308,089	
583,986	1,434,191	-	
454,050	1,318,264	-	
45,768	187,604	-	
130,072	273,424	-	
21,177	286,808	-	
-	10,791	-	
131,243	984,081	-	
<u>1,366,296</u>	<u>4,495,163</u>	<u>1,308,089</u>	
96,622	302,042	57,987	
4,751	45,229	-	
-	98,309	-	
(2,860)	(2,860)	-	
(4,370)	(143,126)	-	
<u>(2,479)</u>	<u>(2,448)</u>	<u>-</u>	
94,143	299,594	57,987	
-	109,913	-	
<u>(150,000)</u>	<u>(1,837,271)</u>	<u>-</u>	
(55,857)	(1,427,764)	57,987	
<u>2,270,880</u>	<u>15,860,507</u>	<u>(549,321)</u>	
<u>\$ 2,215,023</u>	<u>\$ 14,432,743</u>	<u>\$ (491,334)</u>	

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2019

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,386,847	\$ 1,743,526
Cash Paid to Suppliers for Goods and Services	(642,007)	(689,066)
Cash Paid to Employees for Services	(354,469)	(483,143)
Other Nonoperating Revenue	98,309	-
Net Cash Provided by Operating Activities	<u>488,680</u>	<u>571,317</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(53,716)	(23,248)
Proceeds from Debt Issuance	1,651,143	-
Principal Paid on Notes and Bonds	(444,139)	(345,861)
Interest Paid on Notes and Bonds	(92,146)	(57,989)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>1,061,142</u>	<u>(427,098)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers from Other Funds	(1,687,271)	-
Net Cash (Used) for Non-Capital Financing Activities	<u>(1,687,271)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Certificates of Deposit	-	(650,000)
Interest and Dividends on Investments	5,452	26,364
Net Cash Provided (Used) for Investing Activities	<u>5,452</u>	<u>(623,636)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(131,997)	(479,417)
Cash and Cash Equivalents at Beginning of Year	<u>610,032</u>	<u>1,976,704</u>
Cash and Cash Equivalents at End of Year	<u>\$ 478,035</u>	<u>\$ 1,497,287</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 1,414,542	\$ 4,544,915	\$ 1,366,076
(602,316)	(1,933,389)	(1,324,103)
(617,576)	(1,455,188)	-
-	98,309	-
<u>194,650</u>	<u>1,254,647</u>	<u>41,973</u>
-	(76,964)	-
-	1,651,143	-
(73,905)	(863,905)	-
(4,557)	(154,692)	-
<u>(78,462)</u>	<u>555,582</u>	<u>-</u>
(150,000)	(1,837,271)	-
<u>(150,000)</u>	<u>(1,837,271)</u>	<u>-</u>
-	(650,000)	-
4,751	36,567	-
<u>4,751</u>	<u>(613,433)</u>	<u>-</u>
(29,061)	(640,475)	41,973
<u>622,486</u>	<u>3,209,222</u>	<u>401,965</u>
<u>\$ 593,425</u>	<u>\$ 2,568,747</u>	<u>\$ 443,938</u>

(Continued)

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 85,261	\$ 120,159
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Other Nonoperating Income	98,309	-
Depreciation	330,319	522,519
(Increase) Decrease in Assets:		
Accounts Receivable	(16,084)	(50,990)
Special Assessments	(37,350)	-
Estimated Unbilled Usage	(32,154)	(41,644)
Inventories	(8,119)	2,608
Deferred Outflows of Pension Related Costs	5,190	8,592
Increase (Decrease) in Liabilities		
Accounts Payable	87,288	12,973
Accrued Wages	(1,661)	(2,633)
Accrued Compensated Absences	(1,398)	463
Unearned Revenue	(1,048)	(1,148)
Customer Deposits	(23,495)	-
Net Pension Liability	(1,343)	(6,622)
Deferred Inflows of Pension Related Costs	4,965	7,040
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	<u>403,419</u>	<u>451,158</u>
Net Cash Provided by Operating Activities	<u>\$ 488,680</u>	<u>\$ 571,317</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions	<u>\$ 1,112</u>	<u>\$ 108,801</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 125,535	\$ 1,414,287
Restricted Cash and Cash Equivalents	<u>352,500</u>	<u>83,000</u>
	<u>\$ 478,035</u>	<u>\$ 1,497,287</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 96,622	\$ 302,042	\$ 57,987
-	98,309	-
131,243	984,081	-
(25,362)	(92,436)	-
-	(37,350)	-
-	(73,798)	-
-	(5,511)	-
10,582	24,364	-
48,751	149,012	7,978
(2,973)	(7,267)	-
(33,917)	(34,852)	-
(23,014)	(25,210)	-
-	(23,495)	-
(14,768)	(22,733)	-
7,486	19,491	-
-	-	(18,630)
-	-	(5,362)
98,028	952,605	(16,014)
<u>\$ 194,650</u>	<u>\$ 1,254,647</u>	<u>\$ 41,973</u>
<u>\$ -</u>	<u>\$ 109,913</u>	<u>\$ -</u>
\$ 593,425	\$ 2,133,247	\$ 443,938
-	435,500	-
<u>\$ 593,425</u>	<u>\$ 2,568,747</u>	<u>\$ 443,938</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Funds
JUNE 30, 2019

ASSETS

Cash and Cash Equivalents	\$	21,494
Receivables:		
Due from Other Governments		<u>111</u>
Total Assets		<u>21,605</u>

LIABILITIES

Due to Other Governments		17,880
Other Payables		<u>3,725</u>
Total Liabilities		<u>21,605</u>

NET POSITION

Unrestricted		<u>-</u>
Total Net Position	\$	<u><u>-</u></u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waverly, Iowa, is a political subdivision of the State of Iowa located in Bremer County, and was incorporated in 1859, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator elected on a nonpartisan basis and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development, general government, capital projects and debt service. The City also has municipal water, sewer and solid waste utility systems which are governed by the City Council.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

For financial reporting purposes, the City of Waverly, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Waverly, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Units

Waverly Health Center - The City established a municipal hospital, Waverly Health Center, in accordance with paragraph 392.6 of the Code of Iowa. The City provided for the election of a Board of Trustees vested with authority to provide management controls, and the rules for the hospital's economic conduct, which in accordance with criteria set forth by the Governmental Accounting Standards Board, meets the definition of a component unit which should be discretely presented. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City. The Hospital is financially accountable to the City and its operating budget is subject to approval of the City Council.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Utilities – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Utilities is financially accountable to the City. During the fiscal year ended June 30, 2019, Waverly Utilities transferred \$928,406 to the City of Waverly which is accounted for in the City's financial statements as intergovernmental revenue in the applicable City funds. The utility operates on a calendar year. Therefore financial statements presented herein are reported for the year ended December 31, 2018.

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards or Commissions: Bremer-Waverly Public Safety Board, Bremer County Emergency Management Commission, Bremer County Joint E911 Service Board, and the Tri-County Drug Task Force.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, capital project, and permanent funds are classified as governmental activities. The City's health insurance internal service fund is classified as a governmental activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Statement of Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories.

Net Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. 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 and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City can electively add funds, as major funds, which have a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The City reports the following major governmental funds:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Special Revenue Fund – The Employee Benefit Fund is used to account for the collection of a property tax levy to be used for employee benefit expenses.
- 3) Special Revenue Fund – The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates and grant agreements.
- 4) Debt Service Fund – Debt Service Fund is used to account for property taxes received to be expended to retire principal and interest on General Obligation Bonds and other debt.
- 5) Capital Project – The Cedar River Parkway Improvement Fund is used to account for the use of financial resources to be used for the construction of the Cedar River Parkway improvement project.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Solid Waste Fund is used to account for the operation and maintenance of the City garbage disposal system.

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service fund is presented in the proprietary fund financial statements.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Health Insurance – To account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's Sales Tax Agency Fund is used to account for collecting and paying sales tax to the state of Iowa for services provided to the citizens of Waverly where the collection of sales tax is required. The City's Wartburg-Waverly Wellness Center Agency Fund is to account for the activity recorded on behalf of the Wartburg-Waverly Wellness Center.

D. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end with the exception of expenditure driven grants for which a one-year availability period is used.

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the Business Type/Enterprise function.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

<u>City</u>	<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit		Cost
Iowa Public Agency Investment Trust		Amortized Cost
U.S. Treasury Notes, State & Local Government Series		Fair Value Determined Based on Quoted Market Price
<u>Component Unit</u>		
Nonnegotiable Certificates of Deposit		Cost
U.S. Treasury Notes, State & Local Government Series		Fair Value Determined Based on Quoted Market Price
Iowa Public Agency Investment Trust		Amortized Cost
<u>Debt Securities</u>		
U.S. Government Securities		
Maturity of one year or less when purchased		Amortized Cost
Maturity of more than one year when purchased		Fair Value Based on Quoted Market Price

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Receivable

Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2019 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2018. Any county collections on the 2018-2019 tax levy remitted to the City within 60 days subsequent to June 30, 2019, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2019, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

All inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	20 – 50 Years
Utility Plant	30 – 33 Years
Machinery & Equipment	5 - 20 Years
Infrastructure	20 – 100 Years

M. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense / expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period and deferred charges related to bond refunding.

N. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

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

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

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

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

Assigned – Amounts the City intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The finance officer or City Manager is authorized, based on action of the City Council, to assign amounts to a specific purpose pursuant to authority given by the City Council.

Unassigned – All amounts not included in other spendable classifications. The General Fund is the only fund with a positive unassigned fund balance.

Q. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

R. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

T. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

U. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to / deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems'. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

V. Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the City of Waverly's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the City will be paid by the Internal Service Fund.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2019, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no significant differences in investments held during the year from those at June 30, 2019.

At June 30, 2019 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

City Investments	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Mutual Funds	N/A	\$ 100,242	1 year	Level 2
IPAIT	N/A	\$ 1,081,801	1 year	N/A
Community Foundation of NW Iowa	N/A	\$ 183,518	1 year	Level 3

Component Unit Investments	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Money Market	AAA	\$ 84,768	1 year	Level 1
Fixed income securities	AA	\$ 181,023	1 year	Level 2
Fixed income securities	BBB	\$ 214,789	1 year	Level 2
Fixed income securities	N/A	\$ 534,205	1 year	Level 2
Common Stocks	N/A	\$ 1,569,626	1 year	Level 1

The City and its component units use fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

In addition, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,081,801 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. Investment policies are followed to maintain a constant net position value of \$1.00 per unit for the portfolio.

The City had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest rate risk – The City’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit risk – The City’s investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Note 3 - RECEIVABLES

Receivables at June 30, 2019 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$21,100 at June 30, 2019. The Waverly Health Center component unit had an allowance for uncollectibles of \$5,070,000 at June 30, 2019.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2019, amounts due from other governments were as follows:

Due from the Federal Aviation Administration Grant Funding	\$ 57,819
Due from the State of Iowa for Hotel/Motel taxes	62,244
Due from the State of Iowa for local option sales taxes	84,850
Due from the Iowa Department of Transportation for road use tax allocations	101,927
Due from other various sources	15,054
Total Due from Other Governments	<u>\$ 321,894</u>

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2019, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	<u>\$ 558,939</u>

This internal balance represents amounts due from/due to other funds to cover deficit cash balances.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 15,322,725	\$ 27,711	\$ -	\$ 15,350,436
Construction in Progress	3,824,681	9,355,158	168,522	13,011,317
Total capital assets not being depreciated	19,147,406	9,382,869	168,522	28,361,753
Capital assets being depreciated:				
Buildings and Improvements	12,876,251	84,456	-	12,960,707
Equipment	7,097,661	671,136	364,600	7,404,197
Infrastructure	63,144,417	84,066	-	63,228,483
Total capital assets being depreciated	83,118,329	839,658	364,600	83,593,387
Less Accumulated Depreciation for:				
Buildings and Improvements	4,813,477	301,137	-	5,114,614
Equipment	4,603,608	533,119	305,030	4,831,697
Infrastructure	26,884,250	2,315,603	-	29,199,853
Total Accumulated Depreciation	36,301,335	3,149,859	305,030	39,146,164
Total capital assets being depreciated, net	46,816,994	(2,310,201)	59,570	44,447,223
Governmental activities capital assets, net	\$ 65,964,400	\$ 7,072,668	\$ 228,092	\$ 72,808,976

Construction in progress at June 30, 2019, for the governmental activities consisted of costs associated with various street projects and airport improvements.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 117,723	\$ -	\$ -	\$ 117,723
Construction in Progress	204,443	148,159	148,159	204,443
Total capital assets not being depreciated	322,166	148,159	148,159	322,166
Capital assets being depreciated:				
Buildings and Improvements	11,147,391	-	-	11,147,391
Equipment	2,795,801	39,399	56,757	2,778,443
Lines and Structures	21,025,214	148,159	-	21,173,373
Total capital assets being depreciated	34,968,406	187,558	56,757	35,099,207
Less: Accumulated depreciation for:				
Buildings and Improvements	4,937,301	198,210	-	5,135,511
Equipment	1,211,045	179,895	53,216	1,337,724
Lines and Structures	12,509,819	605,976	-	13,115,795
Total Accumulated Depreciation	18,658,165	984,081	53,216	19,589,030
Total capital assets being depreciated, net	16,310,241	(796,523)	3,541	15,510,177
Business-type activities capital assets, net	\$ 16,632,407	\$ (648,364)	\$ 151,700	\$ 15,832,343

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 6 - CAPITAL ASSETS (CONTINUED)

Construction in progress at June 30, 2019 for the business type activities consisted of costs associated with various water and sewer infrastructure projects.

