

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

Prepared by the
Finance Department
Jenifer Mein, Finance Director

**CITY OF WAVERLY, IOWA
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 FOR THE YEAR ENDED JUNE 30, 2017
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December 4, 2017

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, 2017. 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.

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 9 major functions are provided in the Required Supplemental 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 for 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 25 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 less than last year, however; the overall growth is consistent with a five average. The fiscal year 2017 was still a strong building year with numerous projects. 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 541, Wartburg College with 535 employees, Waverly Health Center with 466 employees, Waverly Shell-Rock Schools with 404 employees, Nestle USA Beverage Division with 275 employees, and Walmart with 234 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 \$901,902 in fiscal year 2017. 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 2017 unemployment rate of 2.8% compares favorably to the State's rate of 4.1 % for the same period. The tax base for the City is showing favorable increases. Growth of the City's taxable valuation has been excellent 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.

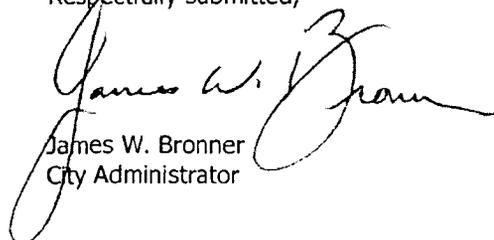
It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

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, 2016. 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 2017 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.

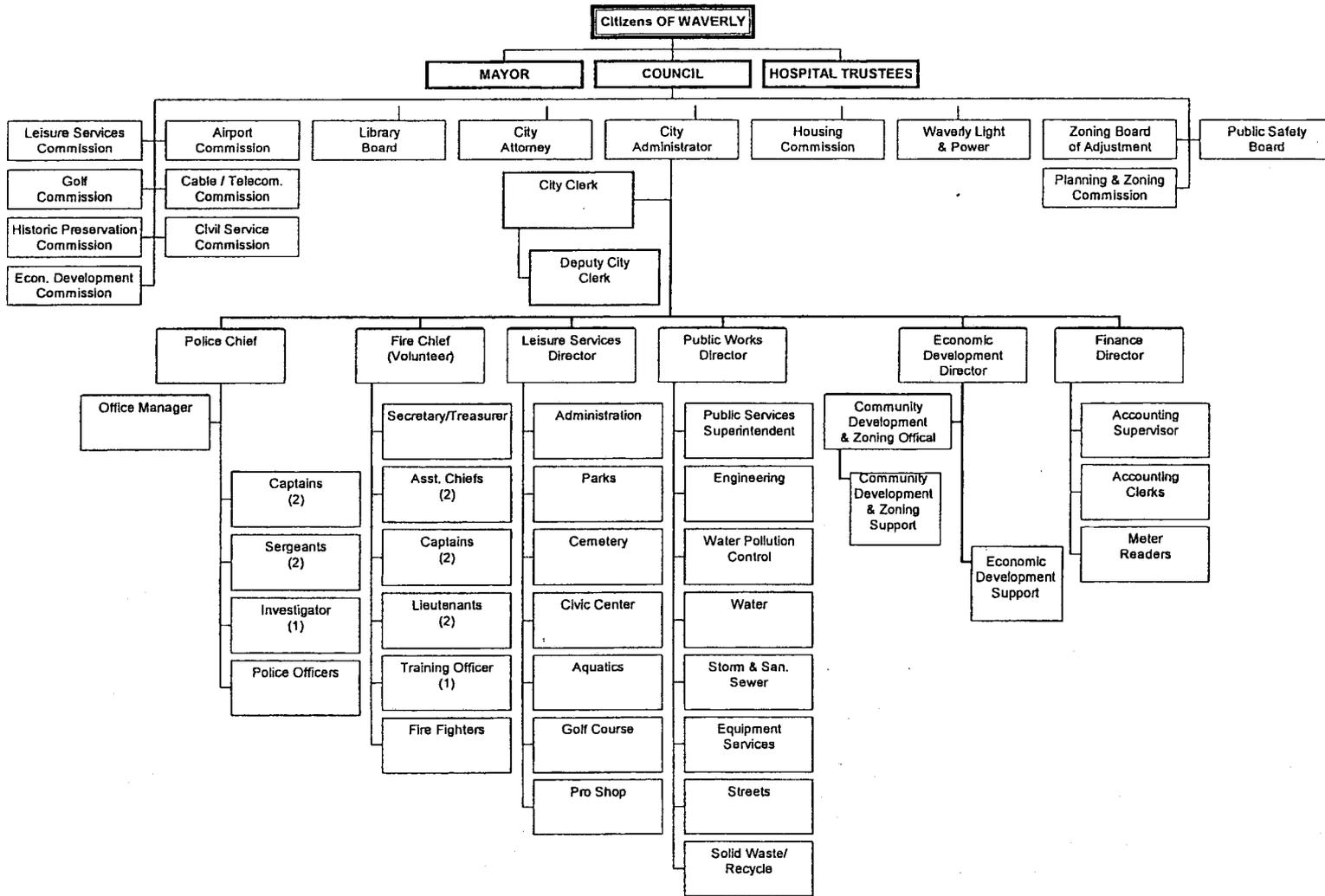
Respectfully submitted,


James W. Bronner
City Administrator


Jenifer J. Mein
Director of Finance

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Organizational Flow Chart The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

**List of Principal Officials
June 30, 2017**

ELECTED OFFICIALS

Mayor	Charles D Infelt
Council Member – Ward 1	Dan Lampe
Council Member – Ward 2	Dan McKenzie
Council Member – Ward 3	Wes Gade
Council Member – Ward 4	Mike Sherer
Council Member – Ward 5	Tim Kangas
Council Member – At Large	Dave Reznicek
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	Tabor Ray
Fire Chief	Dennis Happel
Library Director	Sarah Meyer-Reyerson
Community Development and Zoning Manager	Ben Kohout
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, 2016

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, 2016. 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, each major fund, the discretely presented component units and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Light and Power (discretely presented component units), which statements reflect total assets of \$39,201,940 and \$63,526,127 as of June 30, 2017 and December 31, 2016, respectively, and total program revenues of \$54,412,094 and \$18,841,478 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 Light and Power, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for the retiree health plan, 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 82 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 financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 4, 2017, 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 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 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 4, 2017

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2017 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 of the City of Waverly exceeded liabilities at June 30, 2017, by \$64,420,161. Of this amount, \$3,064,541 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 \$1,361,841 during the year. Of this amount the net position of our Governmental Activities increased by \$39,725 and the net position of our Business Activities increased \$1,322,116.
- The City's long-term debt decreased approximately \$3M. The City did not issue new bonds in 2017. The debt limit is \$35.8M. Outstanding general obligation debt totals \$18,840,000 and other notes payable total \$428,810, and revenue bonds total \$3,065,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$2,704,255.

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 Funding Progress for the Retiree Health Plan. Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

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 48 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, 2017 and 2016.

	General Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and Other Assets	\$14,759,224	\$17,057,891	\$4,093,067	\$3,737,211	\$18,852,291	\$20,795,102
Capital Assets	64,472,128	65,416,109	16,605,257	16,527,218	81,077,385	81,943,327
Total Assets	79,231,352	82,474,000	20,698,324	20,264,429	99,929,676	102,738,429
DEFERRED OUTFLOWS						
	1,469,592	1,295,096	216,365	201,972	1,685,957	1,497,068
LIABILITIES						
Other Liabilities	626,477	1,764,140	144,590	161,405	771,067	1,925,545
Noncurrent Liabilities	23,163,450	24,289,175	5,852,890	6,581,133	29,016,340	30,870,308
Total Liabilities	23,789,927	26,053,315	5,997,480	6,742,538	29,787,407	32,795,853
DEFERRED INFLOWS						
	7,387,840	8,232,329	20,225	148,995	7,408,065	8,381,324
NET POSITION						
Net Investment in						
Capital Assets	46,400,267	45,139,066	11,615,461	10,659,431	58,015,728	55,798,497
Restricted	3,236,491	2,706,371	103,401	22,734	3,339,892	2,706,371
Unrestricted	(113,581)	1,638,015	3,178,122	2,892,703	3,064,541	4,553,452
Total Net Position	\$49,523,177	\$49,483,452	\$14,896,984	\$13,574,868	\$64,420,161	\$63,058,320

This summary reflects an increase 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, \$3,339,892, 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 \$304,794, 16th St, reconstruction of \$1,256, historical survey of \$1,078, FEMA flood projects of \$26,681, cemetery perpetual care of \$507,588, Tax Increment Financing allowable purposes of \$614,833, Local Option Sales Tax allowable purposes of \$662,291, Road Purposes of \$976,010 and other specific revenue restrictions of \$245,361. The remaining balance of unrestricted net position of \$3,064,541 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 other than governmental unrestricted, both for the government as a

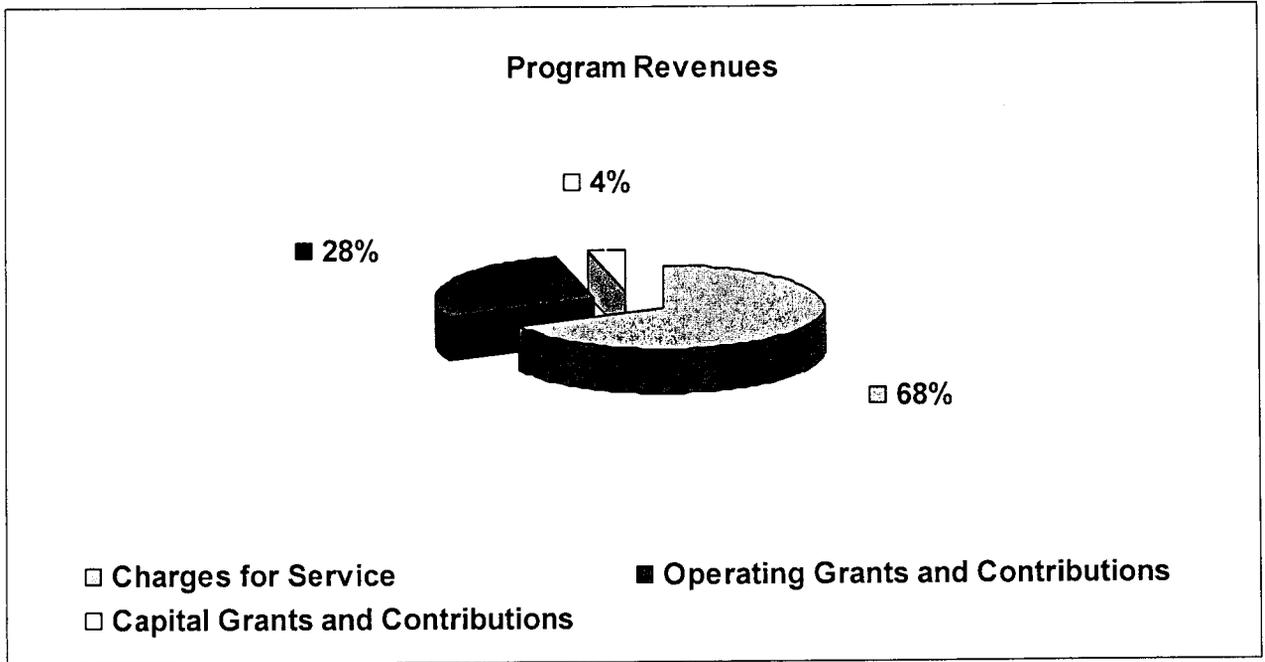
whole, as well as for its separate governmental and business-type activities. In the prior year, the City reported positive balances in all categories of net position.

Total revenue reported in Fiscal year 2017 was \$17,834,839. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2017 and 2016.