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

Governmental Activities:	
Public Safety	\$ 312,397
Public Works	2,500,576
Culture and Recreation	236,622
General Government	100,264
Total depreciation expense - governmental activities	<u>\$ 3,149,859</u>
Business-Type Activities:	
Water	\$ 330,319
Sewer	522,519
Solid Waste	131,243
Total depreciation expense - business-type activities	<u>\$ 984,081</u>

A summary of changes in capital assets for the discretely presented component units is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Waverly Health Center:				
Capital assets not being depreciated:				
Land	\$ 2,206,302	\$ -	\$ -	\$ 2,206,302
Construction in Progress	286,473	1,463,813	167,551	1,582,735
Total capital assets not being depreciated	<u>2,492,775</u>	<u>1,463,813</u>	<u>167,551</u>	<u>3,789,037</u>
Capital assets being depreciated:				
Land Improvements	2,450,705	-	-	2,450,705
Buildings & Fixed Equipment	26,798,194	8,150	-	26,806,344
Major Movable Equipment	20,484,639	596,064	21,517	21,059,186
Total capital assets being depreciated	<u>49,733,538</u>	<u>604,214</u>	<u>21,517</u>	<u>50,316,235</u>
Less: Accumulated Depreciation	37,891,596	2,134,920	21,517	40,004,999
Total capital assets being depreciated, net	11,841,942	(1,530,706)	-	10,311,236
Component unit capital assets, net	<u>\$ 14,334,717</u>	<u>\$ (66,893)</u>	<u>\$ 167,551</u>	<u>\$ 14,100,273</u>

Construction in progress at June 30, 2019 for the Waverly Health Center consists of costs related to equipment deposits and equipment installations in progress.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 6 - CAPITAL ASSETS (CONTINUED)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Waverly Utilities:				
Capital assets not being depreciated:				
Land	\$ 351,624	\$ -	\$ -	\$ 351,624
Construction in Progress	660,322	764,726	348,000	1,077,048
Total capital assets not being depreciated	1,011,946	764,726	348,000	1,428,672
Capital assets being depreciated:				
Improvements	50,383,671	993,829	56,902	51,320,598
Buildings	5,460,320	109,878	-	5,570,198
Equipment	11,331,854	1,303,459	517,202	12,118,111
Louisa Plant	10,890,302	283,604	46,820	11,127,086
WS4 Plant	5,462,753	13,013	24,410	5,451,356
Total capital assets being depreciated	83,528,900	2,703,783	645,334	85,587,349
Less: Accumulated Depreciation	38,817,344	3,360,010	307,782	41,869,572
Total capital assets being depreciated, net	44,711,556	(656,227)	337,552	43,717,777
Component unit capital assets, net	\$ 45,723,502	\$ 108,499	\$ 685,552	\$ 45,146,449

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Units	
			Waverly Health Center	Waverly Utilities
Land	\$ 15,350,436	\$ 117,723	\$ 2,206,302	\$ 351,624
Construction in Progress	13,011,317	204,443	1,582,735	1,077,048
Capital Assets (net of accumulated depreciation)	44,447,223	15,510,177	10,311,236	43,717,777
Less: General Obligation Bonds	(29,013,793)	(941,300)	-	-
Revenue Bond Anticipation Note	-	-	(27,063,000)	-
Bank Loan	-	(75,901)	(489,268)	-
Revenue Bonds	-	(3,981,425)	-	(19,500,368)
Accounts Payable associated with CIP	(1,344,157)	-	-	-
Add: Unspent Bond Proceeds	5,092,050	-	27,063,000	1,643,349
Add: Reserve from Borrowing	-	-	-	1,446,500
Net Investment in Capital Assets	\$ 47,543,076	\$ 10,833,717	\$ 13,611,005	\$ 28,735,930

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2019, is \$37,339,744 of which \$29,961,756 is committed for outstanding general obligation debt and development agreements.

The following is a summary of long-term liabilities transactions of the City and its component units for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 16,625,000	\$ 14,500,000	\$ 2,985,000	\$ 28,140,000	\$ 3,325,000
Direct Borrowings:					
Bank Loan	39,002	-	39,002	-	-
Compensated Absences	441,405	276,073	264,843	452,635	271,581
Governmental Activity					
Long-Term Liabilities	17,105,407	14,776,073	3,288,845	28,592,635	3,596,581
Business-Type Activities:					
Bonds Payable:					
General Obligation	1,230,000	-	300,000	930,000	305,000
Revenue Bonds	2,740,000	1,655,000	490,000	3,905,000	495,000
Direct Borrowings:					
Bank Loan	149,806	-	73,905	75,901	75,901
Compensated Absences	103,597	27,306	62,158	68,745	41,248
Business-Type Activity					
Long-Term Liabilities	\$ 4,223,403	\$ 1,682,306	\$ 926,063	\$ 4,979,646	\$ 917,149

The City of Waverly's general obligation and revenue bonds are shown gross of the unamortized premium of \$873,793 for governmental activities and \$87,725 for business-type activities between the GO Bonds and Revenue Bonds on the Statement of Net Position.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Waverly Health Center:					
Bond Anticipation Note:					
Revenue Bond	\$ -	\$ 27,063,000	\$ -	\$ 27,063,000	\$ 27,063,000
Direct Borrowing:					
Bank Loan	757,566	-	268,298	489,268	161,074
Waverly Health Center					
Long-Term Liabilities	757,566	27,063,000	268,298	27,552,268	27,224,074
Waverly Utilities:					
Bonds Payable:					
Revenue Bonds	17,569,588	3,045,000	1,217,045	19,397,543	1,580,728
Waverly Utilities					
Long-Term Liabilities	\$ 17,569,588	\$ 3,045,000	\$ 1,217,045	\$ 19,397,543	\$ 1,580,728

The Waverly Utilities' debt is shown gross of unamortized premium of \$102,825.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Direct Borrowing and Direct Placements – Bank Loan

On May 27, 2016, the City borrowed funds from a local bank to purchase new garbage trucks in the amount of \$363,938 accruing interest at 3% and due in annual installments through May 2020.

On July 18, 2016, the City borrowed funds from a local bank to purchase equipment for the golf course in the amount of \$111,927 accruing interest at 2.75% and due in annual installments of \$40,132. This loan was paid off in the current year.

The City's bank loan includes a provision that in the event of default the outstanding amounts become immediately due.

The annual principal and interest requirements for the City are as follows:

<u>Business-Type Direct Borrowings</u>	
<u>Garbage Truck</u>	
<u>Principal</u>	<u>Interest</u>
2020 \$ 75,901	\$ 2,319

General Obligation

General obligation bonds outstanding as of June 30, 2019 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2019
General Obligation:						
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	\$ 2,455,000	\$ 490,000
*2012C GO Bonds	2013	1-1.75%	2022	290,000-315,000	2,955,000	930,000
2013A GO Bonds	2013	.7-1.7%	2020	100,000-105,000	700,000	105,000
2014A GO Bonds	2014	2.0-3.0%	2029	205,000-725,000	7,306,200	5,465,000
2015B GO Bonds	2015	2.0-4.0%	2027	120,000-940,000	8,245,000	6,335,000
2017A GO Bonds	2017	2.00%	2026	155,000-185,000	1,500,000	1,190,000
2017B Go Bonds	2017	1.7-2.75%	2026	65,000-80,000	615,000	485,000
2018A GO Bonds	2018	3.00%	2029	970,000-1,190,000	11,000,000	10,570,000
2019 GO Bonds	2019	2.5-2.75%	2029	310,000- 390,000	3,500,000	3,500,000
Total General Obligation					<u>\$ 38,276,200</u>	<u>\$ 29,070,000</u>

All General Obligation Debt except those marked with (*) are to be retired through property tax levies. A portion of those (*) bonds, other than the LOSST and Urban Renewal bonds, are paid with water and sewer revenues. The revenue bonds are to be retired with water and sewer revenues.

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired constructed asset to pay debt service. Revenues from the related enterprise will be used to retire these bonds and have been pledged for the entire term of the bonds.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Revenue bonds outstanding as of June 30, 2019 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2019
Revenue Bonds:						
2014B - Water	2014	0.50-2.7%	2025	160,000-190,000	\$ 1,870,000	\$ 1,070,000
2015 - Sewer	2015	2.0-4.0%	2026	155,000-210,000	1,990,000	1,500,000
2018B- Water	2018	3.00%	2028	150,000- 190,000	1,655,000	1,335,000
Total Revenue Bonds					<u>5,515,000</u>	<u>3,905,000</u>
Component Units:						
Waverly Utilities						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	753,684
2015 Utility Rev Bonds	2015	2-4%	2030	100,000-185,000	4,980,000	4,605,000
2013 Revenue Bond	2013	4-.67%	2023	365,000-420,000	4,000,000	2,120,000
2015 Comm Utility Rev Bonds	2015	4.3%	2030	350,000-530,000	6,672,483	6,338,859
2016 Revenue Bonds	2016	2%	2029	135,000-170,000	2,860,000	2,535,000
2018 Revenue Bonds	2018	3-3.2%	2030	220,000-300,000	3,045,000	3,045,000
Total Revenue Bonds					<u>24,383,799</u>	<u>19,397,543</u>
Grand Total Revenue Bonds					<u>\$ 29,898,799</u>	<u>\$ 23,302,543</u>

The bond principal and interest annual requirements for the City are as follows:

Year Ending	General Obligation				Revenue Bond	
	Paid by Debt Service Fund		Paid by Enterprise Fund			
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,325,000	\$ 810,177	\$ 305,000	\$ 14,738	\$ 495,000	\$ 110,135
2021	3,285,000	730,245	310,000	10,163	495,000	99,415
2022	3,080,000	642,398	315,000	5,513	515,000	86,605
2023	3,175,000	552,450	-	-	530,000	71,055
2024	3,260,000	452,200	-	-	545,000	54,605
2025-2029	12,015,000	953,950	-	-	1,325,000	78,930
	<u>\$ 28,140,000</u>	<u>\$ 4,141,420</u>	<u>\$ 930,000</u>	<u>\$ 30,414</u>	<u>\$ 3,905,000</u>	<u>\$ 500,745</u>

The bond principal and interest annual requirements for the component units are as follows:

Waverly Health Center

Year Ending	Revenue Bond	Direct Borrowing	Total	Interest	Total
June 30,	Anticipation Note	Note Payable	Principal		
2020	\$ 27,063,000	\$ 161,074	\$ 27,224,074	\$ 761,651	\$ 27,985,725
2021	-	167,949	-	10,544	10,544
2022	-	160,245	-	3,374	3,374
	<u>\$ 27,063,000</u>	<u>\$ 489,268</u>	<u>\$ 27,224,074</u>	<u>\$ 775,569</u>	<u>\$ 27,999,643</u>

The Health Center issued bond anticipating notes totaling \$27,063,000 on December 27, 2018 for the expansion and renovation of the Health Center's facilities. The bond requires semi-annual interest payments at a rate of 2.75%. Principal is not due on the bond until its maturity date of June 1, 2020, at which point the hospital intends to refinance the bond through the U.S. Department of Agriculture's Community Facilities Loan Program.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

The Health Center has a note agreement in the original amount of \$809,448 to finance the purchase of equipment. The note requires monthly payments of \$14,874, including interest at 4.187%, with the final payment due May 2022. The note is collateralized by the equipment purchased by the Health Center. At June 30, 2019, the remaining balance on this note is \$489,268

Waverly Utilities

Year Ending December 31,	Revenue Bond Principal	Interest	Total
2020	\$ 1,580,728	\$ 600,651	\$ 2,181,379
2021	1,614,792	561,277	2,176,069
2022	1,658,622	516,359	2,174,981
2023	1,707,687	470,717	2,178,404
2024	1,753,096	421,967	2,175,063
2025-2029	8,352,232	1,309,450	9,661,682
2030	2,730,386	120,254	2,850,640
	<u>\$ 19,397,543</u>	<u>\$ 4,000,675</u>	<u>\$ 23,398,218</u>

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of revenue bonds. The reserve and sinking fund requirements are recorded as restricted assets on the combined balance sheet and meet the minimum requirements of the various bond ordinances.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 8 – TRANSFERS

The following is a summary of transfers between funds:

	General	Employee Benefit	Debt Service	Nonmajor Governmental	Total Transfer Out
General Fund	\$ -	\$ 247,852	\$ -	\$ 50,000	\$ 297,852
Tax Increment Financing	-	-	1,261,780	-	1,261,780
2017 Cedar River Parkway	-	-	-	235,000	235,000
Nonmajor Governmental	258,439	-	1,185,725	877,925	2,322,089
Water	-	-	-	1,687,271	1,687,271
Solid Waste	-	-	-	150,000	150,000
Total Transfers In	<u>\$ 258,439</u>	<u>\$ 247,852</u>	<u>\$ 2,447,505</u>	<u>\$ 3,000,196</u>	<u>\$ 5,953,992</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

Note 9 - PENSION PLAN

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

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

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

Disability and Death Benefits

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

Contributions

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

From July 1, 2018 to June 30, 2019, pursuant to the required rate, regular members contributed 6.29 percent of covered payroll and the City and its component unit's contributed 9.44 percent of covered payroll for a total rate of 15.73 percent. Protective occupation members contributed 6.81 percent of covered payroll and the City contributed 10.21 percent of covered payroll for a total rate of 17.02 percent. From January 1, 2018 through June 30, 2018 Waverly Utilities regular members contributed 5.9% of pay and Waverly Utilities contributed 8.93% for a total rate of 14.88%

The City's total contributions to IPERS for the year ended June 30, 2019 were \$341,606 and total contributions for the component units were \$2,518,088.

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

At June 30, 2019, the City reported a liability of \$2,974,310 and the Waverly Health Center component unit reported a liability of \$19,929,046. As of December 31, 2018, Waverly Utilities reported a liability of \$2,167,557 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and its component unit's proportion of the net pension liability was based on their share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2018, the City's collective proportion was 0.046991 percent, which was a decrease of 0.0013518 percent from its proportion measured as of June 30, 2017. The component unit's collective proportion was 0.349185 percent, which was an increase of 0.0363933 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City and the Waverly Health Center component unit recognized pension expense of \$407,606 and \$2,969,260 respectively and Waverly Utilities recognized pension expense of \$(44,548) as of December 31, 2018. At June 30, 2019 and December 31, 2018, the City and component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,350	\$ 67,362
Changes of assumption	426,133	66
Net difference between projected and actual earnings on pension plan investments	-	82,266
Changes in proportion and differences between City contributions and proportionate share of contributions	45,760	37,481
City contributions subsequent to the measurement date	341,606	-
Total	\$ 829,849	\$ 187,175

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,077	\$ 505,740
Changes of assumption	3,235,071	2,981
Net difference between projected and actual earnings on pension plan investments	-	631,637
Changes in proportion and differences between Component Units contributions and proportionate share of contributions	485,118	101,266
Component Units contributions subsequent to the measurement date	2,518,088	-
Total	\$ 6,361,354	\$ 1,241,624

\$341,606 and \$2,518,088 were reported as deferred outflows of resources related to pensions resulting from the City and component unit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City	Health Center	Year Ended December 31,	Waverly Utilities
2020	\$ 200,820	\$ 1,437,667	2019	\$ 233,415
2021	105,061	792,219	2020	159,964
2022	(16,079)	(93,321)	2021	26,816
2023	10,043	47,005	2022	1,726
2024	1,223	(235)	2023	(3,614)
Total	\$ 301,068	\$ 2,183,335	Total	\$ 418,307

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

There were no non-employer contributing entities to IPERS.

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

Rate of Inflation (effective June 30, 2017)	2.60% per annum
Salary Increases (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group
Investment Rate of Return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and .65% real wage inflation

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

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

Discount rate – The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City and its component units will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City and component unit’s proportionate share of the net pension liability to changes in the discount rate. The following presents the City’s and component unit’s proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the City’s and component unit’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6 percent) or 1 percentage point higher (8 percent) than the current rate.

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
City’s proportionate share of the net pension liability	\$ 5,058,839	\$ 2,974,310	\$ 1,225,550
Component Unit’s proportionate share of the net pension liability	\$37,996,798	\$ 22,096,603	\$ 8,759,441

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report which is available on IPERS’ website at www.ipers.org.

Payables to the pension plan

At June 30, 2019, the Waverly Health Center reported payables to the defined benefit pension plan of approximately \$274,000 for legally required employer contributions and approximately \$183,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

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

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

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

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40 percent of earnable compensation for the year ended June 30, 2019.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00 percent of earnable compensation. The contribution rate was 26.02 percent for the year ended June 30, 2019.

The City's contributions to MFPRSI for the year ended June 30, 2019 was \$287,881.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00 percent of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2019.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$2,185,864 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2018, the City's proportion was 0.367123 percent which was an increase of 0.003268 percent from its proportions measured as of June 30, 2017.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the City recognized pension expense of \$339,198. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,680	\$ 29,652
Changes of assumption	186,695	17,468
Net difference between projected and actual earnings on pension plan investments	106,919	-
Changes in proportion and differences between City contributions and proportionate share of contributions	29,074	11,899
City contributions subsequent to the measurement date	287,881	-
Total	\$ 669,249	\$ 59,019

\$287,881 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	City
2020	\$ 208,802
2021	111,955
2022	(25,002)
2023	22,263
2024	4,331
Total	\$ 322,349

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

Rate of Inflation	3.00 percent
Salary increases	4.50 to 15.00 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 9 - PENSION PLAN (CONTINUED)

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

Asset Class	Long-Term Expected Real Rate of Return
Large Cap	5.5%
Small Cap	5.8%
International Large Cap	7.3%
Emerging Markets	9.0%
Emerging Market Debt	6.3%
Private Non-Core Real Estate	8.0%
Master Limited Partnerships	9.0%
Private Equity	9.0%
Core Plus Fixed Income	3.3%
Private Core Real Estate	6.0%
Tactical Asset Allocation	6.4%

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.50 percent) than the current rate.

	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$3,647,038	\$2,185,864	\$976,059

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

Payables to MFPRSI - All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2019.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 10 - DEFICIT FUND EQUITY

The City has nine funds with deficit equity balances at June 30, 2019. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Capital Project – Adams Parkway Bridge Deck	93,675
Capital Project – 2017 Airport Runway Ext.	20,370
Capital Project – 4 th Street Project.....	92,130
Capital Project – 2017 Bituminous Seal Coat.....	107,225
Capital Project – Storm Drainage Improvement	50,928
Capital Project – 3 rd St. Bridge.....	25,482
Capital Project – WPC Improvements	270,861
Capital Project – Sidewalk Program	115,672
Capital Project – 10 th Street SW Improvements	4,506

Note 11 - RISK MANAGEMENT

Medical Insurance - The City uses a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$5,000 per covered employee per year and 125% of expected claims for year for the City as a whole per year.

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

Claims payable @ June 30, 2018	\$ 46,426
Claims paid	(1,326,684)
Claims incurred	1,321,322
Claims payable @ June 30, 2019	\$ 41,064

Other Risk - The City of Waverly is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City and its component unit administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City and its component unit and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

	Primary Government	Component Unit
Inactive employees/beneficiaries currently receiving benefit payments	6	2
Active employees	65	33
Total	71	35

Total OPEB Liability – The total OPEB liability of the City was \$777,602 and the component unit was \$641,278 measured as of June 30, 2019 and December 31, 2018 respectively and was determined by an actuarial valuation as of June 30, 2018 for the City and as of January 1, 2018 for the component unit.

Actuarial Assumptions – The total OPEB liability for the City and the component unit in the June 30, 2018 and January 1, 2018, respectively, actuarial valuation was determined using the following actuarial assumptions and the alternative measurement method, a simplified version of the entry age normal actuarial cost method, applied to all periods included in the measurement.

	City (effective June 30, 2018)	Component Unit (effective January 1, 2018)
Rate of inflation	3.00% per annum	3.00% per year
Rates of salary increase	3.00% per annum including inflation.	2.75% per year
Discount rate	3.87% compounded annually, including inflation	3.44% per year
Healthcare cost trend rate	5% for all years	6.50% decreasing .25% per year until 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability for the City and component unit was 3.87% and 3.44%, respectively, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2014 United States Life Tables.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	Component	
	City	Unit
Total OPEB liability beginning of year	\$ 796,232	\$ 606,702
Changes for the year:		
Service cost	35,221	41,220
Interest	30,544	21,800
Benefit payments	(84,395)	(28,444)
Net changes	(18,630)	34,576
Total OPEB liability end of year	<u>\$ 777,602</u>	<u>\$ 641,278</u>

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2018 to 3.87% in fiscal year 2019 and a change in the turnover table used for fiscal year ended June 30, 2019. The component unit Waverly Utilities used a discount rate in accordance with GASB Statement No. 75 of 3.44%

Sensitivity of the City's and its Component Unit's Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City and its component unit, as well as what the City and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1%	Discount	1%
	Decrease	Rate	Increase
City Discount Rates	2.87%	3.87%	4.87%
Total City OPEB Liability	\$ 834,393	\$ 777,602	\$ 721,070
Component Unit Discount Rates	2.44%	3.44%	4.44%
Total Component Unit OPEB Liability	\$ 685,799	\$ 641,278	\$ 597,470

Sensitivity of the City's and its Component Unit's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City and its component unit as well as what the City and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

	1%	Healthcare	1%
	Decrease	Cost Trend	Increase
City Healthcare Cost Trend Rates	4.00%	5.00%	6.00%
Total City OPEB Liability	\$ 695,517	\$ 777,602	\$ 875,137
Component Unit Healthcare Cost Trend Rates	5.5% Decreasing to 4.5%	6.5% Decreasing to 5.5%	7.5% Decreasing to 6.5%
Total Component Unit OPEB Liability	\$ 594,956	\$ 641,278	\$ 695,348

For the year ended June 30, 2019 and December 31, 2018, the City and its component unit recognized OPEB expense of \$65,765 and \$63,020 respectively.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 13 - COMMITMENTS

During the year ended June 30, 2019, and in previous years the City had entered into several construction contracts totaling \$10,400,845 of which \$8,570,939 has been expended to date. The remaining balance will be paid as work progresses.

Note 14 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2019, the City estimates that no material liabilities will result from such audits.

Note 15 - BLACK HAWK COUNTY LANDFILL CONTRACT

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began October 1, 2007. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$40.25/ton of solid waste delivered to the landfill.

Note 16 - JOINT VENTURE

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 27% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net position is to be contributed to the County for the operation. The Organization is governed by a five member board composed of two designated representatives from the City and two from the County. The fifth member of the board is chosen by the four designated representatives. Complete financial statements for the Bremer – Waverly Public Safety Board can be obtained from the Board's administrative office.

Note 17 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2019 was \$697,399.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 18 – URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$878,643.

During the year ended June 30, 2019, the City rebated \$150,552 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$603,512. The outstanding balance on the agreements at June 30, 2019 was \$275,131.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

Note 19 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2019, \$65,369 of property tax was diverted from the City under the urban renewal and economic development projects.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2019

Note 19 - TAX ABATEMENTS (CONTINUED)

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Bremer County	Urban renewal and economic development projects	\$ 62,769

The City also entered into an agreement with an entity, where after the entity meets the terms of the agreement, the City will rebate a portion of the Hotel/Motel Sales tax.

For the year ended June 30, 2019 the City abated \$64,189 of Hotel/Motel Sales tax under said agreement.

Note 20- SUBSEQUENT EVENTS

On November 18, 2019 the City approved the issuance of \$780,000 Sewer Revenue Capital Loan Notes Anticipation Project Note, Series 2019 through an agreement with the Iowa Finance Authority.

Note 21- PRIOR PERIOD ADJUSTMENT

It was determined in the current year two accounts receivables from fiscal year 2018 were not recorded in the prior year financial statements. A prior period adjustment was recorded on the financial statements to restate beginning accounts receivable. The prior period adjustment increased the Other Governmental Funds, specifically, Sales Tax Increment Fund and Cable TV Fund's beginning fund balances by \$190,924 and \$7,670, respectively, and the Governmental Activities net position by \$198,594.

During the year Waverly Utilities implemented GASB Statement No.75 for Total OPEB Liability which caused the Net Position at December 31, 2017 to decrease by \$227,715.

Note 22- PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
Governmental Funds and Proprietary Funds
For the Year Ended June 30, 2019

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Taxes	\$ 9,216,153	\$ -	\$ 9,216,153
Special Assessments	26,118	-	26,118
Licenses and Permits	126,939	-	126,939
Intergovernmental Revenue	3,021,737	-	3,021,737
Charges for Services	603,122	4,544,916	5,148,038
Fines and Forfeits	43,750	-	43,750
Contributions	159,620	-	159,620
Revenue from Use of Property	105,662	98,309	203,971
Interest on Investments	103,701	45,229	148,930
Miscellaneous	128,734	-	128,734
Total Receipts	<u>13,535,536</u>	<u>4,688,454</u>	<u>18,223,990</u>
Disbursements:			
Current:			
Public Safety	2,713,980	-	2,713,980
Public Works	1,752,081	-	1,752,081
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,673,175	-	2,673,175
Community and Economic Development	769,512	-	769,512
General Government	629,339	-	629,339
Capital Projects	9,594,281	-	9,594,281
Debt Service	3,849,294	-	3,849,294
Business Type/Enterprises	-	4,484,139	4,484,139
Total Disbursements	<u>21,991,536</u>	<u>4,484,139</u>	<u>26,475,675</u>
Excess (deficiency) of revenues over expenditures	<u>(8,456,000)</u>	<u>204,315</u>	<u>(8,251,685)</u>
Other financing sources (uses):			
Issuance of Debt	14,280,000	1,621,900	15,901,900
Premium on Bonds Issued	348,159	29,243	377,402
Proceeds from Sale of Capital Assets	12,230	-	12,230
Transfers In	5,953,992	-	5,953,992
Transfers Out	(4,116,721)	(1,837,271)	(5,953,992)
Total other financing sources (uses)	<u>16,477,660</u>	<u>(186,128)</u>	<u>16,291,532</u>
Net Change in Fund Balance	8,021,660	18,187	8,039,847
Balances - beginning of year	<u>6,431,268</u>	<u>3,644,094</u>	<u>10,075,362</u>
Balances - end of year	<u>\$ 14,452,928</u>	<u>\$ 3,662,281</u>	<u>\$ 18,115,209</u>
Reconciliation of Ending Fund Balance - Cash Basis:			
Cash and Cash Equivalents	\$ 13,238,908	\$ 2,133,247	\$ 15,372,155
Certificates of Deposit	291,993	400,000	691,993
Investments	922,027	443,534	1,365,561
Restricted Cash and Cash Equivalents	-	435,500	435,500
Restricted Certificates of Deposit	-	250,000	250,000
	<u>\$ 14,452,928</u>	<u>\$ 3,662,281</u>	<u>\$ 18,115,209</u>

Budgeted Amounts		Final to Actual
Original	Final	Variance
\$ 9,373,591	\$ 9,385,699	\$ (169,546)
30,000	86,635	(60,517)
30,840	30,840	96,099
2,812,478	2,856,424	165,313
4,970,300	5,058,030	90,008
-	-	43,750
-	-	159,620
323,831	385,688	(181,717)
-	-	148,930
356,225	494,136	(365,402)
<u>17,897,265</u>	<u>18,297,452</u>	<u>(73,462)</u>
2,693,965	2,922,291	208,311
1,661,992	1,897,373	145,292
9,874	9,874	-
2,576,295	2,712,752	39,577
734,573	794,538	25,026
904,484	972,231	342,892
12,531,737	12,774,658	3,180,377
4,057,949	4,058,949	209,655
4,077,819	4,404,241	(79,898)
<u>29,248,688</u>	<u>30,546,907</u>	<u>4,071,232</u>
<u>(11,351,423)</u>	<u>(12,249,455)</u>	<u>3,997,770</u>
12,420,000	12,571,154	3,330,746
-	-	377,402
-	-	12,230
6,379,714	6,852,639	(898,647)
<u>(6,379,714)</u>	<u>(6,852,639)</u>	<u>898,647</u>
<u>12,420,000</u>	<u>12,571,154</u>	<u>3,720,378</u>
1,068,577	321,699	7,718,148
<u>10,075,362</u>	<u>10,075,362</u>	<u>-</u>
<u>\$ 11,143,939</u>	<u>\$ 10,397,061</u>	<u>\$ 7,718,148</u>