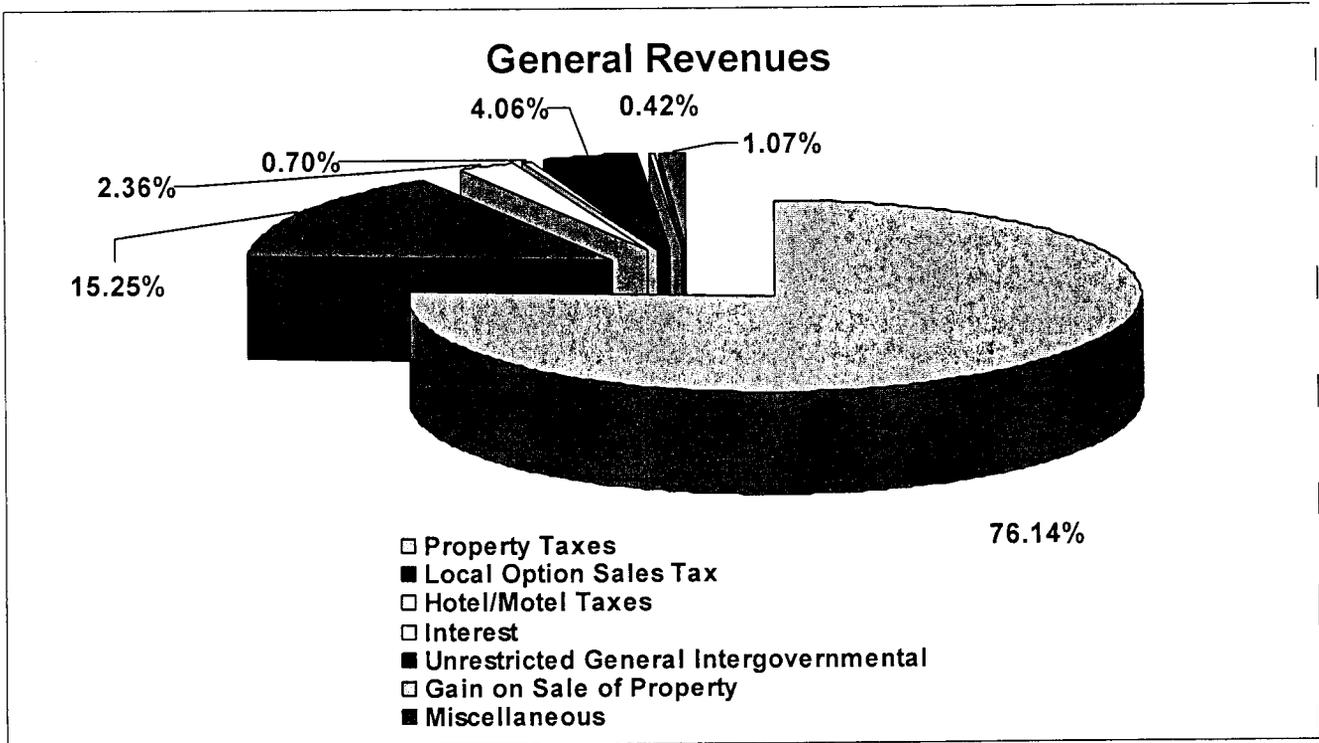
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for Services	\$1,028,452	\$ 990,318	\$4,400,392	\$ 4,379,944	\$5,428,844	\$ 5,370,262
Operating Grants and Contributions	2,217,432	2,159,919	-	-	2,217,432	2,159,919
Capital Grants and Contributions	330,201	2,007,771	2,348	269,205	332,549	2,276,976
Total Program Revenues	3,576,085	5,158,008	4,402,740	4,649,149	7,978,825	9,807,157
General Revenues:						
Property Taxes	7,504,828	7,086,413	-	-	7,504,828	7,086,413
Local Option Sales Tax	1,502,733	1,128,998	-	-	1,502,733	1,128,998
Hotel / Motel Taxes	232,582	175,269	-	-	232,582	175,269
Interest	50,928	46,697	17,637	19,508	68,565	66,205
Unrestricted General Intergovernmental Revenues	400,122	425,137	-	-	400,122	425,137
Gain on Sale of Property	30,735	-	10,726	-	41,461	-
Miscellaneous	8,280	96,217	97,443	92,824	105,723	189,041
Interfund Transfers	(1,018,464)	60,474	1,018,464	(60,474)	-	-
Total General Revenues	8,711,744	9,019,205	1,144,270	51,858	9,856,014	9,071,063
Total Revenues	\$12,287,829	\$14,177,213	\$5,547,010	\$ 4,701,007	\$17,834,839	\$ 18,878,220

Program revenues totaled \$7,978,825 for fiscal year 2017. Governmental Activities provided \$3,576,085 and Business-Type Activities provided \$4,402,740.

The city continues to develop projects to move the city forward. Property tax revenue was up in fiscal year 2017 due primarily to increased TIF and Employee Benefit tax receipts. Solid growth in valuation and development allows the city to hold the tax rate steady while collecting more revenue. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2017 totaled \$9,856,014. Governmental Activities provided \$8,711,744 and Business-Type Activities provided \$1,144,270. Property Tax Revenues for fiscal year 2017 totaled \$7,504,828, accounting for 76.14% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2017 totaled \$16,472,998. Expenses for General Governmental Activities totaled \$12,248,104 accounting for 74.4% of the total expenses. Business-Type Activity expenses totaled \$4,224,894 for 25.6% of the total. There was little change from fiscal year 2016. The breakdown of expenses by activity and program are as follows:

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Public Safety	\$ 2,478,198	\$ 2,247,521	\$ -	\$ -	\$ 2,478,198	\$ 2,247,521
Public Works	4,374,264	5,275,053	-	-	4,374,264	5,275,053
Health & Social Services	9,874	64,184	-	-	9,874	64,184
Culture and Recreation	2,505,856	2,574,145	-	-	2,505,856	2,574,145
Community and Economic Development	1,292,607	515,249	-	-	1,292,607	515,249
General Government	1,149,474	812,686	-	-	1,149,474	812,686
Debt Service	437,831	536,149	-	-	437,831	536,149
Water System	-	-	1,225,589	1,125,154	1,225,589	1,125,154
Sewer System	-	-	1,780,570	1,700,848	1,780,570	1,700,848
Solid Waste	-	-	1,218,735	1,048,675	1,218,735	1,048,675
Total Expenses	\$ 12,248,104	\$ 12,024,987	\$ 4,224,894	\$ 3,874,677	\$ 16,472,998	\$ 15,899,664

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
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

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that 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 \$2,478,198 and received \$76,402 in charges for services and grants, leaving a cost to the taxpayer of \$2,401,796 to be funded by various methods including property taxes. The new 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 total cost of governmental activities this year was \$12,248,104. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2017	2016
Governmental Activities:		
Public Safety	\$(2,401,796)	\$ (2,175,845)
Public Works	(2,083,873)	(1,487,015)
Health & Social Services	(9,874)	(64,184)
Culture and Recreation	(1,783,400)	(1,644,310)
Community and Economic Development	(1,078,296)	(387,800)
General Government	(876,949)	(571,676)
Debt Service	(437,831)	(536,149)
Total Net (Expense)		
Governmental Activities	(8,672,019)	(6,866,979)
General Revenues and Interfund Transfers	8,711,744	9,019,205
Change in Net Position	\$ 39,725	\$ 2,152,226

Business-Type Activities

The cost of all Proprietary Activities this year was \$4,224,894. As shown in the Statement of Activities, the amount paid by users of the systems was \$4,400,392, and capital grants and contributions paid for \$2,348, resulting in a total Net Revenue increase for Business-Type Activities of \$177,846. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2017	2016
Water System	\$ 83,136	\$ 301,106
Sewer System	(111,465)	181,150
Solid Waste System	206,175	292,216
Total Net Revenue		
Business-Type Activities	177,846	774,472
General Revenues & Interfund Transfers	1,144,270	51,858
Change in Net Position	\$1,322,116	\$826,330

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. Unreserved 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 \$6,550,203. The combined Governmental Funds fund balance decreased \$1,060,441, mostly as a result of continuing capital projects.

The General Fund is the primary operating fund of the City. During the year, revenue and other financing sources exceeded expenditures in the General Fund by \$59,757. The total unassigned fund balance of \$2,704,255 is 44% of expenditures, which exceeds the goal set by the city council. The Employee Benefit fund saw minimal changes during the year maintaining a fund balance consistent with recent years. The Tax Increment Financing Fund increased but will be used in future years.

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, 2017 the City had \$21,905,000 of 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 fifteen 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 \$35,847,307 for the 2017 fiscal year. With outstanding General Obligation Debt applicable to this limit of \$19,789,924 the City is at 55% 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 continues to report above average residential and commercial building projects. In fiscal year 2017 the City had 27 new single family house permits which is two less than last year. New commercial building permits have averaged between two and eleven a 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, 2017

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Light and Power
ASSETS					
Cash and Cash Equivalents	\$ 5,641,450	\$ 2,492,504	\$ 8,133,954	\$ 12,625,785	\$ 9,310,895
Investments	844,047	430,671	1,274,718	-	-
Receivables (Net where applicable, of allowance for uncollectibles)					
Accounts	13,783	367,951	381,734	7,040,001	2,367,248
Taxes	31,042	-	31,042	-	-
Subsequent Year Taxes	7,284,632	-	7,284,632	-	-
Accrued Interest	-	-	-	24,579	33,235
Other	-	-	-	79,656	-
Estimated third-party payor settlements	-	-	-	1,060,000	-
Estimated Unbilled Usage	-	157,323	157,323	-	-
Special Assessments	80,239	65,313	145,552	-	-
Notes Receivable	180,000	-	180,000	-	-
Due from Other Governmental Agencies	562,878	-	562,878	-	-
Inventories	88,789	142,305	231,094	1,208,759	1,959,713
Prepaid Assets	-	-	-	664,874	204,807
Other	-	-	-	116,157	2,928,652
Restricted Assets					
Cash and Cash Equivalents	-	437,000	437,000	1,043,216	1,489,519
Investment in Joint Venture	32,364	-	32,364	-	-
Land	14,364,221	117,723	14,481,944	2,206,302	351,624
Construction in Progress	642,754	18,500	661,254	137,446	2,378,952
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	49,465,153	16,469,034	65,934,187	12,995,165	42,501,482
Total Assets	79,231,352	20,698,324	99,929,676	39,201,940	63,526,127
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	6,500	1,048	7,548	42,609	-
Pension Related Deferred Outflows	1,463,092	215,317	1,678,409	5,635,223	729,092
Total Deferred Outflows of Resources	1,469,592	216,365	1,685,957	5,677,832	729,092
LIABILITIES					
Accounts Payable	352,825	30,942	383,767	2,272,975	1,156,814
Accrued Wages	196,042	43,966	240,008	2,788,223	2,882,617
Line of Credit	-	-	-	683,670	-
Other Accrued Expenses	-	-	-	319,502	155,800
Customer Deposits	-	37,710	37,710	-	-
Accrued Claims	30,914	-	30,914	-	-
Unearned Revenue	-	22,811	22,811	-	60,595
Accrued Interest Payable	46,696	9,161	55,857	3,633	48,693
Noncurrent Liabilities					
Due within one year					
Revenue Bonds Payable	-	325,000	325,000	1,855,000	863,421
General Obligation Bonds	2,490,000	390,000	2,880,000	-	-
Notes Payable	53,982	71,598	125,580	312,692	-
Compensated Absences and Benefits	252,181	54,677	306,858	-	-
Due in more than one year					
Revenue Bonds Payable	-	2,805,265	2,805,265	-	16,578,219
General Obligation Bonds	15,381,080	1,249,050	16,630,130	-	-
Notes Payable	153,299	149,931	303,230	757,567	-
OPEB Liability	242,862	-	242,862	-	280,283
Net Pension Liability	4,421,925	770,918	5,192,843	19,496,426	1,995,871
Compensated Absences and Benefits	168,121	36,451	204,572	-	-
Total Liabilities	23,789,927	5,997,480	29,787,407	28,489,688	24,022,313
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Taxes	7,284,632	-	7,284,632	-	-
Pension Related Deferred Inflows	103,208	20,225	123,433	404,408	64,133
Regulator credits - Rate Stabilization	-	-	-	-	1,025,294
Total Deferred Inflows of Resources	7,387,840	20,225	7,408,065	404,408	1,089,427
NET POSITION					
Net Investment in Capital Assets	46,400,267	11,615,461	58,015,728	12,456,263	28,929,793
Restricted for					
Debt Service	11,107	103,401	114,508	-	321,705
Tax Increment Financing	614,833	-	614,833	-	-
Employee Benefits	93,628	-	93,628	-	-
Road Purposes	976,010	-	976,010	-	-
Local Option Sales Tax	662,291	-	662,291	-	-
Airport Expansion	304,794	-	304,794	-	-
16th Street Reconstruction	1,256	-	1,256	-	-
Historical Survey	1,078	-	1,078	-	-
FEMA Flood Projects	26,681	-	26,681	-	-
Cable TV	37,225	-	37,225	-	-
Endowments					
Nonexpendable	507,588	-	507,588	-	-
Unrestricted	(113,581)	3,178,122	3,064,541	3,529,413	9,891,981
Total Net Position	\$ 49,523,177	\$ 14,896,984	\$ 64,420,161	\$ 15,985,676	\$ 39,143,479

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,478,198	\$ 51,089	\$ 25,313	\$ -
Public Works	4,374,264	57,264	1,914,043	319,084
Health and Social Services	9,874	-	-	-
Culture and Recreation	2,505,856	625,840	89,949	6,667
Community and Economic Development	1,292,607	22,734	187,127	4,450
General Government	1,149,474	271,525	1,000	-
Debt Service	437,831	-	-	-
Total governmental activities	<u>12,248,104</u>	<u>1,028,452</u>	<u>2,217,432</u>	<u>330,201</u>
Business-Type Activities:				
Water System	1,225,589	1,308,725	-	-
Sewer System	1,780,570	1,666,757	-	2,348
Solid Waste System	1,218,735	1,424,910	-	-
Total Business-Type Activities:	<u>4,224,894</u>	<u>4,400,392</u>	<u>-</u>	<u>2,348</u>
Total Primary Government	<u>\$ 16,472,998</u>	<u>\$ 5,428,844</u>	<u>\$ 2,217,432</u>	<u>\$ 332,549</u>
Component Unit:				
Waverly Health Center	<u>\$ 55,327,172</u>	<u>\$ 54,231,656</u>	<u>\$ 180,438</u>	<u>\$ -</u>
Waverly Light and Power	<u>\$ 21,261,062</u>	<u>\$ 18,841,478</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Local Option Sales Tax
Hotel/Motel Taxes
Interest
Unrestricted General Intergovernmental Revenues
Gain on Sale of Property
Gain on Sale of Non-Capitalized Assets
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net position
Net Position - beginning
Net Position - ending

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Light and Power
\$ (2,401,796)		\$ (2,401,796)		
(2,083,873)		(2,083,873)		
(9,874)		(9,874)		
(1,783,400)		(1,783,400)		
(1,078,296)		(1,078,296)		
(876,949)		(876,949)		
(437,831)		(437,831)		
<u>(8,672,019)</u>		<u>(8,672,019)</u>		
	\$ 83,136	83,136		
	(111,465)	(111,465)		
	<u>206,175</u>	<u>206,175</u>		
	<u>177,846</u>	<u>177,846</u>		
<u>(8,672,019)</u>	<u>177,846</u>	<u>(8,494,173)</u>		
			\$ (915,078)	
				\$ (2,419,584)
7,504,828	-	7,504,828	-	-
1,502,733	-	1,502,733	-	-
232,582	-	232,582	-	-
50,928	17,637	68,565	169,790	132,418
400,122	-	400,122	-	-
22,500	10,726	33,226	-	-
8,235	-	8,235	-	-
8,280	97,443	105,723	-	-
(1,018,464)	1,018,464	-	-	-
<u>8,711,744</u>	<u>1,144,270</u>	<u>9,856,014</u>	<u>169,790</u>	<u>132,418</u>
39,725	1,322,116	1,361,841	(745,288)	(2,287,166)
49,483,452	13,574,868	63,058,320	16,730,964	41,430,645
<u>\$ 49,523,177</u>	<u>\$ 14,896,984</u>	<u>\$ 64,420,161</u>	<u>\$ 15,985,676</u>	<u>\$ 39,143,479</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2017

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Assets			
Cash and Cash Equivalents	\$ 1,193,863	\$ 463,936	\$ 92,749
Investments	844,047	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	5,983	-	-
Taxes	4,282	21,852	1,568
Subsequent Year Taxes	3,558,674	1,182,454	1,260,752
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	804,932	-	-
Due from Other Governmental Agencies	119,694	-	-
Inventories	88,789	-	-
Total Assets	<u>6,620,264</u>	<u>1,668,242</u>	<u>1,355,069</u>
Liabilities			
Accounts Payable	66,659	-	689
Accrued Wages	179,077	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>245,736</u>	<u>-</u>	<u>689</u>
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	3,558,674	1,182,454	1,260,752
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>3,558,674</u>	<u>1,182,454</u>	<u>1,260,752</u>
Fund Balances (Deficits)			
Nonspendable:			
Inventory	88,789	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	485,788	-
Employee Benefits	-	-	93,628
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	21,816	-	-
Municipal Band	994	-	-
Capital Improvement	-	-	-
Unassigned	2,704,255	-	-
Total Fund Balances (Deficits)	<u>2,815,854</u>	<u>485,788</u>	<u>93,628</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 6,620,264</u>	<u>\$ 1,668,242</u>	<u>\$ 1,355,069</u>

See Accompanying Notes to Financial Statements

<u>Capital Projects</u>			
Debt Service	Dry Run Project	Other Governmental Funds	Total Governmental Funds
\$ 6,480	\$ -	\$ 3,513,443	\$ 5,270,471
-	-	-	844,047
-	-	7,800	13,783
2,933	-	407	31,042
1,282,752	-	-	7,284,632
-	-	80,239	80,239
-	-	180,000	180,000
-	-	-	804,932
-	-	443,184	562,878
-	-	-	88,789
1,292,165	-	4,225,073	15,160,813
-	-	200,256	267,604
-	-	16,965	196,042
-	200	804,732	804,932
-	200	1,021,953	1,268,578
1,282,752	-	-	7,284,632
-	-	57,400	57,400
1,282,752	-	57,400	7,342,032
-	-	-	88,789
-	-	507,588	507,588
9,413	-	-	9,413
-	-	129,045	614,833
-	-	-	93,628
-	-	976,010	976,010
-	-	662,291	662,291
-	-	333,809	333,809
-	-	37,225	37,225
-	-	-	21,816
-	-	-	994
-	-	1,242,751	1,242,751
-	(200)	(742,999)	1,961,056
9,413	(200)	3,145,720	6,550,203
\$ 1,292,165	\$ -	\$ 4,225,073	\$ 15,160,813

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, 2017

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

Total Fund Balance - Governmental Funds (page 25)		\$ 6,550,203
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		64,472,128
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		32,364
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.		11,982
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		57,400
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(46,696)
Deferred charges on refundings are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		6,500
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	\$ 1,463,092	
Deferred inflows of resources	<u>(103,208)</u>	1,359,884
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)	\$ (17,871,080)	
Notes Payable	(207,281)	
Net Pension Liability	(4,421,925)	
Compensated Absences	<u>(420,302)</u>	(22,920,588)
Total Net Position - Governmental Activities (page 21)		<u><u>\$49,523,177</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, 2017

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Revenue:			
Taxes	\$ 3,252,794	\$ 1,605,526	\$ 1,222,044
Special Assessments	-	-	-
Licenses and Permits	84,017	-	-
Intergovernmental Revenue	1,086,813	13,492	43,873
Charges for Services	782,133	-	-
Fines and Forfeits	57,489	-	-
Contributions	46,536	-	-
Revenue from Use of Property	51,483	-	-
Interest on Investments	39,806	1,895	-
Miscellaneous	16,306	-	-
Total Revenue	<u>5,417,377</u>	<u>1,620,913</u>	<u>1,265,917</u>
Expenditures:			
Public Safety	1,551,997	-	549,973
Public Works	504,661	-	168,574
Health and Social Services	9,874	-	-
Culture and Recreation	2,252,057	-	254,410
Community and Economic Development	1,108,781	89,371	92,648
General Government	708,822	-	226,875
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>6,136,192</u>	<u>89,371</u>	<u>1,292,480</u>
Excess (deficiency) of revenues over expenditures	<u>(718,815)</u>	<u>1,531,542</u>	<u>(26,563)</u>
Other financing sources (uses):			
Issuance of Debt	111,927	-	-
Proceeds from Sale of Non-Capital Assets	8,235	-	-
Proceeds from Sale of Capital Assets	22,500	-	-
Transfers In	777,754	-	64,342
Transfers Out	(141,844)	(994,882)	-
Total other financing sources (uses)	<u>778,572</u>	<u>(994,882)</u>	<u>64,342</u>
Net Change in Fund Balance	59,757	536,660	37,779
Fund balances - beginning of year	<u>2,756,097</u>	<u>(50,872)</u>	<u>55,849</u>
Fund balances (deficits) - end of year	<u>\$ 2,815,854</u>	<u>\$ 485,788</u>	<u>\$ 93,628</u>

See Accompanying Notes to Financial Statements

<u>Capital Projects</u>			
Debt Service	Dry Run Project	Other Governmental Funds	Total Governmental Funds
\$ 1,089,808	\$ -	\$ 1,837,389	\$ 9,007,561
-	-	40,566	40,566
-	-	29,528	113,545
34,236	-	1,822,090	3,000,504
-	-	40,533	822,666
-	-	-	57,489
-	-	6,667	53,203
-	-	14,462	65,945
569	-	6,921	49,191
-	50	5,624	21,980
<u>1,124,613</u>	<u>50</u>	<u>3,803,780</u>	<u>13,232,650</u>
-	-	-	2,101,970
-	-	1,096,246	1,769,481
-	-	-	9,874
-	-	21,791	2,528,258
-	-	20,000	1,310,800
-	-	-	935,697
-	1,049,941	2,073,098	3,123,039
<u>2,734,124</u>	<u>-</u>	<u>22,510</u>	<u>2,756,634</u>
<u>2,734,124</u>	<u>1,049,941</u>	<u>3,233,645</u>	<u>14,535,753</u>
(1,609,511)	(1,049,891)	570,135	(1,303,103)
-	-	-	111,927
-	-	-	8,235
-	-	-	22,500
1,642,457	186,999	1,187,263	3,858,815
-	(207,670)	(2,414,419)	(3,758,815)
<u>1,642,457</u>	<u>(20,671)</u>	<u>(1,227,156)</u>	<u>242,662</u>
32,946	(1,070,562)	(657,021)	(1,060,441)
<u>(23,533)</u>	<u>1,070,362</u>	<u>3,802,741</u>	<u>7,610,644</u>
\$ 9,413	\$ (200)	\$ 3,145,720	\$ 6,550,203

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, 2017

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

Net change in fund balances - total governmental funds (page 28) \$ (1,060,441)

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:

Expenditures for capital assets	\$ 3,161,618	
Depreciation expense	<u>(2,976,738)</u>	184,880

Governmental fixed assets are not recorded in governmental funds. In the current year an asset was transferred from governmental activities to business type activities. The net book value of the asset was recorded as a transfer out on the Statement of Activities. (1,117,613)

Gain on investment in joint venture not recorded at the fund level. 3,545

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net position on the statement of activities. (11,248)

The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources. (89,510)

Governmental funds report special assessments and notes receivable as revenue when it becomes available, but the statement of activities includes as revenue when levied. 41,171

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. 1,694

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. (38,668)

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. (10,673)

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. (68,594)

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	\$ 2,260,136	
Proceeds from issuance of long-term debt	<u>(111,927)</u>	2,148,209

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. 56,973

Change in net position of governmental activities (page 23) \$ 39,725

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2017

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Activities Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 340,447	\$ 1,604,630	\$ 547,427	\$ 2,492,504	\$ 370,979
Investments	430,671	-	-	430,671	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	123,214	137,348	107,389	367,951	-
Estimated Unbilled Usage	70,565	86,758	-	157,323	-
Special Assessments	-	65,313	-	65,313	-
Inventories	80,962	61,343	-	142,305	-
Restricted Assets:					
Cash and Cash Equivalents	187,000	250,000	-	437,000	-
Total Current Assets	<u>1,232,859</u>	<u>2,205,392</u>	<u>654,816</u>	<u>4,093,067</u>	<u>370,979</u>
Noncurrent Assets:					
Land	-	117,723	-	117,723	-
Construction in Progress	18,500	-	-	18,500	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>5,912,061</u>	<u>8,697,128</u>	<u>1,859,845</u>	<u>16,469,034</u>	<u>-</u>
Total Noncurrent Assets	<u>5,930,561</u>	<u>8,814,851</u>	<u>1,859,845</u>	<u>16,605,257</u>	<u>-</u>
Total Assets	<u>7,163,420</u>	<u>11,020,243</u>	<u>2,514,661</u>	<u>20,698,324</u>	<u>370,979</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	1,048	-	-	1,048	-
Pension Related Deferred Outflows	<u>51,987</u>	<u>78,088</u>	<u>85,242</u>	<u>215,317</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>53,035</u>	<u>78,088</u>	<u>85,242</u>	<u>216,365</u>	<u>-</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	7,286	2,785	20,871	30,942	85,221
Accrued Wages	10,682	14,840	18,444	43,966	-
Compensated Absences and Benefits	20,294	8,995	25,388	54,677	-
Customer Deposits	37,710	-	-	37,710	-
Unearned Revenue	-	-	22,811	22,811	-
Accrued Interest Payable	3,381	5,218	562	9,161	-
Accrued Claims	-	-	-	-	30,914
Notes Payable	-	-	71,598	71,598	-
Revenue Bonds	160,000	165,000	-	325,000	-
General Obligation Bonds	217,069	172,931	-	390,000	-
Total Current Liabilities	<u>456,422</u>	<u>369,769</u>	<u>159,674</u>	<u>985,865</u>	<u>116,135</u>
Noncurrent Liabilities:					
Due in more than one year:					
Notes Payable	-	-	149,931	149,931	-
Revenue Bonds	1,235,000	1,570,265	-	2,805,265	-
General Obligation Bonds	516,849	732,201	-	1,249,050	-
OPEB Liability	-	-	-	-	242,862
Net Pension Liability	186,135	279,584	305,199	770,918	-
Compensated Absences and Benefits	13,529	5,996	16,926	36,451	-
Total Noncurrent Liabilities	<u>1,951,513</u>	<u>2,588,046</u>	<u>472,056</u>	<u>5,011,615</u>	<u>242,862</u>
Total Liabilities	<u>2,407,935</u>	<u>2,957,815</u>	<u>631,730</u>	<u>5,997,480</u>	<u>358,997</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Related Deferred Inflows	<u>4,883</u>	<u>7,335</u>	<u>8,007</u>	<u>20,225</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>4,883</u>	<u>7,335</u>	<u>8,007</u>	<u>20,225</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	3,802,691	6,174,454	1,638,316	11,615,461	-
Restricted for:					
Debt Service	23,619	79,782	-	103,401	-
Unrestricted	<u>977,327</u>	<u>1,878,945</u>	<u>321,850</u>	<u>3,178,122</u>	<u>11,982</u>
Total Net Position	<u>\$ 4,803,637</u>	<u>\$ 8,133,181</u>	<u>\$ 1,960,166</u>	<u>\$14,896,984</u>	<u>\$ 11,982</u>