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2019

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
Revenue:			
Taxes	\$ 9,216,153	\$ (167,551)	\$ 9,048,602
Special Assessments	26,118	(12,951)	13,167
Licenses and Permits	126,939	15,094	142,033
Intergovernmental Revenue	3,021,737	(60,994)	2,960,743
Charges for Services	5,148,038	128,120	5,276,158
Fines and Forfeits	43,750	-	43,750
Contributions	159,620	(50,000)	109,620
Revenue from Use of Property	203,971	-	203,971
Interest on Investments	148,930	-	148,930
Miscellaneous	128,734	123,548	252,282
Total Revenue	<u>18,223,990</u>	<u>(24,734)</u>	<u>18,199,256</u>
Expenditures/Expenses:			
Current:			
Public Safety	2,713,980	(119,869)	2,594,111
Public Works	1,752,081	89,631	1,841,712
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,673,175	(31,171)	2,642,004
Community and Economic Development	769,512	4,948	774,460
General Government	629,339	3,612	632,951
Capital Projects	9,594,281	240,993	9,835,274
Debt Service	3,849,294	-	3,849,294
Business Type/Enterprises	4,484,139	157,010	4,641,149
Total Expenditures/Expenses	<u>26,475,675</u>	<u>345,154</u>	<u>26,820,829</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(8,251,685)</u>	<u>(369,888)</u>	<u>(8,621,573)</u>
Other financing sources (uses):			
Issuance of Debt	15,901,900	(1,401,900)	14,500,000
Premium on Bonds Issued	377,402	(29,243)	348,159
Contributed Capital Revenue	-	109,913	109,913
Proceeds from Sale of Capital Assets	12,230	-	12,230
Transfers In	5,953,992	-	5,953,992
Transfers Out	(5,953,992)	-	(5,953,992)
Total other financing sources (uses)	<u>16,291,532</u>	<u>(1,321,230)</u>	<u>14,970,302</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	8,039,847	(1,691,118)	6,348,729
Fund Balance/Retained Earnings - beginning of year	<u>10,075,362</u>	<u>10,927,277</u>	<u>21,002,639</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 18,115,209</u>	<u>\$ 9,236,159</u>	<u>\$ 27,351,368</u>

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
June 30, 2019

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Agency Fund and the Internal Service Fund, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,298,219. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2019, disbursements exceeded the amounts budgeted in the Business Type/Enterprise functions.

The previous two schedules demonstrates the City's legal compliance to the budget and reconciles the budgetary comparison to the actual GAAP basis financial statements.

CITY OF WAVERLY, IOWA
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Year Ended June 30, 2019
Required Supplementary Information

	2019		2018
	City	Component Unit	City
Service Cost	\$ 35,221	\$ 41,220	\$ 28,192
Interest Cost	30,544	21,800	28,740
Difference between expected and actual experiences	-	-	40,096
Changes in Assumptions	-	-	99,682
Benefit payments	(84,395)	(28,444)	(21,868)
Net Change in total OPEB liability	(18,630)	34,576	174,842
Total OPEB liability beginning of year	796,232	606,702	621,390
Total OPEB liability end of year	\$ 777,602	\$ 641,278	\$ 796,232
Covered-employee payroll	\$ 4,063,125	\$ 2,444,208	\$ 3,944,782
Total OPEB liability as a percentage of covered-employee payroll	19.14%	26.24%	20.18%

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

Notes to Schedule of Changes in the City and its Component Unit's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

City	
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

Component Unit	
Year ended December 31, 2018	3.44%

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL FIVE YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	City 2017	2016	2015
Proportion of the net pension liability	0.046991%	0.0456473%	0.0461738%	0.047006%	0.0486613%
Proportionate share of the net pension liability	\$ 2,974	\$ 3,041	\$ 2,906	\$ 2,337	\$ 1,930
Covered payroll	\$ 3,550	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180
Proportionate share of the net pension liability as a percentage of its covered payroll	83.77%	88.74%	87.74%	72.22%	60.69%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	84.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City and component unit will present information for those years for which information is available.

	2019	2018	Component Units 2017	2016	2015
Proportion of the net pension liability	0.349185%	0.3127917%	0.3418%	0.334315%	0.313143%
Proportionate share of the net pension liability	\$ 22,097	\$ 22,919	\$ 21,492	\$ 16,521	\$ 12,419
Covered payroll	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310
Proportionate share of the net pension liability as a percentage of its covered payroll	75.80%	90.48%	88.65%	69.12%	53.28%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	84.61%

See accompanying independent auditors' report

**CITY OF WAVERLY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL FIVE YEARS * (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.367123%	0.363855%	0.365764%	0.360469%	0.364687%
City's proportionate share of the net pension liability	\$ 2,186	\$ 2,134	\$ 2,287	\$ 1,694	\$ 1,322
City's covered payroll	\$ 1,053	\$ 1,030	\$ 991	\$ 945	\$ 930
City's proportionate share of the net pension liability as a percentage of its covered payroll	207.60%	200.07%	230.78%	179.26%	142.15%
Plan fiduciary net position as a percentage of the total pension liability	81.07%	80.60%	78.20%	83.04%	86.27%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

City	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 342	\$ 317	\$ 306	\$ 297	\$ 289
Contributions in relation to the statutorily required contribution	(342)	(317)	(306)	(297)	(289)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,617	\$ 3,550	\$ 3,427	\$ 3,312	\$ 3,236
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%	8.93%

City	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 284	\$ 266	\$ 273	\$ 207	\$ 189
Contributions in relation to the statutorily required contribution	(284)	(266)	(273)	(207)	(189)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,180	\$ 3,068	\$ 3,383	\$ 2,978	\$ 2,842
Contributions as a percentage of covered payroll	8.93%	8.67%	8.07%	6.95%	6.65%

Component Unit	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,518	\$ 2,432	\$ 2,262	\$ 2,165	\$ 1,981
Contributions in relation to the statutorily required contribution	(2,518)	(2,432)	(2,262)	(2,165)	(1,981)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered payroll	\$ 27,972	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902
Contributions as a percentage of covered payroll	9.00%	8.34%	8.93%	8.93%	8.3%

Component Unit	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 1,929	\$ 1,835	\$ 1,674	\$ 1,367	\$ 1,162
Contributions in relation to the statutorily required contribution	(1,929)	(1,835)	(1,674)	(1,367)	(1,162)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered payroll	\$ 23,310	\$ 22,829	\$ 22,475	\$ 20,550	\$ 18,367
Contributions as a percentage of covered payroll	8.3%	8.0%	7.5%	6.7%	6.3%

See accompanying independent auditors' report

**CITY OF WAVERLY
SCHEDULE OF THE CITY CONTRIBUTIONS
MUNICIPAL FIRE AND RETIREMENT SYSTEM OF IOWA
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 288	\$ 274	\$ 267	\$ 275	\$ 287
Contributions in relation to the statutorily required contribution	(288)	(274)	(267)	(275)	(287)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,106	\$ 1,053	\$ 1,030	\$ 991	\$ 945
Contributions as a percentage of covered payroll	26.04%	26.02%	25.92%	27.77%	30.41%
	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 280	\$ 232	\$ 215	\$ 171	\$ 137
Contributions in relation to the statutorily required contribution	(280)	(232)	(215)	(171)	(137)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 930	\$ 888	\$ 868	\$ 859	\$ 806
Contributions as a percentage of covered payroll	30.12%	26.12%	24.77%	19.90%	17.00%

See accompanying independent auditors' report

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019**

Iowa Public Employees' Retirement System

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of Assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00 percent to 2.60 percent.
- Decreased the assumed rate of interest on member accounts from 3.75 percent to 3.50 percent per year.
- Decreased the discount rate from 7.50 percent to 7.00 percent.
- Decreased the wage growth assumption from 4.00 percent to 3.25 percent.
- Decreased the payroll growth assumption from 4.00 percent to 3.25 percent.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

See accompanying independent auditors' report

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019**

Municipal Fire & Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (males only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2019**

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund
Assets			
Cash and Cash Equivalents	\$ 747,248	\$ 201,559	\$ 516,006
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Governmental Agencies	101,927	84,850	-
Total Assets	849,175	286,409	516,006
Liabilities			
Accounts Payable	71,464	-	-
Accrued Wages	17,584	-	-
Due to Other Funds	-	-	-
Total Liabilities	89,048	-	-
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	760,127	-	-
Local Option Sales Tax	-	286,409	516,006
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	760,127	286,409	516,006
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 849,175	\$ 286,409	\$ 516,006

Special Revenue	Capital Project Funds				
	2017 Airport Runway Ext	Sidewalk Program	Fair/Ball Diamond Project	2017 Bituminous Seal Coat	Capital Improvement Fund
Cable TV					
\$ 54,009	\$ -	\$ -	\$ 274,915	\$ -	\$ 234,496
-	-	-	-	-	-
13,109	-	-	-	-	-
-	-	18,515	-	-	-
-	-	-	90,000	-	-
-	40,899	-	-	-	-
67,118	40,899	18,515	364,915	-	234,496
-	14,807	-	-	84,493	3,696
-	-	-	-	-	-
-	46,462	123,324	-	22,732	-
-	61,269	123,324	-	107,225	3,696
-	-	10,863	-	-	-
-	-	10,863	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,118	-	-	-	-	-
-	-	-	-	-	-
-	-	-	364,915	-	230,800
-	(20,370)	(115,672)	-	(107,225)	-
67,118	(20,370)	(115,672)	364,915	(107,225)	230,800
\$ 67,118	\$ 40,899	\$ 18,515	\$ 364,915	\$ -	\$ 234,496

**CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2019**

	Capital Project Funds		
	South Riverside Park	Trail Projects	WPC Improvements
Assets			
Cash and Pooled Investments	\$ 158,516	\$ 3,468	\$ -
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	158,516	3,468	-
Liabilities			
Accounts Payable	51,345	-	19,500
Accrued Wages	-	-	-
Due to Other Funds	-	-	251,361
Total Liabilities	51,345	-	270,861
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	107,171	3,468	-
Unassigned	-	-	(270,861)
Total Fund Balances (Deficits)	107,171	3,468	(270,861)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 158,516	\$ 3,468	\$ -

Capital Project Funds						
Adams Parkway Bridge Deck	Storm Drainage Improvement	Hwy 3 Reconstruction	4th St Project	Business Hwy 218 Improvement	10th St SW Improvements	
\$ 186,769	\$ -	\$ 4,756	\$ -	\$ 457,024	\$ -	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	28,812	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
186,769	-	33,568	-	457,024	-	-
280,444	-	-	53,841	-	-	4,145
-	-	-	-	-	-	-
-	50,928	-	38,289	-	-	361
280,444	50,928	-	92,130	-	-	4,506
-	-	25,772	-	-	-	-
-	-	25,772	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,796	-	457,024	-	-
(93,675)	(50,928)	-	(92,130)	-	-	(4,506)
(93,675)	(50,928)	7,796	(92,130)	457,024	-	(4,506)
\$ 186,769	\$ -	\$ 33,568	\$ -	\$ 457,024	\$ -	

CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2019

	Capital Project Funds		
	Various Projects 2019 Bonds	S Riverside PK 2019	Various Small Projects
Assets			
Cash and Pooled Investments	\$ 509,387	\$ 331,100	\$ 50,908
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	<u>509,387</u>	<u>331,100</u>	<u>50,908</u>
Liabilities			
Accounts Payable	-	-	15,771
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>15,771</u>
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	509,387	331,100	35,137
Unassigned	-	-	-
Total Fund Balances (Deficits)	<u>509,387</u>	<u>331,100</u>	<u>35,137</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 509,387</u>	<u>\$ 331,100</u>	<u>\$ 50,908</u>

Capital Project Funds						
20th St NW RR X-Road	Public Services Facility	South Industrial Park	FEMA Flood Projects	3rd Street Bridge Project	Airport Land Acquisition	
\$ 503,426	\$ 548,791	\$ 738,958	\$ 6,248	\$ -	\$ 248,771	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	16,920
503,426	548,791	738,958	6,248	-	265,691	
14	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	25,482	-	-
14	-	-	-	25,482	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,248	-	265,691	-
-	-	-	-	-	-	-
503,412	548,791	738,958	-	-	-	-
-	-	-	-	(25,482)	-	-
503,412	548,791	738,958	6,248	(25,482)	265,691	
\$ 503,426	\$ 548,791	\$ 738,958	\$ 6,248	\$ -	\$ 265,691	

**CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2019**

	Capital Project Funds		
	Alley Reconstruction Project	Cedar Lane 2nd Ave NE	20th St NW Improve 2020
Assets			
Cash and Pooled Investments	\$ 65,371	\$ 1,029,099	\$ 764,077
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	65,371	1,029,099	764,077
Liabilities			
Accounts Payable	-	-	35,078
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	-	-	35,078
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	65,371	1,029,099	728,999
Unassigned	-	-	-
Total Fund Balances (Deficits)	65,371	1,029,099	728,999
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 65,371	\$ 1,029,099	\$ 764,077