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, 2017

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,298,125	\$ 1,662,885
Miscellaneous	10,600	3,872
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	<u>1,308,725</u>	<u>1,666,757</u>
Operating Expenses:		
General Government	-	-
Employee Services	345,766	512,391
Contract Services	252,954	368,003
Supplies	82,269	63,699
Repairs and Maintenance	48,573	55,161
Utilities	100,911	152,198
Miscellaneous	8,620	7,085
Depreciation	340,505	567,804
Total Operating Expenses	<u>1,179,598</u>	<u>1,726,341</u>
Operating Income (Loss)	129,127	(59,584)
Non-Operating Income (Expense):		
Interest Income	3,742	11,531
Special Assessment Revenue	-	2,348
Revenue from Use of Property	97,443	-
Gain (Loss) on Disposition of Equipment	10,726	(2,665)
Interest Expense	(45,991)	(51,564)
Total Non-Operating Income (Expenses)	<u>65,920</u>	<u>(40,350)</u>
Income before Contributions and Transfers	195,047	(99,934)
Contributed Capital Revenue	851	-
Transfers (Out)	(50,000)	-
Change in Net Position	145,898	(99,934)
Net Position - Beginning	<u>4,657,739</u>	<u>8,233,115</u>
Net Position - Ending	<u>\$ 4,803,637</u>	<u>\$ 8,133,181</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 1,416,702	\$ 4,377,712	\$ -
8,208	22,680	-
-	-	280,997
<u>1,424,910</u>	<u>4,400,392</u>	<u>280,997</u>
-	-	293,407
556,367	1,414,524	-
324,856	945,813	-
49,788	195,756	-
107,899	211,633	-
5,904	259,013	-
35	15,740	-
146,244	1,054,553	-
<u>1,191,093</u>	<u>4,097,032</u>	<u>293,407</u>
233,817	303,360	(12,410)
2,364	17,637	1,737
-	2,348	-
-	97,443	-
(19,128)	(11,067)	-
(8,514)	(106,069)	-
<u>(25,278)</u>	<u>292</u>	<u>1,737</u>
208,539	303,652	(10,673)
1,117,613	1,118,464	-
<u>(50,000)</u>	<u>(100,000)</u>	<u>-</u>
1,276,152	1,322,116	(10,673)
<u>684,014</u>	<u>13,574,868</u>	<u>22,655</u>
<u>\$ 1,960,166</u>	<u>\$ 14,896,984</u>	<u>\$ 11,982</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2017

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,275,259	\$ 1,756,787
Cash Paid to Suppliers for Goods and Services	(498,544)	(630,985)
Cash Paid to Employees for Services	(328,292)	(525,639)
Other Nonoperating Revenue	97,443	2,348
Net Cash Provided by Operating Activities	<u>545,866</u>	<u>602,511</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(8,651)	-
Proceeds from Sale of Assets	10,726	-
Principal Paid on Notes and Bonds	(375,000)	(335,000)
Interest Paid on Notes and Bonds	(47,337)	(68,622)
Net Cash (Used) for Capital and Related Financing Activities	<u>(420,262)</u>	<u>(403,622)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(50,000)	-
Net Cash (Used) for Non-Capital Financing Activities	<u>(50,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>2,817</u>	<u>11,971</u>
Net Cash Provided for Investing Activities	<u>2,817</u>	<u>11,971</u>
Net Increase in Cash and Cash Equivalents	78,421	210,860
Cash and Cash Equivalents at Beginning of Year	<u>449,026</u>	<u>1,643,770</u>
Cash and Cash Equivalents at End of Year	<u>\$ 527,447</u>	<u>\$ 1,854,630</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 1,438,924	\$ 4,470,970	\$ 280,997
(475,193)	(1,604,722)	(213,627)
(547,912)	(1,401,843)	-
-	99,791	-
<u>415,819</u>	<u>1,564,196</u>	<u>67,370</u>
(31,900)	(40,551)	-
4,629	15,355	-
(151,182)	(861,182)	-
(11,589)	(127,548)	-
<u>(190,042)</u>	<u>(1,013,926)</u>	<u>-</u>
(50,000)	(100,000)	-
<u>(50,000)</u>	<u>(100,000)</u>	<u>-</u>
2,365	17,153	1,737
<u>2,365</u>	<u>17,153</u>	<u>1,737</u>
178,142	467,423	69,107
<u>369,285</u>	<u>2,462,081</u>	<u>301,872</u>
<u>\$ 547,427</u>	<u>\$ 2,929,504</u>	<u>\$ 370,979</u>

(Continued)

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 129,127	\$ (59,584)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Other Nonoperating Income	97,443	2,348
Depreciation	340,505	567,804
(Increase) Decrease in Assets:		
Accounts Receivable	(14,305)	(16,179)
Estimated Unbilled Usage	(23,451)	(18,513)
Other Receivables	2,181	124,722
Prepaid Expenses	15,430	15,430
Inventories	(2,880)	3,532
Deferred Outflows of Pension Related Costs	(3,778)	(7,805)
Increase (Decrease) in Liabilities		
Accounts Payable	(17,767)	(3,801)
Accrued Wages	1,828	1,032
Accrued Compensated Absences	12,786	(24,653)
Unearned Revenue	-	-
Customer Deposits	2,109	-
Net Pension Liability	37,720	63,252
Deferred Inflows of Pension Related Costs	(31,082)	(45,074)
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	<u>416,739</u>	<u>662,095</u>
Net Cash Provided by Operating Activities	<u>\$ 545,866</u>	<u>\$ 602,511</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions	<u>\$ 851</u>	<u>\$ -</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 340,447	\$ 1,604,630
Restricted Cash and Cash Equivalents	187,000	250,000
	<u>\$ 527,447</u>	<u>\$ 1,854,630</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>
<u>\$ 233,817</u>	<u>\$ 303,360</u>	<u>\$ (12,410)</u>
-	99,791	-
146,244	1,054,553	-
(305)	(30,789)	-
-	(41,964)	-
14,818	141,721	-
11,572	42,432	-
-	652	-
(3,952)	(15,535)	-
1,717	(19,851)	13,189
3,237	6,097	-
6,801	(5,066)	-
(499)	(499)	-
-	2,109	-
54,983	155,955	-
(52,614)	(128,770)	-
-	-	42,193
-	-	24,398
<u>182,002</u>	<u>1,260,836</u>	<u>79,780</u>
<u>\$ 415,819</u>	<u>\$ 1,564,196</u>	<u>\$ 67,370</u>
<u>\$ 1,117,613</u>	<u>\$ 1,118,464</u>	<u>\$ -</u>
\$ 547,427	\$ 2,492,504	\$ 370,979
-	437,000	-
<u>\$ 547,427</u>	<u>\$ 2,929,504</u>	<u>\$ 370,979</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Funds
JUNE 30, 2017

ASSETS

Cash and Cash Equivalents	\$	1,089,153
Receivables:		
Accounts Receivable		1,358,483
Other		26,656
		<hr/>
Total Assets		2,474,292

LIABILITIES

Due to Other Governments		2,441,581
Other Payables		32,711
		<hr/>
Total Liabilities		2,474,292

NET POSITION

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Light and Power – 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 Light and Power is financially accountable to the City. During the fiscal year ended June 30, 2017, Waverly Light and Power transferred \$1,112,592 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, 2016.

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 and liabilities, 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, 2017

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, 2017

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 Dry Run Improvement Fund is used to account for the use of financial resources to be used for the construction of the Dry Run 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, 2017

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 Electric Utility Agency Fund is used to account for collecting receipts on behalf of Waverly Light and Power. 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.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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, 2017, disbursements exceeded the amount budgeted in the General Government 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, 2017

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, 2017 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2016. Any county collections on the 2016-2017 tax levy remitted to the City within 60 days subsequent to June 30, 2017, 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, 2017, 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, 2017 are recorded as prepaid items.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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, 2017. 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, 2017

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, 2017

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 measureable, 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.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2017, 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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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

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, 2017.

At June 30, 2017 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Mutual Funds	N/A	\$ 84,513	1 year	Level 2
IPAIT	N/A	\$1,050,429	1 year	N/A
Community Foundation of NE Iowa	N/A	\$ 113,456	1 year	Level 3

The City uses 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 \$1,050,429 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.

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

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, 2017 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$11,829 at June 30, 2017. The Waverly Health Center component unit had an allowance for uncollectibles of \$4,380,000 at June 30, 2017.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2017, amounts due from other governments were as follows:

Due from the Federal Aviation Administration Grant Funding	\$ 39,465
Due from the Federal Emergency Management Agency	18,760
Due from the State of Iowa for Hotel/Motel taxes	52,509
Due from the State of Iowa for local option sales taxes	257,034
Due from the Iowa Department of Transportation for road use tax allocations	127,925
Due from Waverly Light and Power	40,568
Due from other various sources	26,617
Total Due from Other Governments	<u>\$ 562,878</u>

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2017, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Capital Project – Dry Run Project	\$ 200
General Fund	Non-major Governmental Funds	804,732
		<u>\$ 804,932</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, 2017

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$13,788,364	\$ 575,857	\$ -	\$ -	\$ 14,364,221
Construction in Progress	8,607,134	2,158,302	10,122,682	-	642,754
Total capital assets not being depreciated	22,395,498	2,734,159	10,122,682	-	15,006,975
Capital assets being depreciated:					
Buildings and Improvements	13,806,254	349,795	42,803	(1,270,014)	12,843,232
Equipment	7,268,921	445,370	600,201	-	7,114,090
Infrastructure	53,395,321	9,772,887	283,674	-	62,884,534
Total capital assets being depreciated	74,470,496	10,568,052	926,678	(1,270,014)	82,841,856
Less: Accumulated Depreciation for:					
Buildings and Improvements	4,350,063	325,685	41,729	(152,401)	4,481,618
Equipment	4,363,499	540,997	572,116	-	4,332,380
Infrastructure	22,736,323	2,110,056	283,674	-	24,562,705
Total Accumulated Depreciation	31,449,885	2,976,738	897,519	(152,401)	33,376,703
Total capital assets being depreciated, net	43,020,611	7,591,314	29,159	(1,117,613)	49,465,153
Governmental activities capital assets, net	\$65,416,109	\$10,325,473	\$10,151,841	\$(1,117,613)	\$ 64,472,128

Construction in progress at June 30, 2017, for the governmental activities consisted of costs associated with various street projects.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 6 - CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 117,723	\$ -	\$ -	\$ -	\$ 117,723
Construction in Progress	268,430	9,502	259,432	-	18,500
Total capital assets not being depreciated	386,153	9,502	259,432	-	136,223
Capital assets being depreciated:					
Buildings and Improvements	9,877,377	-	-	1,270,014	11,147,391
Equipment	3,213,932	31,900	777,505	-	2,468,327
Lines and Structures	20,470,950	259,432	-	-	20,730,382
Total capital assets being depreciated	33,562,259	291,332	777,505	1,270,014	34,346,100
Less: Accumulated Depreciation					
Buildings and Improvements	4,387,834	198,533	-	152,401	4,738,768
Equipment	1,732,411	188,638	751,082	-	1,169,967
Lines and Structures	11,300,949	667,382	-	-	11,968,331
Total Accumulated Depreciation	17,421,194	1,054,553	751,082	152,401	17,877,066
Total capital assets being depreciated, net	16,141,065	(763,221)	26,423	1,117,613	16,469,034
Business-type activities capital assets, net	\$ 16,527,218	\$ (753,719)	\$ 285,855	\$ 1,117,613	\$16,605,257

Construction in progress at June 30, 2017 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	\$ 316,030
Public Works	2,321,628
Culture and Recreation	262,190
General Government	76,890
Total depreciation expense – governmental activities	<u>\$ 2,976,738</u>
Business-Type Activities:	
Water	\$ 340,505
Sewer	567,804
Solid Waste	146,244
Total depreciation expense – business-type activities	<u>\$ 1,054,553</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 6 - CAPITAL ASSETS (CONTINUED)

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Waverly Health Center:				
Capital assets not being depreciated:				
Land	\$ 2,206,302	\$ -	\$ -	\$ 2,206,302
Construction in Progress	110,889	137,446	110,889	137,446
Total capital assets not being depreciated	2,317,191	137,446	110,889	2,343,748
Capital assets being depreciated:				
Land Improvements	2,450,705	-	-	2,450,705
Buildings and Fixed Equipment	26,567,820	22,863	-	26,590,683
Major Movable Equipment	19,050,139	737,745	-	19,787,884
Total capital assets being depreciated	48,068,664	760,608	-	48,829,272
Less: Accumulated Depreciation	33,513,426	2,320,681	-	35,834,107
Total capital assets being depreciated, net	14,555,238	(1,560,073)	-	12,995,165
Component unit capital assets, net	\$16,872,429	\$(1,422,627)	\$110,889	\$15,338,913

Construction in progress at June 30, 2017 for the Waverly Health Center consists of costs related to equipment deposits and equipment installations in progress.

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Waverly Light and Power:				
Capital assets not being depreciated:				
Land	\$ 351,624	\$ -	\$ -	\$ 351,624
Construction in Progress	5,276,848	-	2,897,896	2,378,952
Total capital assets not being depreciated	5,628,472	-	2,897,896	2,730,576
Capital assets being depreciated:				
Improvements	41,229,218	7,986,473	41,569	49,174,122
Buildings	4,184,003	31,319	9,736	4,205,586
Equipment	6,641,453	2,739,709	198,179	9,182,983
Louisa Plant	10,263,490	126,410	7,647	10,382,253
WS4 Plant	5,399,911	17,440	13,374	5,403,977
Total capital assets being depreciated	67,718,075	10,901,351	270,505	78,348,921
Less: Accumulated Depreciation	33,697,145	2,404,642	254,348	35,847,439
Total capital assets being depreciated, net	34,020,930	8,496,709	16,157	42,501,482
Component unit capital assets, net	\$ 39,649,402	\$ 8,496,709	\$ 2,914,053	\$ 45,232,058

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 6 - CAPITAL ASSETS (CONTINUED)

	Reconciliation of Net Investment in Capital Assets:		Component Units	
	Governmental Activities	Business-type Activities	Waverly Health Center	Waverly Light & Power
Land	\$ 14,364,221	\$ 117,723	\$ 2,206,302	\$ 351,624
Construction in Progress	642,754	18,500	137,446	2,378,952
Capital Assets (net of accumulated depreciation)	49,465,153	16,469,034	12,995,165	42,501,482
Less: General Obligation Bonds Payable	17,871,080	1,627,883	-	-
Notes Payable	207,281	221,529	1,070,259	-
Revenue Bonds	-	3,141,432	1,855,000	17,441,640
Add: Deferred Loss on Refunding	6,500	1,048	42,609	-
Reserve from Borrowing	-	-	-	1,139,375
Net Investment in Capital Assets	<u>\$ 46,400,267</u>	<u>\$ 11,615,461</u>	<u>\$ 12,456,263</u>	<u>\$ 28,929,793</u>

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2017, is \$35,847,307 of which \$18,840,000 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2017:

	Governmental Activities	Business Type Activities		Notes Payable		Total
	General Obligation	Bonds Paid By Enterprise Funds	Revenue Bonds	Notes Paid by Enterprise Fund	Notes Paid by Debt Service Fund	
<i>Primary</i>						
<i>Government:</i>						
Bonds payable July 1, 2016	\$ 19,430,000	\$ 2,005,000	\$ 3,390,000	\$ 372,711	\$ 145,490	\$ 25,343,201
Plus: Issued	-	-	-	-	111,927	111,927
Less: Payments	2,210,000	385,000	325,000	151,182	50,136	3,121,318
Bonds Payable June 30, 2017	<u>\$ 17,220,000</u>	<u>\$ 1,620,000</u>	<u>\$ 3,065,000</u>	<u>\$ 221,529</u>	<u>\$ 207,281</u>	<u>\$ 22,333,810</u>
Due within one year	<u>\$ 2,490,000</u>	<u>\$ 390,000</u>	<u>\$ 325,000</u>	<u>\$ 71,598</u>	<u>\$ 53,982</u>	<u>\$ 3,330,580</u>

The City of Waverly's general obligation bonds are shown gross of the unamortized premium of \$651,080 for governmental activities and \$84,315 for business-type activities between the GO Bonds and Revenue Bonds on the Statement of Net Position.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Waverly Health Center	Waverly Light And Power	Total Component Units
<i>Component Unit:</i>			
Bonds Payable / Notes Payable- June 30, 2016/December 31, 2015	\$ 4,643,050	\$ 11,559,721	\$ 16,202,771
Plus: Issued	-	6,450,797	6,450,797
Less: Retired	1,717,791	663,421	2,381,212
Bonds Payable / Notes Payable- June 30, 2017 / December 31, 2016	<u>\$ 2,925,259</u>	<u>\$ 17,347,097</u>	<u>\$ 20,272,356</u>
Due within one year	<u>\$ 2,167,692</u>	<u>\$ 863,421</u>	<u>\$ 3,031,113</u>

The component unit's debt is shown gross of unamortized premium of \$94,543.

Notes Payable

On August 15, 2013 the solid waste fund purchased a recycling truck with annual payments of \$84,356 due on August 15 of each year accruing interest at 3.5%. This loan was paid off in the current year.

On July 21, 2014, the City approved the purchase of property for \$160,000 from Stuart Macrey for the Cedar River Parkway Project. This purchase agreement allowed the City to purchase the property on contract over the course of 9 years at an interest rate of 5%.

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 through July, 2018.

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

	Governmental		Business-Type	
	Land/Golf Purchase Principal	Interest	Garbage Truck Principal	Interest
2018	\$ 53,982	\$ 8,660	\$ 71,598	\$ 6,864
2019	55,841	6,801	73,901	4,560
2020	17,637	4,873	76,030	2,318
2021	18,519	3,991	-	-
2022	19,445	3,065	-	-
2023-2024	41,857	3,165	-	-
	<u>\$ 207,281</u>	<u>\$ 30,555</u>	<u>\$ 221,529</u>	<u>\$ 13,742</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

General Obligation

General obligation bonds outstanding as of June 30, 2017 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2017
General Obligation:						
*2008 GO Refunding	2008	3.2-3.65%	2018	155,000-165,000	\$ 2,270,000	\$ 165,000
2009 GO Refunding	2009	2.5-3.65%	2019	255,000-555,000	4,360,000	550,000
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	2,455,000	945,000
*2012B GO LOSST Bonds	2012	.65-1.5%	2019	365,000-380,000	2,195,000	750,000
*2012C GO Bonds	2013	1-1.75%	2022	290,000-315,000	2,955,000	1,525,000
2013A GO Bonds	2013	.7-1.7%	2020	100,000-105,000	700,000	310,000
2014A GO Bonds	2014	2.0-3.0%	2029	205,000-725,000	7,306,200	6,745,000
2015B GO Bonds	2015	2.0-4.0%	2027	120,000-940,000	8,245,000	7,850,000
Total General Obligation					<u>\$ 30,486,200</u>	<u>\$ 18,840,000</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, 2017

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Revenue bonds outstanding as of June 30, 2017 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2016
Revenue Bonds:						
2014B – Water	2014	0.50-2.7%	2025	160,000-190,000	\$ 1,870,000	\$ 1,395,000
2015 - Sewer	2015	2.0-4.0%	2026	155,000-210,000	1,990,000	1,670,000
Total Revenue Bonds					<u>3,860,000</u>	<u>3,065,000</u>
Component Units:						
Waverly Health Center:						
2013 Hospital Revenue Refunding Bonds	2013	1.2-2.35%	2018	1,570,000-1,855,000	9,685,000	1,855,000
					<u>9,685,000</u>	<u>1,855,000</u>
Waverly Light and Power						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	1,130,526
2015 Utility Rev. Bonds	2015	2-4%	2030	100,000-185,000	4,980,000	4,880,000
2013 Revenue Bond	2013	.4-.67%	2023	365,000-420,000	4,000,000	2,890,000
2015 Comm Utility Rev. Bonds	2015	4.3%	2030	350,000-530,000	5,586,571	5,586,571
2016 Revenue Bonds	2016	2%	2030	135,000-170,000	2,860,000	2,860,000
					<u>20,252,887</u>	<u>17,347,097</u>
Grand Total Revenue Bonds					<u>\$ 33,797,887</u>	<u>\$ 22,267,097</u>

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

Year Ending June 30,	General Obligation				Revenue Bond	
	Paid by Debt Service Fund		Paid by Enterprise Fund		Principal	Interest
	Principal	Interest	Principal	Interest		
2018	\$ 2,490,000	\$ 475,971	\$ 390,000	\$ 27,131	\$ 325,000	\$ 76,065
2019	2,335,000	424,256	300,000	19,238	335,000	70,845
2020	1,790,000	374,785	305,000	14,738	345,000	65,135
2021	1,760,000	330,300	310,000	10,163	345,000	58,915
2022	1,525,000	284,458	315,000	5,513	360,000	50,605
2023-2027	6,490,000	672,700	-	-	1,355,000	91,640
2028-2029	830,000	37,500	-	-	-	-
	<u>\$17,220,000</u>	<u>\$ 2,599,970</u>	<u>\$1,620,000</u>	<u>\$ 76,783</u>	<u>\$ 3,065,000</u>	<u>\$ 413,205</u>

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

Year Ending June 30,	Waverly Health Center				
	Revenue Refunding Bonds	Notes Payable	Total Principal	Interest	Total
2018	\$ 1,855,000	\$ 312,692	\$ 2,167,692	\$ 33,396	\$ 2,201,088
2019	-	268,299	268,299	25,264	293,563
2020	-	161,073	161,073	17,419	178,492
2021	-	167,949	167,949	10,544	178,493
2022	-	160,246	160,246	3,374	163,620
	<u>\$ 1,855,000</u>	<u>\$ 1,070,259</u>	<u>\$ 2,925,259</u>	<u>\$ 89,997</u>	<u>\$ 3,015,256</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Waverly Light and Power

Year Ending December 31	Revenue Bond Principal	Interest	Total
2017	\$ 863,421	\$ 275,343	\$ 1,138,764
2018	1,233,421	495,947	1,729,368
2019	1,383,421	466,128	1,849,549
2020	1,418,421	427,254	1,845,675
2021	1,458,421	387,920	1,846,341
2022-2026	6,858,421	1,307,115	8,165,536
2027-2030	4,131,571	282,661	4,414,232
	<u>\$ 17,347,097</u>	<u>\$ 3,642,368</u>	<u>\$ 20,989,465</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.

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2017.

	July 1, 2016	Additions	Reductions	June 30, 2017	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 381,634	\$ 267,648	\$ 228,980	\$ 420,302	\$ 252,181
OPEB Liability	200,669	42,193	-	242,862	-
Equipment/Land Note	145,490	111,927	50,136	207,281	53,982
Net Pension Liability	3,415,458	1,006,467	-	4,421,925	-
	<u>\$ 4,143,251</u>	<u>\$ 1,428,235</u>	<u>\$ 279,116</u>	<u>\$ 5,292,370</u>	<u>\$ 306,163</u>
Business-Type Activities:					
Compensated Absences	\$ 96,194	\$ 52,650	\$ 57,716	\$ 91,128	\$ 54,677
Equipment Note	372,711	-	151,182	221,529	71,598
Net Pension Liability	614,962	155,956	-	770,918	-
	<u>\$ 1,083,867</u>	<u>\$ 208,606</u>	<u>\$ 208,898</u>	<u>\$ 1,083,575</u>	<u>\$ 126,275</u>

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Employee Benefit	Debt Service	Dry Run Project	Nonmajor Governmental	Total Transfers Out
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 141,844	\$ 141,844
Tax Increment Financing	650,000	-	344,882	-	-	994,882
Dry Run Project	-	-	-	-	207,670	207,670
Nonmajor Governmental	127,754	64,342	1,297,575	186,999	737,749	2,414,419
Water	-	-	-	-	50,000	50,000
Solid Waste	-	-	-	-	50,000	50,000
Total Transfers In	<u>\$ 777,754</u>	<u>\$ 64,342</u>	<u>\$ 1,642,457</u>	<u>\$ 186,999</u>	<u>\$ 1,187,263</u>	<u>\$ 3,858,815</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 8 – TRANSFERS (CONTINUED)

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 unit, except for those covered by another retirement system. Employees of the City 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.

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. 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.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

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.

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.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of pay and the City contributed 9.84 percent for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2017 were \$305,731 and total contributions for the component unit were \$2,262,025.

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

At June 30, 2017, the City reported a liability of \$2,905,864 and the component units reported a combined liability of \$21,492,297 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

the net pension liability was determined by an actuarial valuation as of that date. The City and the 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, 2016, the City's collective proportion was 0.0461738 percent, which was a decrease of 0.0008322 percent from its proportion measured as of June 30, 2015. The component unit's collective proportion was 0.3418 percent, which was an increase of 0.007485 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City and its component unit recognized pension expense of \$342,966 and \$2,618,040, respectively. At June 30, 2017 the City and component unit 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	\$ 25,682	\$ 34,680
Changes of assumptions	44,334	-
Net difference between projected and actual earnings on pension plan investments	413,993	-
Changes in proportion and differences between City contributions and proportionate share of contributions	21,867	41,555
City contributions subsequent to the measurement date	305,731	-
Total	\$ 811,607	\$ 76,235

	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,533	\$ 271,799
Changes of assumptions	327,185	207
Net difference between projected and actual earnings on pension plan investments	3,166,291	-
Changes in proportion and differences between Component Unit contributions and proportionate share of contributions	419,281	196,535
Component Unit contributions subsequent to the measurement date	2,262,025	-
Total	\$ 6,364,315	\$ 468,541

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

\$305,731 and \$2,262,025 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, 2018. 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	Component Unit
2018	\$ 54,304	\$ 444,649
2019	54,304	444,649
2020	209,746	1,721,368
2021	115,293	1,013,706
2022	(4,006)	9,377
	\$ 429,641	\$ 3,633,749

There were no non-employer contributing entities to IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum
Salary Increases (effective June 30, 2014)	4.00 to 17.00% average, including inflation. Rates vary by membership group
Investment Rate of Return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 1990)	4.00% per annum upon 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	24%	5.85
Non US Equity	16	6.32
Private Equity	11	10.31
Real Estate	8	3.87
Core Plus Fixed Income	28	1.90
Credit Opportunities	5	4.48
TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 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 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 7.5 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 (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$ 4,701,295	\$ 2,905,864	\$ 1,390,497
Component Unit's proportionate share of the net pension liability	\$35,050,598	\$ 21,492,297	\$ 9,958,789

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, 2017, the component unit reported payables to the defined benefit pension plan of approximately \$165,000 for legally required employer contributions and approximately \$110,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

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.

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.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

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.

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40 percent of earnable compensation for the year ended June 30, 2017.

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 25.92 percent for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 was \$267,110.

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, 2017.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$2,286,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City's proportion was 0.365764 percent which was an increase of 0.005295 percent from its proportions measured as of June 30, 2015.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 9 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2017, the City recognized pension expense of \$317,501. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,024	\$ 2,121
Changes of assumptions	96,558	31,325
Net difference between projected and actual earnings on pension plan investments	404,391	-
Changes in proportion and differences between City contributions and proportionate share Of contributions	39,719	13,752
City contributions subsequent to the Measurement date	267,110	-
Total	\$ 866,802	\$ 47,198

\$267,110 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, 2018. 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,	
2018	\$ 89,579
2019	89,579
2020	234,229
2021	137,774
2022	1,333
Total	\$ 552,494

Actuarial Assumptions The total pension liability in the June 30, 2016, 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, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on 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.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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	6.0%
Small Cap	5.8%
International Large Cap	7.0%
Emerging Markets	8.8%
Emerging Market Debt	6.5%
Private Non-Core Real Estate	9.3%
Master Limited Partnerships	8.5%
Private Equity	9.8%
Core Plus Fixed Income	3.8%
Private Core Real Estate	6.8%
Treasury Inflation Protected Securities	2.8%
Tactical Asset Allocation	6.0%

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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (8.5 percent) than the current rate.