Capital Project	Permanent	Governmental
Water Main Replacements	Perpetual Care	Nonmajor Funds
\$ 883,732	\$ 251,978	\$ 8,770,612
-	265,000	265,000
-	-	13,109
-	-	47,327
-	-	90,000
-	-	244,596
<u>883,732</u>	<u>516,978</u>	<u>9,430,644</u>
-	-	634,598
-	-	17,584
-	-	558,939
-	-	<u>1,211,121</u>
-	-	36,635
-	-	<u>36,635</u>
-	516,978	516,978
-	-	760,127
-	-	802,415
-	-	271,939
-	-	67,118
883,732	-	6,545,160
-	-	(780,849)
<u>883,732</u>	<u>516,978</u>	<u>8,182,888</u>
<u>\$ 883,732</u>	<u>\$ 516,978</u>	<u>\$ 9,430,644</u>

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2019

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund
Revenue:			
Taxes	\$ -	\$ 986,339	\$ 574,527
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	1,283,341	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	3,017	1,605
Miscellaneous	160	-	-
Total Revenue	1,283,501	989,356	576,132
Expenditures:			
Current:			
Public Works	1,234,987	-	-
Culture and Recreation	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	1,234,987	-	-
Excess (deficiency) of revenues over expenditures	48,514	989,356	576,132
Other financing sources (uses):			
Issuance of Debt	-	-	-
Premium on Bond Issuance	-	-	-
Transfers In	-	-	-
Transfers Out	(125,000)	(1,284,114)	(499,050)
Total other financing sources (uses)	(125,000)	(1,284,114)	(499,050)
Net Change in Fund Balance	(76,486)	(294,758)	77,082
Fund balances (deficits) - beginning of year	836,613	581,167	248,000
Prior Period Adjustment	-	-	190,924
Fund balances (deficits) - beginning of year, as restated	836,613	581,167	438,924
Fund balances (deficits) - end of year	\$ 760,127	\$ 286,409	\$ 516,006

Special Revenue	Capital Project Funds				
	2017 Airport Runway Ext	Sidewalk Program	Fair/Ball Diamond Project	2017 Bituminous Seal Coat	Capital Improvement Fund
Cable TV					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	13,167	-	-	-
52,493	-	-	-	-	-
-	40,899	-	-	-	272,076
-	-	-	30,456	-	-
-	-	-	-	-	1,818
-	-	-	-	-	-
52,493	40,899	13,167	30,456	-	273,894
-	-	-	-	-	-
31,955	-	-	-	-	-
-	53,869	67,914	-	252,597	133,052
-	-	-	-	-	-
31,955	53,869	67,914	-	252,597	133,052
20,538	(12,970)	(54,747)	30,456	(252,597)	140,842
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	200,000	75,000
-	-	-	-	-	(176,000)
-	-	-	-	200,000	(101,000)
20,538	(12,970)	(54,747)	30,456	(52,597)	39,842
38,910	(7,400)	(60,925)	334,459	(54,628)	190,958
7,670	-	-	-	-	-
46,580	(7,400)	(60,925)	334,459	(54,628)	190,958
\$ 67,118	\$ (20,370)	\$ (115,672)	\$ 364,915	\$ (107,225)	\$ 230,800

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2019

	Capital Project Funds		
	South Riverside Park	Trail Projects	WPC Improvements
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	5,000	-
Total Revenue	-	5,000	-
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	120,556	2,032	206,449
Debt Service	1,778	-	-
Total Expenditures	122,334	2,032	206,449
Excess (deficiency) of revenues over expenditures	(122,334)	2,968	(206,449)
Other financing sources (uses):			
Issuance of Debt	225,000	-	-
Premium on Bond Issuance	4,925	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	229,925	-	-
Net Change in Fund Balance	107,591	2,968	(206,449)
Fund balances (deficits) - beginning of year	(420)	500	(64,412)
Prior Period Adjustment	-	-	-
Fund balances (deficits) - beginning of year, as restated	(420)	500	(64,412)
Fund balances (deficits) - end of year	\$ 107,171	\$ 3,468	\$ (270,861)

Capital Project Funds						
Adams Parkway Bridge Deck	Storm Drainage Improvement	Hwy 3 Reconstruction	4th St Project	Business Hwy 218 Improvement	10th St SW Improvements	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	175,080	-	-	-	-
-	-	-	-	-	-	-
1,126	-	1,261	-	-	-	-
-	-	30,336	-	-	-	-
1,126	-	206,677	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
439,556	72,119	1,604,063	92,130	5,097	4,506	-
-	-	-	-	1,987	-	-
439,556	72,119	1,604,063	92,130	7,084	4,506	-
(438,430)	(72,119)	(1,397,386)	(92,130)	(7,084)	(4,506)	-
-	-	-	-	450,000	-	-
-	-	-	-	14,108	-	-
345,000	-	1,637,271	-	-	-	-
-	-	(212,925)	-	-	-	-
345,000	-	1,424,346	-	464,108	-	-
(93,430)	(72,119)	26,960	(92,130)	457,024	(4,506)	-
(245)	21,191	(19,164)	-	-	-	-
-	-	-	-	-	-	-
(245)	21,191	(19,164)	-	-	-	-
\$ (93,675)	\$ (50,928)	\$ 7,796	\$ (92,130)	\$ 457,024	\$ (4,506)	

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2019

	Capital Project Funds		
	Various Projects 2019 Bonds	S Riverside PK 2019	Small Projects
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	22,950
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>22,950</u>
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	4,081	2,654	54,248
Debt Service	2,208	1,435	-
Total Expenditures	<u>6,289</u>	<u>4,089</u>	<u>54,248</u>
Excess (deficiency) of revenues over expenditures	<u>(6,289)</u>	<u>(4,089)</u>	<u>(31,298)</u>
Other financing sources (uses):			
Issuance of Debt	500,000	325,000	-
Premium on Bond Issuance	15,676	10,189	-
Transfers In	-	-	-
Transfers Out	-	-	(25,000)
Total other financing sources (uses)	<u>515,676</u>	<u>335,189</u>	<u>(25,000)</u>
Net Change in Fund Balance	509,387	331,100	(56,298)
Fund balances (deficits) - beginning of year	-	-	91,435
Prior Period Adjustment	-	-	-
Fund balances (deficits) - beginning of year, as restated	<u>-</u>	<u>-</u>	<u>91,435</u>
Fund balances (deficits) - end of year	<u>\$ 509,387</u>	<u>\$ 331,100</u>	<u>\$ 35,137</u>

Capital Project Funds					
20th St NW RR X-Road	Public Services Facility	South Industrial Park	FEMA Flood Projects	3rd Street Bridge Project	Airport Land Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	16,920
-	-	-	-	-	-
2,538	-	4,615	-	-	-
-	-	-	-	-	-
2,538	-	4,615	-	-	16,920
-	-	-	-	-	-
-	-	-	-	-	-
874,845	-	30,251	-	-	12,779
12,838	-	-	-	-	-
887,683	-	30,251	-	-	12,779
(885,145)	-	(25,636)	-	-	4,141
1,625,000	-	-	-	-	-
35,570	-	-	-	-	-
-	200,000	-	-	20,000	-
-	-	-	-	-	-
1,660,570	200,000	-	-	20,000	-
775,425	200,000	(25,636)	-	20,000	4,141
(272,013)	348,791	764,594	6,248	(45,482)	261,550
-	-	-	-	-	-
(272,013)	348,791	764,594	6,248	(45,482)	261,550
\$ 503,412	\$ 548,791	\$ 738,958	\$ 6,248	\$ (25,482)	\$ 265,691

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2019

	Capital Project Funds		
	Alley Reconstruction Project	Cedar Lane 2nd Ave NE	20th St NW Improve 2020
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	-	-	-
Expenditures:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	12,911	16,489	41,202
Debt Service	-	4,195	3,312
Total Expenditures	12,911	20,684	44,514
Excess (deficiency) of revenues over expenditures	(12,911)	(20,684)	(44,514)
Other financing sources (uses):			
Issuance of Debt	-	1,020,000	750,000
Premium on Bond Issuance	-	29,783	23,513
Transfers In	75,000	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	75,000	1,049,783	773,513
Net Change in Fund Balance	62,089	1,029,099	728,999
Fund balances (deficits) - beginning of year	3,282	-	-
Prior Period Adjustment	-	-	-
Fund balances (deficits) - beginning of year, as restated	3,282	-	-
Fund balances (deficits) - end of year	\$ 65,371	\$ 1,029,099	\$ 728,999

<u>Capital Project</u>	<u>Permanent</u>	<u>Governmental</u>
<u>Water Main Replacements</u>	<u>Perpetual Care</u>	<u>Nonmajor Funds</u>
\$ -	\$ -	\$ 1,560,866
-	-	13,167
-	-	52,493
-	-	1,811,266
-	3,375	3,375
-	-	30,456
-	-	15,980
-	-	35,496
-	3,375	3,523,099
-	-	1,234,987
-	-	31,955
26,314	-	4,129,714
6,987	-	34,740
33,301	-	5,431,396
(33,301)	3,375	(1,908,297)
455,000	-	5,350,000
14,108	-	147,872
447,925	-	3,000,196
-	-	(2,322,089)
917,033	-	6,175,979
883,732	3,375	4,267,682
-	513,603	3,716,612
-	-	198,594
-	513,603	3,915,206
\$ 883,732	\$ 516,978	\$ 8,182,888

CITY OF WAVERLY, IOWA
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Sales Tax</u>				
<u>Assets</u>				
Cash in Bank	\$ 878	\$ 63,574	\$ 60,838	\$ 3,614
Due from Other Governments	43,349	1,349	44,587	111
Total Assets	44,227	64,923	105,425	3,725
<u>Liabilities</u>				
Due to Other Governments	-	43,329	43,329	-
Other Payables	44,227	21,594	62,095	3,725
Total Liabilities	44,227	64,923	105,425	3,725
<u>Wartburg-Waverly Wellness Center</u>				
<u>Assets</u>				
Cash in Bank	15,019	1,046,144	1,043,283	17,880
Total Assets	15,019	1,046,144	1,043,283	17,880
<u>Liabilities</u>				
Due to Other Governments	15,019	1,046,144	1,043,283	17,880
Total Liabilities	15,019	1,046,144	1,043,283	17,880
<u>Totals</u>				
<u>Assets</u>				
Cash in Bank	15,897	1,109,718	1,104,121	21,494
Due from Other Governments	43,349	1,349	44,587	111
Total Assets	59,246	1,111,067	1,148,708	21,605
<u>Liabilities</u>				
Due to Other Governments	15,019	1,089,473	1,086,612	17,880
Other Payables	44,227	21,594	62,095	3,725
Total Liabilities	\$ 59,246	\$ 1,111,067	\$ 1,148,708	\$ 21,605

CITY OF WAVERLY STATISTICAL SECTION

This part of the City of Waverly's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
Financial Trends	101 – 111
<p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	112 – 115
<p style="padding-left: 40px;">These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	116 – 124
<p style="padding-left: 40px;">These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	125 - 126
<p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	127 - 131
<p style="padding-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	

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

City of Waverly, Iowa
Government-Wide Net Position by Component¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities				
Net Investment in Capital Assets	\$31,003,445	\$38,301,899	\$42,386,586	\$43,321,391
Restricted	2,240,151	2,828,214	2,369,707	2,699,291
Unrestricted	2,646,083	2,727,228	3,004,997	2,503,546
Total Governmental Activities Net Position	<u><u>\$35,889,679</u></u>	<u><u>\$43,857,341</u></u>	<u><u>\$47,761,290</u></u>	<u><u>\$48,524,228</u></u>
Business-type Activities				
Net Investment in Capital Assets	\$11,665,128	\$11,417,580	\$11,902,943	\$10,591,981
Restricted	474,334	475,584	89,088	89,468
Unrestricted	993,468	1,127,573	1,253,202	2,366,784
Total Business-type Activities Net Position	<u><u>\$13,132,930</u></u>	<u><u>\$13,020,737</u></u>	<u><u>\$13,245,233</u></u>	<u><u>\$13,048,233</u></u>
Primary Government				
Net Investment in Capital Assets	\$42,668,573	\$49,719,479	\$54,289,529	\$53,913,372
Restricted	2,714,485	3,303,798	2,458,795	2,788,759
Unrestricted	3,639,551	3,854,801	4,258,199	4,870,330
Total Primary Government Activities Net Position	<u><u>\$49,022,609</u></u>	<u><u>\$56,878,078</u></u>	<u><u>\$61,006,523</u></u>	<u><u>\$61,572,461</u></u>

Notes:

1) Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$45,860,962	\$44,889,601	\$45,139,066	\$46,400,267	\$48,702,502	\$47,543,076
2,509,661	2,043,840	2,706,371	3,236,491	2,893,954	3,064,822
976,180	149,599	1,638,015	(113,581)	(2,095,449)	1,877,510
<u>\$49,346,803</u>	<u>\$47,083,040</u>	<u>\$49,483,452</u>	<u>\$49,523,177</u>	<u>\$49,501,007</u>	<u>\$52,485,408</u>
\$10,274,538	\$ 8,167,297	\$10,659,431	\$11,615,461	\$12,439,840	\$10,833,717
88,279	-	22,734	103,401	94,493	675,094
2,509,368	4,581,247	2,892,703	3,178,122	3,326,174	2,923,932
<u>\$12,872,185</u>	<u>\$12,748,544</u>	<u>\$13,574,868</u>	<u>\$14,896,984</u>	<u>\$15,860,507</u>	<u>\$14,432,743</u>
\$56,135,500	\$53,056,894	\$55,798,497	\$58,015,728	\$61,142,342	\$58,376,793
2,597,940	2,043,840	2,729,105	3,339,892	2,988,447	3,739,916
3,485,548	4,730,846	4,530,718	3,064,541	1,230,725	4,801,442
<u>\$62,218,988</u>	<u>\$59,831,580</u>	<u>\$63,058,320</u>	<u>\$64,420,161</u>	<u>\$65,361,514</u>	<u>\$66,918,151</u>