	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$3,589,298	\$2,286,979	\$1,202,426

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, 2017.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 10 - DEFICIT FUND EQUITY

The City has ten funds with deficit equity balances at June 30, 2017. 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 – Dry Run	\$ 200
Capital Project – 2017 Airport Runway Ext.....	196
Capital Project – Fair/Ball Diamond Project.....	293,834
Capital Project – Alley Reconstruction Project	563
Capital Project – Hwy 3 Reconstruction.....	47,069
Capital Project – 2017 Bituminous Seal Coat.....	273
Capital Project – 20 th St. NW RR X Road.....	56,789
Capital Project – 2017 Cedar River Parkway.....	164,455
Capital Project – 3 rd St. Bridge.....	179,558
Capital Project – Various Small Projects	262

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, 2016	\$ 6,516
Claims paid	(213,627)
Claims incurred	238,025
Claims payable @ June 30, 2017	\$ 30,914

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 operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 70 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

No stand alone financial report is issued.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 60,820
Interest on net OPEB obligation	5,233
Adjustment to annual required contribution	(7,139)
Annual OPEB cost	58,914
Contributions made	(16,721)
Increase in net OPEB obligation	42,193
Net OPEB obligation beginning of year	200,669
Net OPEB obligation end of year	\$ 242,862

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 58,914	28.4%	\$ 242,862
June 30, 2016	\$ 58,914	28.4%	\$ 200,669
June 30, 2015	\$ 58,914	28.4%	\$ 158,476
June 30, 2014	\$ 54,694	45.2%	\$ 116,283
June 30, 2013	\$ 54,694	45.2%	\$ 86,319
June 30, 2012	\$ 54,694	45.2%	\$ 56,355
June 30, 2011	\$ 64,605	86.2%	\$ 26,391
June 30, 2010	\$ 64,605	86.5%	\$ 17,454
June 30, 2009	\$ 64,605	86.5%	\$ 8,727

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$446,783, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$446,783. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,760,000 and the ratio of the UAAL to covered payroll was 9.4%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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

of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date using the Alternative Measurement Method (AMM) permitted under GASB Statement, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions includes a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5.0% for all years.

Mortality rates are from the 2010 United States Life Tables. Non-group specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Projected claim costs of the medical plan are \$13,907 per year for retirees less than age 65 and \$19,467 per year for retirees selecting spousal coverage. The salary increase rate was assumed to be 3% per year and the rate of inflation was assumed to be 3%. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 13 - COMMITMENTS

During the year ended June 30, 2017, and in previous years the City had entered into several construction contracts totaling approximately \$12,012,000 of which approximately \$11,008,000 has been expended to date. The remaining balance will be paid as work progresses.

The City entered into an agreement with Wartburg College for the joint use of the new Wartburg-Waverly Wellness Center (The "W"). The City agreed to a contingent liability based on the revenues of the Wartburg-Waverly Wellness Center. In order to encourage the College to offer recreation programs, the City agrees that it will annually pay to the College the difference between the actual total revenues and the projected total estimated revenues beginning with the College's fiscal year ending May 31, 2009 and continuing for each fiscal year after through May 31, 2016. The revenue payment in any fiscal year from the City shall not exceed \$600,000. The final payment for this agreement was made in the current year.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

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, 2017, 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 \$33.25/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 assets are 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, 2016, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2017 was \$774,686.

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 \$959,337.

During the year ended June 30, 2017, the City rebated \$109,371 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$443,680. The outstanding balance on the agreements at June 30, 2017 was \$515,657.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 18 – URBAN RENEWAL DEVELOPMENT AGREEMENTS (CONTINUED)

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, 2017, the City abated \$41,441 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Bremer County	Urban renewal and economic development projects	\$ 65,080

Note 20 SUBSEQUENT EVENTS

On August 28, 2017 the City issued \$1,500,000 General Obligation Bonds, Series 2017A and \$615,000 Taxable General Obligation Bonds, Series 2017B for various capital projects. The 2017A and 2017B Series have a true interest cost of 1.64% and 2.55%, respectively. Both bonds mature on June 1, 2026.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2017

Note 21 NEW ACCOUNTING PRONOUNCEMENT

The City of Waverly adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to the Financial Statements include information about the City's tax abatements and tax abatements of other entities which impact the City.

Note 22 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

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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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Taxes	\$ 8,874,603	\$ -	\$ 8,874,603
Special Assessments	21,631	2,348	23,979
Licenses and Permits	112,392	-	112,392
Intergovernmental Revenue	4,590,011	-	4,590,011
Charges for Services	822,426	4,470,970	5,293,396
Fines and Forfeits	57,489	-	57,489
Contributions	57,216	-	57,216
Revenue from Use of Property	151,025	97,443	248,468
Interest on Investments	45,118	18,078	63,196
Miscellaneous	22,040	-	22,040
Total Receipts	14,753,951	4,588,839	19,342,790
Disbursements:			
Public Safety	2,150,921	-	2,150,921
Public Works	1,777,053	-	1,777,053
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,446,460	-	2,446,460
Community and Economic Development	1,320,378	-	1,320,378
General Government	1,540,113	-	1,540,113
Capital Projects	3,610,361	-	3,610,361
Debt Service	2,756,634	-	2,756,634
Business Type/Enterprises	-	4,035,846	4,035,846
Total Disbursements	15,611,794	4,035,846	19,647,640
Excess (deficiency) of revenues over expenditures	(857,843)	552,993	(304,850)
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	30,735	15,355	46,090
Transfers In	3,858,815	-	3,858,815
Transfers Out	(3,758,815)	(100,000)	(3,858,815)
Total other financing sources (uses)	130,735	(84,645)	46,090
Net Change in Fund Balance	(727,108)	468,348	(258,760)
Balances - beginning of year	6,841,626	2,891,827	9,733,453
Balances - end of year	\$ 6,114,518	\$ 3,360,175	\$ 9,474,693
Reconciliation of Ending Fund Balance - Cash Basis:			
Cash and Cash Equivalents	\$ 5,270,471	\$ 2,492,504	\$ 7,762,975
Investments	844,047	430,671	1,274,718
Restricted Cash and Cash Equivalents	-	437,000	437,000
	\$ 6,114,518	\$ 3,360,175	\$ 9,474,693

Budgeted Amounts		Final to Actual
Original	Final	Variance
\$ 8,726,259	\$ 8,726,259	\$ 148,344
1,000	31,444	(7,465)
31,250	31,250	81,142
3,871,809	4,600,517	(10,506)
4,438,870	4,438,870	854,526
-	-	57,489
-	-	57,216
183,955	183,955	64,513
-	-	63,196
924,105	1,006,280	(984,240)
<u>18,177,248</u>	<u>19,018,575</u>	<u>324,215</u>
2,162,733	2,169,631	18,710
1,891,382	1,892,177	115,124
24,624	9,874	-
2,447,521	2,481,974	35,514
1,332,431	1,366,251	45,873
886,598	922,077	(618,036)
2,931,000	4,643,065	1,032,704
3,150,780	3,150,780	394,146
4,164,293	4,309,537	273,691
<u>18,991,362</u>	<u>20,945,366</u>	<u>1,297,726</u>
(814,114)	(1,926,791)	1,621,941
-	6,070	40,020
5,449,746	5,337,121	(1,478,306)
<u>(5,449,746)</u>	<u>(5,337,121)</u>	<u>1,478,306</u>
-	6,070	40,020
(814,114)	(1,920,721)	1,661,961
<u>9,733,453</u>	<u>9,733,453</u>	<u>-</u>
<u>\$ 8,919,339</u>	<u>\$ 7,812,732</u>	<u>\$ 1,661,961</u>

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2017

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
Revenue:			
Taxes	\$ 8,874,603	\$ 132,958	\$ 9,007,561
Special Assessments	23,979	18,935	42,914
Licenses and Permits	112,392	1,153	113,545
Intergovernmental Revenue	4,590,011	(1,589,507)	3,000,504
Charges for Services	5,293,396	(93,018)	5,200,378
Fines and Forfeits	57,489	-	57,489
Contributions	57,216	(4,013)	53,203
Revenue from Use of Property	248,468	(85,080)	163,388
Interest on Investments	63,196	3,632	66,828
Miscellaneous	22,040	22,620	44,660
Total Revenue	<u>19,342,790</u>	<u>(1,592,320)</u>	<u>17,750,470</u>
Expenditures/Expenses:			
Public Safety	2,150,921	(48,951)	2,101,970
Public Works	1,777,053	(7,572)	1,769,481
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,446,460	81,798	2,528,258
Community and Economic Development	1,320,378	(9,578)	1,310,800
General Government	1,540,113	(604,416)	935,697
Capital Projects	3,610,361	(487,322)	3,123,039
Debt Service	2,756,634	-	2,756,634
Business Type/Enterprises	4,035,846	178,322	4,214,168
Total Expenditures/Expenses	<u>19,647,640</u>	<u>(897,719)</u>	<u>18,749,921</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(304,850)</u>	<u>(694,601)</u>	<u>(999,451)</u>
Other financing sources (uses):			
Issuance of Debt	-	111,927	111,927
Contributed Capital Revenue	-	1,118,464	1,118,464
Proceeds from Sale of Capital Assets	46,090	(15,355)	30,735
Transfers In	3,858,815	-	3,858,815
Transfers Out	(3,858,815)	-	(3,858,815)
Total other financing sources (uses)	<u>46,090</u>	<u>1,215,036</u>	<u>1,261,126</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>(258,760)</u>	<u>520,435</u>	<u>261,675</u>
Fund Balance/Retained Earnings - beginning of year	<u>9,733,453</u>	<u>11,452,059</u>	<u>21,185,512</u>
Fund Balance/Retained Earnings - end of year	<u><u>\$ 9,474,693</u></u>	<u><u>\$ 11,972,494</u></u>	<u><u>\$ 21,447,187</u></u>

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
June 30, 2017

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 9 major classes of expenditures known as functions, not by fund or fund type. These 9 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 expenditures 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 \$1,954,004. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the General Government function.

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

CITY OF WAVERLY, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008 *	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 2,998,246	20.2%
2010	July 1, 2008	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 3,000,000	20.2%
2011	July 1, 2008	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 3,000,000	20.2%
2012	July 1, 2011	\$ -	\$ 481,652	\$ 481,652	0.00%	\$ 3,460,000	13.9%
2013	July 1, 2011	\$ -	\$ 481,652	\$ 481,652	0.00%	\$ 3,460,000	13.9%
2014	July 1, 2011	\$ -	\$ 481,652	\$ 481,652	0.00%	\$ 3,460,000	13.9%
2015	July 1, 2014	\$ -	\$ 446,783	\$ 446,783	0.00%	\$ 3,756,000	11.9%
2016	July 1, 2014	\$ -	\$ 446,783	\$ 446,783	0.00%	\$ 4,648,000	9.6%
2017	July 1, 2014	\$ -	\$ 446,783	\$ 446,783	0.00%	\$ 4,760,000	9.4%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

**CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	City 2016	2015
Proportion of the net pension liability	0.0461738%	0.047006%	0.0486613%
Proportionate share of the net pension liability	\$ 2,906	\$ 2,337	\$ 1,930
Covered-employee payroll	\$ 3,312	\$ 3,236	\$ 3,180
Proportionate share of the net pension liability as a percentage of its covered employee payroll	87.74%	72.22%	60.69%
Plan fiduciary net position as a percentage of the total pension liability	82%	85%	88%

*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.

	2017	Component Units 2016	2015
Proportion of the net pension liability	0.3418%	0.334315%	0.313143%
Proportionate share of the net pension liability	\$ 21,492	\$ 16,521	\$ 12,419
Covered-employee payroll	\$ 24,244	\$ 23,902	\$ 23,310
Proportionate share of the net pension liability as a percentage of its covered employee payroll	88.65%	69.12%	53.28%
Plan fiduciary net position as a percentage of the total pension liability	82%	85%	88%

**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 YEAR * (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

	2015	2016	2017
City's proportion of the net pension liability	0.364687%	0.360469%	0.365764%
City's proportionate share of the net pension liability	\$ 1,322	\$ 1,694	\$ 2,287
City's covered-employee payroll	\$ 930	\$ 945	\$ 991
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	142.15%	179.26%	230.78%
Plan fiduciary net position as a percentage of the total pension liability	86.27%	83.04%	78.20%

*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, 2017**

City	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 306	\$ 297	\$ 289	\$ 284	\$ 266
Contributions in relation to the statutorily required contribution	(306)	(297)	(289)	(284)	(266)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180	\$ 3,068
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%

City	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 273	\$ 207	\$ 189	\$ 177	\$ 157
Contributions in relation to the statutorily required contribution	(273)	(207)	(189)	(177)	(157)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 3,383	\$ 2,978	\$ 2,842	\$ 2,787	\$ 2,595
Contributions as a percentage of covered-employee payroll	8.07%	6.95%	6.65%	6.35%	6.05%

Component Unit	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 2,262	\$ 2,165	\$ 1,981	\$ 1,929	\$ 1,835
Contributions in relation to the statutorily required contribution	(2,262)	(2,165)	(1,981)	(1,929)	(1,835)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered employee payroll	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310	\$ 22,829
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.3%	8.3%	8.0%

Component Unit	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 1,674	\$ 1,367	\$ 1,162	\$ 1,089	\$ 897
Contributions in relation to the statutorily required contribution	(1,674)	(1,367)	(1,162)	(1,089)	(897)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered employee payroll	\$ 22,475	\$ 20,550	\$ 18,367	\$ 18,165	\$ 15,572
Contributions as a percentage of covered-employee payroll	7.5%	6.7%	6.3%	6.0%	5.8%

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, 2017**

	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 267	\$ 275	\$ 287	\$ 280	\$ 232
Contributions in relation to the statutorily required contribution	(267)	(275)	(287)	(280)	(232)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 1,030	\$ 991	\$ 945	\$ 930	\$ 888
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%	26.12%
	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 215	\$ 171	\$ 137	\$ 143	\$ 183
Contributions in relation to the statutorily required contribution	(215)	(171)	(137)	(143)	(183)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 868	\$ 859	\$ 806	\$ 763	\$ 718
Contributions as a percentage of covered-employee payroll	8.68%	19.90%	17.00%	18.75%	25.48%

See accompanying independent auditors' report

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017**

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.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

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.