City of Waverly, Iowa
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental Activities:					
General Government	\$ 806,618	\$ 842,098	\$ 819,187	\$ 854,130	\$ 819,124
Public Safety	1,890,848	2,174,059	2,176,921	2,313,898	2,344,143
Public Works	3,091,315	2,910,741	3,423,797	3,455,969	4,007,339
Health and Social Services	160,307	185,670	183,493	159,562	161,194
Community & Economic Development	1,081,165	1,024,662	1,063,706	1,122,593	1,151,508
Culture and Recreation	2,218,807	2,322,625	2,364,603	2,308,768	2,362,684
Debt Service	410,454	360,531	374,287	306,030	194,220
Total Governmental Activities Expenses	<u>9,659,514</u>	<u>9,820,386</u>	<u>10,405,994</u>	<u>10,520,950</u>	<u>11,040,212</u>
Business-type Activities					
Water	1,046,779	987,418	1,045,903	1,239,221	1,357,585
Sewer	1,449,551	1,426,007	1,391,096	1,793,911	1,700,847
Solid waste	945,847	1,010,520	1,056,793	1,069,970	1,197,667
Total Business-type Activities Expenses	<u>3,442,177</u>	<u>3,423,945</u>	<u>3,493,792</u>	<u>4,103,102</u>	<u>4,256,099</u>
Total Primary Government Expenses	<u>13,101,691</u>	<u>13,244,331</u>	<u>13,899,786</u>	<u>14,624,052</u>	<u>15,296,311</u>
Program Revenues (2)					
Governmental Activities:					
Charges for Services					
General Government	225,423	242,245	234,040	224,984	241,614
Public Safety	44,690	69,828	72,235	60,096	53,708
Public Works	85,054	60,305	54,485	82,504	25,914
Community & Economic Development	19,231	19,988	9,941	12,347	12,338
Culture and Recreation	604,391	626,784	628,104	614,045	676,297
Operating Grants and Contributions	1,610,920	2,044,044	1,594,594	1,556,417	1,922,408
Capital Grants and Contributions	6,869,966	7,153,867	3,862,415	945,531	414,555
Total Governmental Activities Program Revenues	<u>9,459,675</u>	<u>10,217,061</u>	<u>6,455,814</u>	<u>3,495,924</u>	<u>3,346,834</u>
Business-type Activities:					
Charges for services:					
Water	1,092,557	1,086,039	1,169,370	1,195,417	1,228,012
Sewer	1,451,773	1,412,172	1,562,986	1,573,000	1,640,186
Solid waste	1,054,942	1,036,883	1,076,238	1,073,959	1,153,726
Capital Grants and Contributions	109,178	-	12,293	-	-
Total Business-Type Activities Program Revenues	<u>3,708,450</u>	<u>3,535,094</u>	<u>3,820,887</u>	<u>3,842,376</u>	<u>4,021,924</u>
Total Primary Government Program Revenues	<u>\$13,168,125</u>	<u>\$13,752,155</u>	<u>\$ 10,276,701</u>	<u>\$ 7,338,300</u>	<u>\$ 7,368,758</u>

Fiscal Year

2015	2016	2017	2018	2019
\$ 964,181	\$ 812,686	\$ 1,149,474	\$ 1,149,385	\$ 669,502
2,187,109	2,247,521	2,478,198	2,701,599	2,643,357
4,063,154	5,275,053	4,374,264	5,104,045	4,724,799
184,325	64,184	9,874	9,874	9,874
1,557,169	515,249	1,292,607	729,567	774,466
2,364,058	2,574,145	2,505,856	2,605,857	2,776,818
477,628	536,149	437,831	445,257	761,646
<u>11,797,624</u>	<u>12,024,987</u>	<u>12,248,104</u>	<u>12,745,584</u>	<u>12,360,462</u>
1,129,752	1,125,154	1,225,589	1,211,683	1,502,936
1,524,393	1,700,848	1,780,570	1,698,567	1,764,687
1,206,111	1,048,675	1,218,735	1,219,573	1,373,526
<u>3,860,256</u>	<u>3,874,677</u>	<u>4,224,894</u>	<u>4,129,823</u>	<u>4,641,149</u>
<u>15,657,880</u>	<u>15,899,664</u>	<u>16,472,998</u>	<u>16,875,407</u>	<u>17,001,611</u>
268,368	241,010	271,525	251,725	127,635
41,530	42,533	51,089	47,839	53,175
27,995	44,526	57,264	87,868	105,935
20,266	23,303	22,734	9,334	19,612
667,345	638,946	625,840	592,286	630,601
1,803,342	2,159,919	2,217,432	2,157,667	2,443,545
1,507,147	2,007,771	330,201	681,523	69,412
<u>4,335,993</u>	<u>5,158,008</u>	<u>3,576,085</u>	<u>3,828,242</u>	<u>3,449,915</u>
1,236,098	1,246,479	1,308,725	1,335,896	1,496,978
1,643,939	1,792,574	1,666,757	1,695,866	1,837,309
1,271,353	1,340,891	1,424,910	1,458,395	1,462,918
169,235	269,205	2,348	359,703	109,913
<u>4,320,625</u>	<u>4,649,149</u>	<u>4,402,740</u>	<u>4,849,860</u>	<u>4,907,118</u>
<u>\$ 8,656,618</u>	<u>\$ 9,807,157</u>	<u>\$ 7,978,825</u>	<u>\$ 8,678,102</u>	<u>\$ 8,357,033</u>

(continued on next page)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense)/Revenue ¹					
Governmental Activities:	\$ (199,839)	\$ 396,675	\$ (3,950,180)	\$ (7,025,026)	\$ (7,693,378)
Business-type Activities	266,273	111,149	327,095	(260,726)	(234,175)
Total Primary Government Net Expense	<u>66,434</u>	<u>507,824</u>	<u>(3,623,085)</u>	<u>(7,285,752)</u>	<u>(7,927,553)</u>
General Revenues					
Governmental Activities:					
Property Taxes	5,854,330	6,010,599	6,318,501	6,745,028	7,133,869
Local Option Sales Tax	828,529	790,374	882,114	871,022	896,970
Hotel/Motel Taxes	133,201	154,851	153,154	150,172	163,599
Interest	53,120	55,902	31,481	43,479	44,973
General Intergovernmental Revenues	202,440	193,778	168,924	153,540	173,778
Commercial/Industrial Tax replacement	-	-	-	-	-
Gain on Sale of Assets	563,272	-	21,192	11,186	-
Miscellaneous	119,104	66,833	98,233	40,697	77,764
Transfers	40,198	298,650	180,530	-	25,000
Total Governmental Activities	<u>7,794,194</u>	<u>7,570,987</u>	<u>7,854,129</u>	<u>8,015,124</u>	<u>8,515,953</u>
Business-type Activities:					
Investment Earnings	9,484	5,881	4,855	5,031	7,606
Gain on Sale of Assets	-	-	-	-	-
Miscellaneous	68,398	69,427	73,076	76,040	75,521
Transfers	(40,198)	(298,650)	(180,530)	-	(25,000)
Total Business-type Activities	<u>37,684</u>	<u>(223,342)</u>	<u>(102,599)</u>	<u>81,071</u>	<u>58,127</u>
Total Primary Government	<u>7,831,878</u>	<u>7,347,645</u>	<u>7,751,530</u>	<u>8,096,195</u>	<u>8,574,080</u>
Change in Net Position					
Governmental Activities	7,594,355	7,967,662	3,903,949	990,098	822,575
Business-type Activities	303,957	(112,193)	224,496	(179,655)	(176,048)
Total Primary Government	<u>\$ 7,898,312</u>	<u>\$ 7,855,469</u>	<u>\$ 4,128,445</u>	<u>\$ 810,443</u>	<u>\$ 646,527</u>

Notes:

1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ (7,461,631)	\$ (6,866,979)	\$ (8,672,019)	\$ (8,917,342)	\$(8,910,547)
460,369	774,472	177,846	720,037	265,969
<u>(7,001,262)</u>	<u>(6,092,507)</u>	<u>(8,494,173)</u>	<u>(8,197,305)</u>	<u>(8,644,578)</u>
7,000,472	7,086,413	7,504,828	7,287,523	7,487,736
996,545	1,128,998	1,502,733	1,222,010	1,560,866
154,137	175,269	232,582	188,106	179,842
34,653	46,697	50,928	45,347	103,701
148,034	191,934	192,114	197,245	191,646
113,678	233,203	208,008	202,647	193,412
4,500	-	30,735	-	12,230
22,198	96,217	8,280	224,921	129,650
57,166	60,474	(1,018,464)	(108,102)	1,837,271
<u>8,531,383</u>	<u>9,019,205</u>	<u>8,711,744</u>	<u>9,259,697</u>	<u>11,696,354</u>
12,624	19,508	17,637	35,407	45,229
-	-	10,726	1,500	-
91,809	92,824	97,443	98,477	98,309
<u>(57,166)</u>	<u>(60,474)</u>	<u>1,018,464</u>	<u>108,102</u>	<u>(1,837,271)</u>
<u>47,267</u>	<u>51,858</u>	<u>1,144,270</u>	<u>243,486</u>	<u>(1,693,733)</u>
<u>8,578,650</u>	<u>9,071,063</u>	<u>9,856,014</u>	<u>9,503,183</u>	<u>10,002,621</u>
1,069,752	2,152,226	39,725	342,355	2,785,807
507,636	826,330	1,322,116	963,523	(1,427,764)
<u>\$ 1,577,388</u>	<u>\$ 2,978,556</u>	<u>\$ 1,361,841</u>	<u>\$ 1,305,878</u>	<u>\$ 1,358,043</u>

**City of Waverly, Iowa
Tax Revenues By Source
Last Ten Fiscal Years
(cash basis of accounting)**

Fiscal Year	General Property Tax	Local Option Sales Tax	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax	Total Taxes
2010	\$ 4,301,441	\$ 828,529	\$ 1,552,889	\$ 49,136	\$ 133,201	\$ 6,865,196
2011	4,460,164	790,374	1,550,435	50,836	154,851	7,006,660
2012	4,667,731	881,166	1,649,930	51,360	150,148	7,400,335
2013	4,830,132	874,064	1,915,351	51,384	148,736	7,819,667
2014	5,173,802	897,221	2,121,270	57,632	163,599	8,413,524
2015	5,418,739	983,208	1,584,732	50,150	154,137	8,190,966
2016	5,081,839	908,243	2,050,061	51,810	175,269	8,267,222
2017	5,565,696	1,372,762	1,933,728	56,752	180,074	9,109,012
2018	6,088,658	1,402,341	1,203,728	61,708	188,196	8,944,631
2019	\$ 6,153,187	\$ 1,743,644	\$ 1,319,322	\$ 94,107	\$ 170,017	\$ 9,480,277
Percentage Change In Dollars Over 10 Years	43.05%	110.45%	-15.04%	91.52%	27.64%	38.09%

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City of Waverly, Iowa
Fund Balances of Governments Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	\$ 69,998	\$ -	\$ -	\$ -
Unreserved	1,452,931	-	-	-
Nonspendable ²	-	55,058	55,817	58,623
Restricted ²	-	-	367,798	-
Assigned ²	-	16,431	22,206	26,025
Unassigned ²	-	1,492,201	1,562,142	1,590,215
Total General Fund	<u>\$ 1,522,929</u>	<u>\$ 1,563,690</u>	<u>\$ 2,007,963</u>	<u>\$ 1,674,863</u>
All Other Governmental Funds				
Reserved	\$ 591,774	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special Revenue Funds	1,576,193	-	-	-
Capital Projects Funds	809,766	-	-	-
Nonspendable ²	-	476,204	478,808	485,084
Restricted ²	-	3,471,095	4,879,176	2,228,356
Assigned ²	-	1,218,091	1,559,378	1,529,851
Unassigned ²	-	(422,145)	(660,019)	(748,823)
Total All Other Governmental Funds ¹	<u>\$ 2,977,733</u>	<u>\$ 4,743,245</u>	<u>\$ 6,257,343</u>	<u>\$ 3,494,468</u>
Total Governmental Funds				
Reserved	\$ 661,772	\$ -	\$ -	\$ -
Unreserved, reported in:				
General Fund	1,452,931	-	-	-
Special Revenue Funds	1,576,193	-	-	-
Capital Projects Funds	809,766	-	-	-
Nonspendable ²	-	531,262	534,625	543,707
Restricted ²	-	3,471,095	5,246,974	2,228,356
Assigned ²	-	1,234,522	1,581,584	1,555,876
Unassigned ²	-	1,070,056	902,123	841,392
Total Governmental Funds	<u>\$ 4,500,662</u>	<u>\$ 6,306,935</u>	<u>\$ 8,265,306</u>	<u>\$ 5,169,331</u>

Notes:

- The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.
- ¹
- ² The City implemented GASB 54 in fiscal 2011, which changed fund balance classifications for periods beginning after June 15, 2010.

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
74,062	75,689	74,377	88,789	87,795	233,783
-	-	-	-	-	-
11,416	20,874	24,627	22,810	23,549	26,506
2,125,165	2,271,397	2,657,093	2,704,255	3,126,763	2,873,063
<u>\$ 2,210,643</u>	<u>\$ 2,367,960</u>	<u>\$ 2,756,097</u>	<u>\$ 2,815,854</u>	<u>\$ 3,238,107</u>	<u>\$ 3,133,352</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
490,621	496,551	767,461	507,588	513,603	516,978
2,034,196	1,564,753	1,714,074	2,727,209	2,420,088	2,609,603
1,263,823	9,011,683	3,079,501	1,242,751	1,755,210	7,439,541
(2,263,027)	(230,217)	(706,489)	(743,199)	(2,983,470)	(780,849)
<u>\$ 1,525,613</u>	<u>\$ 10,842,770</u>	<u>\$ 4,854,547</u>	<u>\$ 3,734,349</u>	<u>\$ 1,705,431</u>	<u>\$ 9,785,273</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
564,683	572,240	841,838	596,377	601,398	750,761
2,034,196	1,564,753	2,203,990	2,727,209	2,420,088	2,609,603
1,275,239	9,032,557	2,614,212	1,265,561	1,778,759	7,466,047
(137,862)	2,041,180	1,950,604	1,961,056	143,293	2,092,214
<u>\$ 3,736,256</u>	<u>\$ 13,210,730</u>	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>	<u>\$ 4,943,538</u>	<u>\$ 12,918,625</u>

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

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 6,816,060	\$ 6,955,824	\$ 7,351,217	\$ 7,766,222
Special Assessments	13,293	11,746	9,619	6,215
Licenses and Permits	76,995	74,274	76,835	77,482
Intergovernmental	8,624,439	9,302,604	5,343,456	2,592,220
Charges for Services	749,174	789,360	782,155	775,303
Fines and Forfeits	57,984	81,432	82,890	70,244
Investment Earnings	49,430	53,322	31,481	42,180
Rental Income	94,636	56,533	56,924	70,947
Contributions	53,426	86,594	42,529	43,424
Refunds/Reimbursements	-	-	240,984	21,505
Miscellaneous	100,733	102,756	98,079	40,697
Total Revenues	<u>\$ 16,636,170</u>	<u>\$ 17,514,445</u>	<u>\$ 14,116,169</u>	<u>\$ 11,506,439</u>
Expenditures				
Current:				
Public Safety	1,967,944	1,944,423	2,062,017	2,390,307
Public Works	1,549,928	1,648,157	2,030,615	1,596,015
Health and Social Services	160,307	160,670	158,493	159,562
Culture and Recreation	2,068,757	2,280,472	2,208,790	2,104,902
Community and Economic Development	1,139,355	1,133,362	1,059,750	1,115,555
General Government	750,950	727,688	753,230	795,178
Debt Service:				
Principal	1,559,972	1,637,393	1,879,524	1,796,882
Interest	421,926	381,360	413,974	304,063
Capital Projects	7,365,555	8,678,411	5,866,802	2,930,055
Total Expenditures	<u>\$ 16,984,694</u>	<u>\$ 18,591,936</u>	<u>\$ 16,433,195</u>	<u>\$ 13,192,519</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(348,524)	(1,077,491)	(2,317,026)	(1,686,080)
Other Financing Sources (Uses)				
Issuance of Bonds, Notes, and Leases	680,312	2,534,318	4,690,000	700,000
Premiums on Bonds Issued	-	50,796	1,079	-
Transfers In	3,852,667	3,480,232	3,850,901	4,753,789
Transfers Out	(3,812,469)	(3,181,582)	(3,670,371)	(4,753,789)
Sale of Fixed Assets	563,272	-	48,788	25,105
Total Other Financing Sources (Uses)	<u>\$ 633,782</u>	<u>\$ 2,883,764</u>	<u>\$ 4,275,397</u>	<u>\$ (1,409,895)</u>
Net change in fund balances	<u>\$ 285,258</u>	<u>\$ 1,806,273</u>	<u>\$ 1,958,371</u>	<u>\$ (3,095,975)</u>
Debt service as a percentage of non-capital expenditures	20.60%	20.36%	21.71%	20.47%

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 8,192,294	\$ 8,151,154	\$ 8,215,412	\$ 9,007,561	\$ 8,510,566	\$ 9,048,602
20,944	4,600	11,304	40,566	-	13,167
91,315	83,939	87,653	113,545	78,885	142,033
2,262,054	3,377,252	4,558,349	3,000,504	3,119,322	2,960,743
859,319	842,155	814,866	822,666	793,572	587,526
64,414	52,559	54,191	57,489	54,876	43,750
43,948	32,623	44,609	49,191	45,347	103,701
75,058	120,581	67,106	65,945	96,742	105,662
145,064	110,751	84,473	53,203	37,681	109,620
-	-	-	-	-	-
65,295	22,198	184,174	21,980	247,841	143,709
<u>\$ 11,819,705</u>	<u>\$ 12,797,812</u>	<u>\$ 14,122,137</u>	<u>\$ 13,232,650</u>	<u>\$ 12,984,832</u>	<u>\$ 13,258,513</u>
1,968,180	2,096,232	2,329,272	2,101,970	2,253,573	2,594,111
1,824,051	1,495,735	1,436,058	1,769,481	1,855,470	1,841,712
161,194	184,325	64,184	9,874	9,874	9,874
2,254,536	2,355,850	2,462,074	2,528,258	2,414,847	2,642,004
1,130,112	1,657,349	489,769	1,310,800	721,972	774,460
815,808	871,927	837,847	935,697	1,023,626	632,951
1,895,000	2,085,000	2,235,000	2,210,000	2,710,000	2,985,000
191,920	490,171	585,738	546,634	684,914	864,294
3,202,963	9,269,704	9,591,741	3,123,039	5,185,465	9,835,274
<u>\$ 13,443,764</u>	<u>\$ 20,506,293</u>	<u>\$ 20,031,683</u>	<u>\$ 14,535,753</u>	<u>\$ 16,859,741</u>	<u>\$ 22,179,680</u>
(1,624,059)	(7,708,481)	(5,909,546)	(1,303,103)	(3,874,909)	(8,921,167)
83,226	15,804,500	-	111,927	2,115,000	14,500,000
-	767,487	-	-	31,141	348,159
3,677,611	5,137,112	4,044,527	3,858,815	3,164,804	5,953,992
(3,574,023)	(5,079,946)	(3,984,053)	(3,758,815)	(3,056,704)	(4,116,721)
4,170	4,500	800	30,735	-	12,230
<u>\$ 190,984</u>	<u>\$ 16,633,653</u>	<u>\$ 61,274</u>	<u>\$ 242,662</u>	<u>\$ 2,254,241</u>	<u>\$ 16,697,660</u>
<u>\$ (1,433,075)</u>	<u>\$ 8,925,172</u>	<u>\$ (5,848,272)</u>	<u>\$ (1,060,441)</u>	<u>\$ (1,620,668)</u>	<u>\$ 7,776,493</u>
20.38%	22.92%	24.01%	24.24%	27.52%	31.59%

**City of Waverly, Iowa
Assessed and Taxable Value of Taxable Property ¹
Last Ten Fiscal Years**

Fiscal Year	Real Property		Utilities ³		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value ²	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2010	\$ 586,382,560	\$ 336,384,219	\$ 8,780,101	\$ 5,527,775	\$ 595,162,661	\$ 341,911,994	14.340	57.45%
2011	591,931,845	345,447,343	9,051,046	5,764,139	600,982,891	351,211,482	14.504	58.44%
2012	600,246,807	359,088,087	9,218,277	5,874,314	609,465,084	364,962,401	14.604	59.88%
2013	621,511,271	382,279,300	9,330,400	6,096,518	630,841,671	388,375,818	14.254	61.56%
2014	630,243,149	410,744,591	9,122,016	5,939,377	639,365,165	416,683,968	14.247	65.17%
2015	602,476,470	422,655,243	7,091,567	5,850,431	609,568,037	428,505,674	14.149	70.30%
2016	605,883,951	363,660,524	6,689,149	5,365,197	612,573,100	369,025,721	14.048	60.24%
2017	645,945,496	382,489,321	6,611,615	4,827,675	652,557,111	387,316,996	14.027	59.35%
2018	681,955,724	420,026,282	4,661,743	2,858,190	686,617,467	422,884,472	14.179	61.59%
2019	\$ 686,944,235	\$ 413,216,491	\$ 4,501,684	\$ 2,727,564	\$ 691,445,919	\$ 415,944,055	14.449	60.16%

Source: Bremer County, Iowa; County Auditor

Notes: The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For FY 2019 this percentage is 55.6209% for Residential

¹ Taxable Value does not include the Tax Increment Levy

² Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)

³ Utilities includes Railroads, Utilities, and Gas & Electric

City of Waverly, Iowa
Property Tax Rates- Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years
Tax Rates

Fiscal Year	City of Waverly				Overlapping Rates				Total Direct and Overlapping
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	
2010	\$ 8.573	\$ 3.321	\$ 2.446	\$ 14.340	\$ 12.242	\$ 6.630	\$ 0.932	\$ 19.804	\$ 34.144
2011	8.579	3.553	2.371	14.504	13.691	6.114	0.997	20.802	35.306
2012	8.583	3.734	2.286	14.604	14.451	5.698	0.961	21.110	35.714
2013	8.564	3.657	2.033	14.254	14.058	5.616	0.961	20.635	34.889
2014	8.544	3.777	1.927	14.247	15.816	5.609	0.952	22.377	36.624
2015	8.478	3.401	2.271	14.149	15.782	5.881	0.951	22.614	36.763
2016	8.494	3.187	2.367	14.048	15.783	5.847	0.951	22.581	36.629
2017	8.440	3.181	2.406	14.027	15.184	5.703	0.951	21.838	35.865
2018	8.449	3.000	2.730	14.179	12.722	5.059	0.971	18.752	32.931
2019	\$ 8.453	\$ 3.241	\$ 2.755	\$ 14.449	\$ 12.778	\$ 4.999	\$ 1.017	\$ 18.794	\$ 33.243

Source: Bremer County Iowa: County Auditor-Accounting Department

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2019

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CUNA Mutual Life Insurance	\$ 9,926,900	1	2.38%	\$ 9,654,280	1	2.82%
Wal-Mart	9,194,710	2	2.21%	7,613,500	2	2.23%
Birdworks LLC	6,816,100	3	1.64%	6,788,040	4	1.99%
Neste Beverage Company	4,982,410	4	1.20%	7,319,110	3	2.14%
GMT LLC	4,683,390	5	1.13%	4,295,700	6	1.26%
First National Bank of Waverly	4,572,740	6	1.10%	4,295,700	5	1.26%
Graening-Knights II, LC	3,953,570	7	0.95%	-	-	0.00%
Waverly Hotel Group LLC	3,617,720	8	0.87%	-	-	0.00%
Village Sq Plaza Ltd Ptnrs	3,496,520	9	0.84%	2,864,320	9	0.84%
MDM Partnership	3,316,140	10	0.80%	3,326,290	7	0.97%
Terex Cranes Inc - Waverly	-	-	0.00%	3,080,190	8	0.90%
State Bank & Trust Co	-	-	0.00%	2,568,540	10	0.75%
Total Principal Taxpayers	<u>54,560,200</u>		<u>13.12%</u>	<u>51,805,670</u>		<u>15.16%</u>
All Other Taxpayers	<u>361,383,855</u>		<u>86.88%</u>	<u>290,106,324</u>		<u>84.84%</u>
Total Assessed Valuation	<u>\$415,944,055</u>		<u>100.00%</u>	<u>\$ 341,911,994</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

City of Waverly, Iowa
Property Tax Levies and Collections ¹
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections (2)	Percent of Levy Collected	Collections in Subsequent Years (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2010	\$ 4,290,422	\$ 4,301,445	100.26%	N/A	\$ 4,301,445	100.26%
2011	4,460,591	4,469,070	100.19%	N/A	4,469,070	100.19%
2012	4,657,939	4,667,731	100.21%	N/A	4,667,731	100.21%
2013	4,780,652	4,830,133	101.04%	N/A	4,830,133	101.04%
2014	4,952,345	5,007,343	101.11%	N/A	5,007,343	101.11%
2015	5,329,955	5,362,269	100.61%	N/A	5,362,269	100.61%
2016	5,264,349	5,257,108	99.86%	N/A	5,257,108	99.86%
2017	5,529,788	5,748,010	103.95%	N/A	5,748,010	103.95%
2018	6,061,652	6,088,658	100.45%	N/A	6,088,658	100.45%
2019	\$ 6,095,525	\$ 6,144,867	100.81%	N/A	\$ 6,144,867	100.81%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

² Collected totals for each fiscal year include delinquent and current property taxes. The Bremer County Treasurer's Office does not record for which year delinquent payments are made therefore delinquent collections are included in year collected.

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

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Bank Loan	Note Payable			
2010	\$ 10,060,689	\$ 157,159	\$ 1,097,316	\$ 921,896	\$ -	\$ -	\$ 12,237,060	5.40%	\$ 1,365
2011	10,966,575	184,900	877,095	906,156	-	-	12,934,726	5.31%	1,310
2012	13,229,978	46,268	648,238	294,260	-	-	14,218,744	5.84%	1,440
2013	10,060,213	22,193	3,219,546	175,000	-	-	13,476,952	5.53%	1,334
2014	8,160,133	66,206	2,785,672	45,000	-	207,655	11,264,666	4.30%	1,115
2015	22,445,768	193,602	2,396,089	3,800,331	-	157,655	28,993,445	10.73%	2,869
2016	20,145,924	145,490	2,014,486	3,482,780	-	372,711	26,161,391	8.68%	2,589
2017	17,871,080	207,281	1,639,050	3,130,265	-	221,529	23,069,205	9.47%	2,286
2018	17,239,411	39,002	1,245,174	2,797,587	-	149,806	21,470,980	6.84%	2,120
2019	\$ 29,013,793	\$ -	\$ 941,300	\$ 3,981,425	\$ 75,901	\$ -	\$ 34,012,419	10.83%	\$ 3,350

Notes:

- 1 Population data used was the estimated census from the year 2019 of 10,153.
- 2 See the Schedule of Demographic and Economic Statistics on page 125 for personal income data.