Municipal Fire & Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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OTHER SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2017

	Special Revenue Funds				
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund	Downtown TIF	Cable TV
Assets					
Cash and Cash Equivalents	\$ 872,312	\$ 183,163	\$ 222,094	\$ 128,638	\$ 29,845
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	7,800
Taxes	-	-	-	407	-
Special Assessments	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	127,925	152,422	104,612	-	-
Total Assets	1,000,237	335,585	326,706	129,045	37,645
Liabilities					
Accounts Payable	7,262	-	-	-	420
Accrued Wages	16,965	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	24,227	-	-	-	420
Deferred Inflows of Resources					
Unavailable Revenue - special assessments	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances (Deficits)					
Nonspendable:					
Perpetual Care	-	-	-	-	-
Restricted for:					
Tax Increment Financing	-	-	-	129,045	-
Road Purposes	976,010	-	-	-	-
Local Option Sales Tax	-	335,585	326,706	-	-
Capital Expenditures	-	-	-	-	-
Cable TV	-	-	-	-	37,225
Assigned for:					
Capital Improvement	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	976,010	335,585	326,706	129,045	37,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,000,237	\$ 335,585	\$ 326,706	\$ 129,045	\$ 37,645

Capital Project Funds						
Airport Runway Reconstruction	2017 Airport Runway Ext	AMVETS Riverbank	Fair/Ball Diamond Project	16th Street Reconstruction	Band Shelter	
\$ 5,010	\$ -	\$ -	\$ -	\$ 1,256	\$ -	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	180,000	-	-	-
5,010	-	-	180,000	1,256	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	196	-	473,834	-	-	-
-	196	-	473,834	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,010	-	-	-	1,256	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(196)	-	(293,834)	-	-	-
5,010	(196)	-	(293,834)	1,256	-	-
\$ 5,010	\$ -	\$ -	\$ 180,000	\$ 1,256	\$ -	

CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2017

	Capital Project Funds			
	Capital Improvement Fund	Alley Reconstruction Project	2nd Ave SW	REC Capital Improvements
Assets				
Cash and Pooled Investments	\$ 84,194	\$ -	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Total Assets	<u>84,194</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Accounts Payable	11,502	-	-	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	563	-	-
Total Liabilities	<u>11,502</u>	<u>563</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable Revenue - special assessments	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Tax Increment Financing	-	-	-	-
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Expenditures	-	-	-	-
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	72,692	-	-	-
Unassigned	-	(563)	-	-
Total Fund Balances (Deficits)	<u>72,692</u>	<u>(563)</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 84,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Project Funds						
20th ST NW Culvert	Hwy 3 Reconstruction	4th St Project	4th St NW Reconstruction	Emergency Demolition Program	FEMA Flood Projects	Historical Survey
\$ -	\$ -	\$ -	\$ -	\$ -	7,921	\$ 1,078
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	18,760	-
-	-	-	-	-	26,681	1,078
-	196	-	-	-	-	-
-	46,873	-	-	-	-	-
-	47,069	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	26,681	1,078
-	-	-	-	-	-	-
-	(47,069)	-	-	-	-	-
-	(47,069)	-	-	-	26,681	1,078
\$ -	\$ -	\$ -	\$ -	\$ -	26,681	\$ 1,078

CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2017

	Capital Project Funds				
	City Bridge Projects	Cedar Lane 2nd Ave NE	Housing Rehab	Flood Home Demolition	Public Services Facility
Assets					
Cash and Pooled Investments	\$ 130,584	\$ -	\$ -	\$ -	\$ 148,791
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Total Assets	130,584	-	-	-	148,791
Liabilities					
Accounts Payable	-	-	-	-	-
Accrued Wages	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred Inflows of Resources					
Unavailable Revenue - special assessments	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances (Deficits)					
Nonspendable:					
Perpetual Care	-	-	-	-	-
Restricted for:					
Tax Increment Financing	-	-	-	-	-
Road Purposes	-	-	-	-	-
Local Option Sales Tax	-	-	-	-	-
Capital Expenditures	-	-	-	-	-
Cable TV	-	-	-	-	-
Assigned for:					
Capital Improvement	130,584	-	-	-	148,791
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	130,584	-	-	-	148,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 130,584	\$ -	\$ -	\$ -	\$ 148,791

Capital Project Funds						
3rd Street Bridge Project	Babcock Woods Trail Reconstruction	Cedar River Parkway	Airport Land Acquisition	Dog Park	2nd St NE	
\$ -	\$ -	\$ 71,847	\$ 267,868	\$ -	\$ -	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	39,465	-	-	-
-	-	71,847	307,333	-	-	-
-	-	-	7,549	-	-	-
-	-	-	-	-	-	-
179,558	-	-	-	-	-	-
179,558	-	-	7,549	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	299,784	-	-	-
-	-	-	-	-	-	-
-	-	71,847	-	-	-	-
(179,558)	-	-	-	-	-	-
(179,558)	-	71,847	299,784	-	-	-
\$ -	\$ -	\$ 71,847	\$ 307,333	\$ -	\$ -	

CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2017

	Capital Project Funds			
	Outdoor Pool Renovation	CDBG Flood Buyouts	2017 Bituminous Seal Coat	Storm Drainage Improvement
Assets				
Cash and Pooled Investments	\$ -	\$ -	\$ -	\$ 811
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Total Assets				811
Liabilities				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	273	-
Total Liabilities			273	
Deferred Inflows of Resources				
Unavailable Revenue - special assessments	-	-	-	-
Total Deferred Inflows of Resources				
Fund Balances (Deficits)				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Tax Increment Financing	-	-	-	-
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Expenditures	-	-	-	-
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	-	-	-	811
Unassigned	-	-	(273)	-
Total Fund Balances (Deficits)			(273)	811
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ -	\$ -	\$ -	\$ 811

Capital Project Funds					Permanent	Governmental
Sidewalk Program	20th St NW RR X-Road	2017 Cedar River Parkway	South Industrial Park	Various Small Projects	Perpetual Care	Nonmajor Funds
\$ 65,422	\$ -	\$ -	\$ 785,021	\$ -	\$ 507,588	\$ 3,513,443
-	-	-	-	-	-	7,800
-	-	-	-	-	-	407
80,239	-	-	-	-	-	80,239
-	-	-	-	-	-	180,000
-	-	-	-	-	-	443,184
145,661	-	-	785,021	-	507,588	4,225,073
55,256	27,654	90,417	-	-	-	200,256
-	-	-	-	-	-	16,965
-	29,135	74,038	-	262	-	804,732
55,256	56,789	164,455	-	262	-	1,021,953
57,400	-	-	-	-	-	57,400
57,400	-	-	-	-	-	57,400
-	-	-	-	-	507,588	507,588
-	-	-	-	-	-	129,045
-	-	-	-	-	-	976,010
-	-	-	-	-	-	662,291
-	-	-	-	-	-	333,809
-	-	-	-	-	-	37,225
33,005	-	-	785,021	-	-	1,242,751
-	(56,789)	(164,455)	-	(262)	-	(742,999)
33,005	(56,789)	(164,455)	785,021	(262)	507,588	3,145,720
\$ 145,661	\$ -	\$ -	\$ 785,021	\$ -	\$ 507,588	\$ 4,225,073

CITY OF WAVERLY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2017

	Special Revenue Funds				
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund	Downtown TIF	Cable TV
Revenue:					
Taxes	\$ -	\$ 1,028,563	\$ 474,170	\$ 334,656	\$ -
Special Assessments	-	-	-	-	-
Licenses and Permits	-	-	-	-	29,528
Intergovernmental Revenue	1,261,829	-	-	-	-
Charges for Services	-	-	-	-	-
Contributions	-	-	-	-	-
Rental Income	-	-	-	-	-
Interest	-	678	1,185	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	1,261,829	1,029,241	475,355	334,656	29,528
Expenditures:					
Public Works	1,095,452	794	-	-	-
Culture and Recreation	-	-	-	-	21,791
Community and Economic Development	-	-	-	20,000	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Expenditures	1,095,452	794	-	20,000	21,791
Excess (deficiency) of revenues over expenditures	166,377	1,028,447	475,355	314,656	7,737
Other financing sources (uses):					
Transfers In	-	25,082	-	-	-
Transfers Out	(114,342)	(839,316)	(415,650)	(502,000)	-
Total other financing sources (uses)	(114,342)	(814,234)	(415,650)	(502,000)	-
Net Change in Fund Balance	52,035	214,213	59,705	(187,344)	7,737
Fund balances (deficits) - beginning of year	923,975	121,372	267,001	316,389	29,488
Fund balances (deficits) - end of year	\$ 976,010	\$ 335,585	\$ 326,706	\$ 129,045	\$ 37,225

Capital Project Funds					
Airport Runway Reconstruction	2017 Airport Runway Ext	AMVETS Riverbank	Fair/Ball Diamond Project	16th Street Reconstruction	Band Shelter
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
44,568	-	-	-	126,776	-
-	-	-	-	-	1,400
-	-	-	14,462	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,568	-	-	14,462	126,776	1,400
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,878	196	43	579,219	209,778	-
-	-	-	-	-	-
22,878	196	43	579,219	209,778	-
21,690	(196)	(43)	(564,757)	(83,002)	1,400
184,777	-	38,066	-	99,834	-
-	-	-	-	(6,600)	(1,440)
184,777	-	38,066	-	93,234	(1,440)
206,467	(196)	38,023	(564,757)	10,232	(40)
(201,457)	-	(38,023)	270,923	(8,976)	40
\$ 5,010	\$ (196)	\$ -	\$ (293,834)	\$ 1,256	\$ -

CITY OF WAVERLY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2017

	Capital Project Funds			
	Capital Improvement Fund	Alley Reconstruction Project	2nd Ave SW	REC Capital Improvements
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	282,348	-	-	-
Charges for Services	-	-	-	9,290
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	985	-	-	-
Miscellaneous	5,624	-	-	-
Total Revenue	288,957	-	-	9,290
Expenditures:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
Capital Projects	277,703	563	-	-
Debt Service	22,510	-	-	-
Total Expenditures	300,213	563	-	-
Excess (deficiency) of revenues over expenditures	(11,256)	(563)	-	9,290
Other financing sources (uses):				
Transfers In	50,000	-	3,422	-
Transfers Out	(83,066)	-	(12,500)	(9,290)
Total other financing sources (uses)	(33,066)	-	(9,078)	(9,290)
Net Change in Fund Balance	(44,322)	(563)	(9,078)	-
Fund balances (deficits) - beginning of year	117,014	-	9,078	-
Fund balances (deficits) - end of year	\$ 72,692	\$ (563)	\$ -	\$ -

Capital Project Funds						
20th ST NW Culvert	Hwy 3 Reconstruction	4th St Project	4th St NW Reconstruction	Emergency Demolition Program	FEMA Flood Projects	Historical Survey
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	67,104	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	67,104	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
174,015	40,468	-	-	-	40,423	807
-	-	-	-	-	-	-
174,015	40,468	-	-	-	40,423	807
(174,015)	(40,468)	-	-	-	26,681	(807)
207,670	-	29,377	268	72,548	-	-
-	-	-	-	-	-	-
207,670	-	29,377	268	72,548	-	-
33,655	(40,468)	29,377	268	72,548	26,681	(807)
(33,655)	(6,601)	(29,377)	(268)	(72,548)	-	1,885
\$ -	\$ (47,069)	\$ -	\$ -	\$ -	\$ 26,681	\$ 1,078

CITY OF WAVERLY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2017

	Capital Project Funds				
	City Bridge Projects	Cedar Lane 2nd Ave NE	Housing Rehab	Flood Home Demolition	Public Services Facility
Revenue:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-
Charges for Services	-	-	-	-	-
Contributions	-	-	-	-	-
Rental Income	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	-	-	-	-	-
Expenditures:					
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Community and Economic Development	-	-	-	-	-
Capital Projects	-	76,120	-	-	1,209
Debt Service	-	-	-	-	-
Total Expenditures	-	76,120	-	-	1,209
Excess (deficiency) of revenues over expenditures	-	(76,120)	-	-	(1,209)
Other financing sources (uses):					
Transfers In	20,000	76,120	-	42,108	150,000
Transfers Out	-	-	(13,907)	-	-
Total other financing sources (uses)	20,000	76,120	(13,907)	42,108	150,000
Net Change in Fund Balance	20,000	-	(13,907)	42,108	148,791
Fund balances (deficits) - beginning of year	110,584	-	13,907	(42,108)	-
Fund balances (deficits) - end of year	\$ 130,584	\$ -	\$ -	\$ -	\$ 148,791