City of Waverly
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual¹ Taxable Value of Property</u>	<u>Per Capita²</u>
2010	\$ 11,158,005	\$ 101,396	\$ 11,056,609	3.23%	\$ 1,233
2011	11,843,670	72,430	11,771,240	3.35%	1,192
2012	13,878,216	2,168,236	11,709,980	3.21%	1,186
2013	13,279,759	467,780	12,811,979	3.30%	1,277
2014	10,945,805	86,345	10,859,460	2.61%	1,078
2015	24,841,857	87,198	24,754,659	5.78%	2,450
2016	22,160,410	-	22,160,410	6.01%	2,193
2017	19,510,130	9,413	19,500,717	5.03%	1,932
2018	18,484,585	128,265	18,356,320	4.34%	1,813
2019	\$ 29,955,093	\$ 175,331	\$ 29,779,762	7.16%	\$ 2,933

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Table of Assessed Values and Taxable Value of Taxable Property for property value data.

² Population data used was the estimated census from the year 2019 of 10,153.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2019

Name of Governmental Unit	GO Debt Outstanding	Percentage ⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 29,955,093	100%	\$ 29,955,093
Overlapping:			
Bremer County ¹	1,274,250	18%	229,365
Waverly-Shell Rock School District ²	7,654,000	44%	3,367,760
	<u>8,928,250</u>		<u>3,597,125</u>
Total Overlapping Debt			
	<u>8,928,250</u>		<u>3,597,125</u>
Total Direct and Overlapping Debt	<u>\$ 38,883,343</u>		<u>\$ 33,552,218</u>

Sources:

¹ Finance Dept, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

³ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values.

⁴ Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 29,758,133	\$ 30,049,145	\$ 30,473,254	\$ 31,542,084
Total Net Debt Applicable to Limit	<u>11,300,763</u>	<u>11,977,470</u>	<u>11,802,800</u>	<u>12,759,413</u>
Legal Debt Margin	\$ 18,457,370	\$ 18,071,675	\$ 18,670,454	\$ 18,782,671
Total Net Debt Applicable to the Limit as a percentage of debt limit	37.98%	39.86%	38.73%	40.45%

Legal Debt Margin Calculation for Fiscal Year 2019

<u>Assessed Value</u>		
Real and Personal Property Within the City		<u>\$ 746,794,883</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION		37,339,744
<u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable	34,012,419	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,335,000	
Sewer Revenue Bonds Premium	49,909	
Water Revenue Bonds	2,570,000	
Water Revenue Bonds Premium	26,516	
Solid Waste Bank Loan	75,901	
Amount Available for Repayment of General Obligation Debt	175,331	
Add:		
Urban Renewal Development Agreements	<u>181,994</u>	
Debt Applicable to Debt Limit		<u>29,961,756</u>
Legal Debt Margin		<u>\$ 7,377,988</u>

Notes: Under Title IX, Subtitle 2, Chapter 358C, paragraph 16 of the Iowa State Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within that district.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 31,968,258	\$ 32,971,505	\$ 33,601,567	\$ 35,847,307	\$ 36,810,958	\$ 37,339,744
10,793,655	23,955,208	21,435,000	19,789,924	19,202,505	29,961,756
<u>\$ 21,174,603</u>	<u>\$ 9,016,297</u>	<u>\$ 12,166,567</u>	<u>\$ 16,057,383</u>	<u>\$ 17,608,453</u>	<u>\$ 7,377,988</u>
33.76%	72.65%	63.79%	55.21%	52.17%	80.24%

**City of Waverly, Iowa
Water Revenue Bond Coverage
Last Ten Fiscal Years ¹**

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal
2010	\$ 1,092,557	\$ 999,372	\$ 268,853	\$ 93,185	\$ 272,619
2011	1,086,039	948,144	263,983	137,895	271,364
2012	1,169,370	1,015,071	263,293	154,299	280,000
2013	1,195,417	1,197,792	283,418	(2,375)	260,862
2014	1,228,012	1,326,703	305,013	(98,691)	262,931
2015	1,236,098	1,076,601	306,766	159,497	357,931
2016	1,246,479	1,071,839	306,376	174,640	370,000
2017	1,308,725	1,179,598	340,505	129,127	375,000
2018	1,335,896	1,171,119	328,522	164,777	377,069
2019	\$ 1,496,978	\$ 1,411,717	\$ 330,319	\$ 85,261	\$ 444,139

Notes

¹ GAAP Basis

Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
\$ 47,407	\$ 320,026	0.29	\$ 362,038	1.13
39,274	310,638	0.44	401,878	1.29
30,832	310,832	0.50	417,592	1.34
41,429	302,291	(0.01)	281,043	0.93
30,882	293,813	(0.34)	206,322	0.70
51,721	409,652	0.39	466,263	1.14
53,761	423,761	0.41	481,016	1.14
47,337	422,337	0.31	469,632	1.11
41,721	418,790	0.39	493,299	1.18
\$ 92,146	\$ 536,285	0.16	\$ 415,580	0.77

City of Waverly, Iowa
Sewer Revenue Bond Coverage
Last Ten Fiscal Years¹

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
2010	\$ 1,451,773	\$ 1,406,774	\$ 471,271	\$ 44,999	\$ 300,000	\$ 42,777
2011	1,412,172	1,394,145	481,193	18,027	260,000	31,862
2012	1,562,986	1,369,322	452,542	193,664	275,000	21,774
2013	1,573,000	1,756,675	489,997	(183,675)	294,138	37,236
2014	1,640,186	1,676,045	523,946	(35,859)	297,069	24,802
2015	1,643,939	1,470,986	524,675	172,953	212,069	44,238
2016	1,792,574	1,623,141	526,562	169,433	325,000	80,548
2017	1,666,757	1,726,341	567,804	(59,584)	335,000	68,622
2018	1,695,866	1,645,111	515,526	50,755	337,931	63,896
2019	\$ 1,837,309	\$ 1,717,150	\$ 522,519	\$ 120,159	\$ 345,861	\$ 57,989

Notes

¹ GAAP Basis

Total Debt Service Payments		Coverage	Net Revenue Available For Debt Service Plus Depreciation		Coverage Without Depreciation
\$	342,777	0.13	\$	516,270	1.51
	291,862	0.06		499,220	1.71
	296,774	0.65		646,206	2.18
	331,374	(0.55)		306,322	0.92
	321,871	(0.11)		488,087	1.52
	256,307	0.67		697,628	2.72
	405,548	0.42		695,995	1.72
	403,622	(0.15)		508,220	1.26
	401,827	0.13		566,281	1.41
\$	403,850	0.30	\$	642,678	1.59

**City of Waverly, Iowa
Demographic and Economic Statistics ¹
Selected Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income²</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2019	10,153 (3)	\$ 313,971,372	\$ 30,924 (4)	34.6 (5)	4,000 (6)	2,268 (7)	1.90% (8)

Sources: U.S. Census Bureau

Notes:

1. Accurate statistical figures are only available every ten years.
2. Computation of per capita personal income multiplied by population.
3. Population 2019 estimate from worldpopulationreview.com
4. Taken from quickfacts.census.gov
5. Estimate from worldpopulationreview.com
6. Estimate from census.gov
7. WSR school enrollment for 18-19
8. Waverly Economic Development

**City of Waverly, Iowa
Principal Employers
Current Year ¹**

Employer	2019		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	550	1	4.04%
Wartburg College	500	2	3.68%
Waverly Health Center	498	3	3.66%
Waverly Shell Rock Schools	404	4	2.97%
GMT Corporation	259	5	1.90%
Bartels Lutheran Retirement Comm	236	6	1.74%
Walmart	225	7	1.65%
Nestle USA	193	8	1.42%
Bremer County	187	9	1.38%
Life Line Emergency Vehicles	176	10	1.29%
Total Employees of Principal Employers	3,228		23.73%
Other Employees	10,372		76.27%
Adjusted Labor Force ²	<u>13,600</u>		<u>100.00%</u>

Source:
Waverly Economic Development

Note:

- ¹ Comparative data is not currently available.
- ² Includes full-time and part-time employees based on Iowa Work Force Development

City of Waverly, Iowa
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	11	14.5	13.5	13.5	13.5	13	13	13	15.5	13
Library	10	10.5	10.5	10.5	10.5	11	11	10	10.6	10.6
Public Safety										
Police										
Officers	16	16	16	16	16	16	16	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	1	8	8	8	8	8	8	9	9	9
Volunteers	36	29	29	29	29	29	29	28	28	28
Highways and Streets										
Public Works Admin/Engineering	4.75	4.75	6	6	6	6	6	6	6	5.5
Zoning/Economic	3	3	3	3	4	5	5	5	5	5
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	6.75	8
Sanitation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.7	9
Culture and Recreation	17	18	18	18	18	18	18	18	18	19
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.75	3.75	3.25
Sewer	6	5.5	5.5	5.5	5.5	3.5	3.5	5.75	5.75	5.25
	<u>126.75</u>	<u>131.25</u>	<u>131.5</u>	<u>131.5</u>	<u>132.5</u>	<u>131.5</u>	<u>131.5</u>	<u>133</u>	<u>136.05</u>	<u>134.6</u>

Source: City of Waverly Accounting Department

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**City of Waverly, Iowa
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year			
	2010	2011	2012	2013
Police				
Physical Arrests	490	456	324	299
Parking Violations	850	881	570	599
Traffic Violations	1,152	1,174	1,175	950
Fire				
Number of Calls Answered	120	118	110	111
Highways and Streets				
Street Maintenance (Blocks)	112	92	92	97
Street Reconstruction (Blocks)	-	22	-	36
Building Permits				
Number	414	455	432	423
Value	\$ 37,596,455	\$ 16,635,779	\$ 20,192,166	\$ 19,816,016
Permit Fees	\$ 35,259	\$ 89,506	\$ 94,305	\$ 111,018
Sanitation				
Solid Waste Collected (tons)	3,939	4,111	3,910	3,653
Recyclables Collected (pounds)	1,816,441	1,974,000	1,911,020	1,956,116
Water				
Water Pumped (in thousands of gallons)	356,739	327,325	329,465	328,942
Water Billed (in thousands of gallons)	242,962	273,135	259,173	266,859
Percent Accountable	68%	83%	79%	81%

Source: Annual reports from each department.

Fiscal Year						
2014	2015	2016	2017	2018	2019	
340	504	623	465	451	400	
728	528	548	579	602	514	
847	818	754	649	706	646	
76	112	106	110	123	111	
95	88	78	100	125	60	
10	10	6	-	36	40	
388	422	440	428	370	396	
\$ 15,692,981	\$ 35,672,014	\$ 27,773,351	\$ 23,430,006	\$ 21,702,076	\$ 25,493,654	
\$ 139,127	\$ 139,265	\$ 126,235	\$ 123,002	\$ 111,581	\$ 120,598	
3,910	3,995	4,239	4,464	4,472	4,635	
1,840,308	1,397,998	2,276,000	2,064,840	2,766,960	2,393,008	
327,477	375,445	352,702	356,489	358,615	341,884	
270,427	260,622	254,403	247,064	250,852	243,332	
83%	69%	72%	69%	70%	71%	

City of Waverly, Iowa
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2010	2011	2012	2013
Police:				
Stations	1	1	1	1
Patrol Units	8	8	8	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	4	4	4	4
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	67	67	67	67
State Highway (miles)	-	7	7	7
Culture and Recreation				
Parks Acreage	120	140	140	140
Parks	24	25	25	25
Miles of Recreational Trails	14	15	15	15
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	1	1	1	1
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemetery (acres)	47	47	47	47
Water				
Water Mains (miles)	68	73	73	73
Number of Service Connections	3,477	3,518	3,539	3,591
Daily Ave. Consumption in Gallons	977,367	909,236	932,625	996,948
Fire Hydrants	660	679	679	679
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	62	62	62	62
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,423	3,461	3,477	3,527
Daily Ave. Treatments in Gallons	1,076,884	1,370,000	942,167	1,240,333
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
	1	1	1	1	1	1
	8	8	8	8	8	8
	1	1	1	1	1	1
	4	4	4	4	4	4
	1	1	1	1	1	1
	67	67	67	69	69.6	69.6
	7	7	7	7	7	7
	140	140	146	175	175	175
	25	25	25	25	25	25
	15	15	15	15	15	15
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	2	2	2	2	2	2
	1	1	1	1	1	1
	1	1	1	1	1	1
	47	47	47	47	47	47
	74	71	74	76	74	74
	3,664	3,674	3,966	4,059	4,099	4,231
	1,059,384	1,028,616	966,307	976,682	976,583	936,583
	690	690	692	693	639	639
	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
	63	61	63	60	60	60
	1	1	1	1	1	1
	3,595	3,620	3,675	3,688	3,745	3,760
	1,202,904	1,102,000	1,020,000	1,588,904	1,154,000	2,064,000
	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Members of the City Council
City of Waverly, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 13, 2019. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Utilities, as described in our report on the City of Waverly's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waverly's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waverly's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waverly's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Waverly's Response to Findings

The City of Waverly's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Waverly's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company P.C.

Certified Public Accountants

Le Mars, Iowa
December 13, 2019

CITY OF WAVERLY, IOWA
Schedule of Findings
For the Year Ended June 30, 2019

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Material Weakness:

2019-001 Financial Reporting

Condition and Criteria – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Effect – Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions.

Cause – With limited number of personnel and time constraints, review of all financial accounting activities is not feasible.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Views of Responsible Officials – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Part III: Other Findings Related to Required Statutory Reporting

IV-A-19 - Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amounts budgeted in the Enterprise function.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

IV-B-19 - Questionable Expenditures - We noted no questionable expenditures during our audit.

CITY OF WAVERLY, IOWA
Schedule of Findings
For the Year Ended June 30, 2019

Part III: Other Findings Related to Required Statutory Reporting (Continued)

- IV-C-19 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-19 - Business Transactions - No business transactions between the City and City officials or employees were noted.
- IV-E-19 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-19 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- IV-G-19 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- IV-H-19 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- IV-I-19 - Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.