Capital Project Funds					
3rd Street Bridge Project	Babcock Woods Trail Reconstruction	Cedar River Parkway	Airport Land Acquisition	Dog Park	2nd St NE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	39,465	-	-
-	-	-	-	60	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	39,465	60	-
-	-	-	-	-	-
-	-	-	-	-	-
137,288	-	-	44,820	-	-
137,288	-	-	44,820	-	-
(137,288)	-	-	(5,355)	60	-
-	38,789	-	-	-	115,008
-	(6,250)	(216,376)	(184,777)	-	-
-	32,539	(216,376)	(184,777)	-	115,008
(137,288)	32,539	(216,376)	(190,132)	60	115,008
(42,270)	(32,539)	288,223	489,916	(60)	(115,008)
\$ (179,558)	\$ -	\$ 71,847	\$ 299,784	\$ -	\$ -

CITY OF WAVERLY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2017

	Capital Project Funds			
	Outdoor Pool Renovation	CDBG Flood Buyouts	2017 Bituminous Seal Coat	Storm Drainage Improvement
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	-	-	-	-
Expenditures:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
Capital Projects	-	-	273	24,189
Debt Service	-	-	-	-
Total Expenditures	-	-	273	24,189
Excess (deficiency) of revenues over expenditures	-	-	(273)	(24,189)
Other financing sources (uses):				
Transfers In	9,194	-	-	25,000
Transfers Out	-	(8,905)	-	-
Total other financing sources (uses)	9,194	(8,905)	-	25,000
Net Change in Fund Balance	9,194	(8,905)	(273)	811
Fund balances (deficits) - beginning of year	(9,194)	8,905	-	-
Fund balances (deficits) - end of year	\$ -	\$ -	\$ (273)	\$ 811

Capital Project Funds					Permanent	Governmental Nonmajor Funds
Sidewalk Program	20th St NW RR X-Road	2017 Cedar River Parkway	South Industrial Park	Various Small Projects	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,837,389
40,566	-	-	-	-	-	40,566
-	-	-	-	-	-	29,528
-	-	-	-	-	-	1,822,090
31,243	-	-	-	-	-	40,533
-	-	-	-	-	5,207	6,667
-	-	-	-	-	-	14,462
-	-	-	4,073	-	-	6,921
-	-	-	-	-	-	5,624
71,809	-	-	4,073	-	5,207	3,803,780
-	-	-	-	-	-	1,096,246
-	-	-	-	-	-	21,791
-	-	-	-	-	-	20,000
221,600	56,789	164,455	-	262	-	2,073,098
-	-	-	-	-	-	22,510
221,600	56,789	164,455	-	262	-	3,233,645
(149,791)	(56,789)	(164,455)	4,073	(262)	5,207	570,135
-	-	-	-	-	-	1,187,263
-	-	-	-	-	-	(2,414,419)
-	-	-	-	-	-	(1,227,156)
(149,791)	(56,789)	(164,455)	4,073	(262)	5,207	(657,021)
182,796	-	-	780,948	-	502,381	3,802,741
\$ 33,005	\$ (56,789)	\$ (164,455)	\$ 785,021	\$ (262)	\$ 507,588	\$ 3,145,720

CITY OF WAVERLY, IOWA
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance			Balance
	July 1, 2016	Additions	Deductions	June 30, 2017
<u>Electric Utility</u>				
<u>Assets</u>				
Cash in Bank	\$ 4,983	\$ 15,718,294	\$ 14,649,787	\$ 1,073,490
Accounts Receivable	1,265,308	15,080,877	14,987,702	1,358,483
Other Receivable	22,102	585,745	581,191	26,656
Total Assets	<u>1,292,393</u>	<u>31,384,916</u>	<u>30,218,680</u>	<u>2,458,629</u>
<u>Liabilities</u>				
Due to Other Governments	1,258,862	30,557,588	29,390,532	2,425,918
Other Payables	33,531	827,328	828,148	32,711
Total Liabilities	<u>1,292,393</u>	<u>31,384,916</u>	<u>30,218,680</u>	<u>2,458,629</u>
<u>Warburg-Waverly Wellness Center</u>				
<u>Assets</u>				
Cash in Bank	12,772	1,018,910	1,016,019	15,663
Total Assets	<u>12,772</u>	<u>1,018,910</u>	<u>1,016,019</u>	<u>15,663</u>
<u>Liabilities</u>				
Due to Other Governments	12,772	1,018,910	1,016,019	15,663
Total Liabilities	<u>12,772</u>	<u>1,018,910</u>	<u>1,016,019</u>	<u>15,663</u>
<u>Totals</u>				
<u>Assets</u>				
Cash in Bank	17,755	16,737,204	15,665,806	1,089,153
Accounts Receivable	1,265,308	15,080,877	14,987,702	1,358,483
Other Receivable	22,102	585,745	581,191	26,656
Total Assets	<u>1,305,165</u>	<u>32,403,826</u>	<u>31,234,699</u>	<u>2,474,292</u>
<u>Liabilities</u>				
Due to Other Governments	1,271,634	31,576,498	30,406,551	2,441,581
Other Payables	33,531	827,328	828,148	32,711
Total Liabilities	<u>\$ 1,305,165</u>	<u>\$ 32,403,826</u>	<u>\$ 31,234,699</u>	<u>\$ 2,474,292</u>

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	100 – 108
<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	109 – 112
<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	113 – 121
<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	122 - 123
<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	124 - 128
<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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 21,032,486	\$ 23,672,634	\$ 31,003,445	\$ 38,301,899
Restricted	1,901,399	2,056,639	2,240,151	2,828,214
Unrestricted	<u>4,289,177</u>	<u>2,566,051</u>	<u>2,646,083</u>	<u>2,727,228</u>
Total Governmental Activities Net Position	<u><u>\$ 27,223,062</u></u>	<u><u>\$ 28,295,324</u></u>	<u><u>\$ 35,889,679</u></u>	<u><u>\$ 43,857,341</u></u>
Business-type Activities				
Net Investment in Capital Assets	\$ 10,839,282	\$ 11,575,601	\$ 11,665,128	\$ 11,417,580
Restricted	182,668	541,706	474,334	475,584
Unrestricted	<u>1,790,196</u>	<u>711,666</u>	<u>993,468</u>	<u>1,127,573</u>
Total Business-type Activities Net Position	<u><u>\$ 12,812,146</u></u>	<u><u>\$ 12,828,973</u></u>	<u><u>\$ 13,132,930</u></u>	<u><u>\$ 13,020,737</u></u>
Primary Government				
Net Investment in Capital Assets	\$ 31,871,768	\$ 35,248,235	\$ 42,668,573	\$ 49,719,479
Restricted	2,084,067	2,598,345	2,714,485	3,303,798
Unrestricted	<u>6,079,373</u>	<u>3,277,717</u>	<u>3,639,551</u>	<u>3,854,801</u>
Total Primary Government Activities Net Position	<u><u>\$ 40,035,208</u></u>	<u><u>\$ 41,124,297</u></u>	<u><u>\$ 49,022,609</u></u>	<u><u>\$ 56,878,078</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 42,386,586	\$ 43,321,391	\$ 45,860,962	\$ 44,889,601	\$ 45,139,066	\$ 46,400,267
2,369,707	2,699,291	2,509,661	2,043,840	2,706,371	3,236,491
3,004,997	2,503,546	976,180	149,599	1,638,015	(113,581)
<u>\$ 47,761,290</u>	<u>\$ 48,524,228</u>	<u>\$ 49,346,803</u>	<u>\$ 47,083,040</u>	<u>\$ 49,483,452</u>	<u>\$ 49,523,177</u>
\$ 11,902,943	\$ 10,591,981	\$ 10,274,538	\$ 8,167,297	\$ 10,659,431	\$ 11,615,461
89,088	89,468	88,279	-	22,734	103,401
1,253,202	2,366,784	2,509,368	4,581,247	2,892,703	3,178,122
<u>\$ 13,245,233</u>	<u>\$ 13,048,233</u>	<u>\$ 12,872,185</u>	<u>\$ 12,748,544</u>	<u>\$ 13,574,868</u>	<u>\$ 14,896,984</u>
\$ 54,289,529	\$ 53,913,372	\$ 56,135,500	\$ 53,056,894	\$ 55,798,497	\$ 58,015,728
2,458,795	2,788,759	2,597,940	2,043,840	2,729,105	3,339,892
4,258,199	4,870,330	3,485,548	4,730,846	4,530,718	3,064,541
<u>\$ 61,006,523</u>	<u>\$ 61,572,461</u>	<u>\$ 62,218,988</u>	<u>\$ 59,831,580</u>	<u>\$ 63,058,320</u>	<u>\$ 64,420,161</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	\$ 657,669	\$ 722,714	\$ 806,618	\$ 842,098	\$ 819,187	\$ 854,130	\$ 819,124	\$ 964,181	\$ 812,686	\$ 1,149,474
Public Safety	1,826,343	1,842,773	1,890,848	2,174,059	2,176,921	2,313,898	2,344,143	2,187,109	2,247,521	2,478,198
Public Works	3,051,121	3,525,685	3,091,315	2,910,741	3,423,797	3,455,969	4,007,339	4,063,154	5,275,053	4,374,264
Health and Social Services	371,172	752,457	160,307	185,670	183,493	159,562	161,194	184,325	64,184	9,874
Community & Economic Development	453,463	439,362	1,081,165	1,024,662	1,063,706	1,122,593	1,151,508	1,557,169	515,249	1,292,607
Culture and Recreation	2,391,710	2,266,639	2,218,807	2,322,625	2,364,603	2,308,768	2,362,684	2,364,058	2,574,145	2,505,856
Debt Service	581,318	533,573	410,454	360,531	374,287	306,030	194,220	477,628	536,149	437,831
Total Governmental Activities Expenses	9,332,796	10,083,203	9,659,514	9,820,386	10,405,994	10,520,950	11,040,212	11,797,624	12,024,987	12,248,104
Business-type Activities										
Water	1,004,759	1,015,570	1,046,779	987,418	1,045,903	1,239,221	1,357,585	1,129,752	1,125,154	1,225,589
Sewer	1,459,406	1,371,630	1,449,551	1,426,007	1,391,096	1,793,911	1,700,847	1,524,393	1,700,848	1,780,570
Solid waste	917,857	960,872	945,847	1,010,520	1,056,793	1,069,970	1,197,667	1,206,111	1,048,675	1,218,735
Total Business-type Activities Expenses	3,382,022	3,348,072	3,442,177	3,423,945	3,493,792	4,103,102	4,256,099	3,860,256	3,874,677	4,224,894
Total Primary Government Expenses	12,714,818	13,431,275	13,101,691	13,244,331	13,899,786	14,624,052	15,296,311	15,657,880	15,899,664	16,472,998
Program Revenues (2)										
Governmental Activities:										
Charges for Services										
General Government	288,618	220,787	225,423	242,245	234,040	224,984	241,614	268,368	241,010	271,525
Public Safety	53,784	40,546	44,690	69,828	72,235	60,096	53,708	41,530	42,533	51,089
Public Works	76,341	106,013	85,054	60,305	54,485	82,504	25,914	27,995	44,526	57,264
Community & Economic Development	24,002	28,000	19,231	19,988	9,941	12,347	12,338	20,266	23,303	22,734
Culture and Recreation	574,588	615,094	604,391	626,784	628,104	614,045	676,297	667,345	638,946	625,840
Operating Grants and Contributions	2,162,998	2,562,584	1,610,920	2,044,044	1,594,594	1,556,417	1,922,408	1,803,342	2,159,919	2,217,432
Capital Grants and Contributions	803,799	448,176	6,869,966	7,153,867	3,862,415	945,531	414,555	1,507,147	2,007,771	330,201
Total Governmental Activities Program Revenues	3,984,130	4,021,200	9,459,675	10,217,061	6,455,814	3,495,924	3,346,834	4,335,993	5,158,008	3,576,085
Business-type Activities:										
Charges for services:										
Water	1,086,607	1,030,087	1,092,557	1,086,039	1,169,370	1,195,417	1,228,012	1,236,098	1,246,479	1,308,725
Sewer	1,426,363	1,397,455	1,451,773	1,412,172	1,562,986	1,573,000	1,640,186	1,643,939	1,792,574	1,666,757
Solid waste	913,187	929,328	1,054,942	1,036,883	1,076,238	1,073,959	1,153,726	1,271,353	1,340,891	1,424,910
Capital Grants and Contributions	138,522	-	109,178	-	12,293	-	-	169,235	269,205	2,348
Total Business-Type Activities Program Revenues	3,564,679	3,356,870	3,708,450	3,535,094	3,820,887	3,842,376	4,021,924	4,320,625	4,649,149	4,402,740
Total Primary Government Program Revenues	\$ 7,548,809	\$ 7,378,070	\$ 13,168,125	\$ 13,752,155	\$ 10,276,701	\$ 7,338,300	\$ 7,368,758	\$ 8,656,618	\$ 9,807,157	\$ 7,978,825

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue ¹										
Governmental Activities:	\$(5,348,666)	\$(6,062,003)	\$ (199,839)	\$ 396,675	\$ (3,950,180)	\$ (7,025,026)	\$ (7,693,378)	\$ (7,461,631)	\$ (6,866,979)	\$(8,672,019)
Business-type Activities	182,657	8,798	266,273	111,149	327,095	(260,726)	(234,175)	460,369	774,472	177,846
Total Primary Government Net Expense	<u>(5,166,009)</u>	<u>(6,053,205)</u>	<u>66,434</u>	<u>507,824</u>	<u>(3,623,085)</u>	<u>(7,285,752)</u>	<u>(7,927,553)</u>	<u>(7,001,262)</u>	<u>(6,092,507)</u>	<u>(8,494,173)</u>
General Revenues										
Governmental Activities:										
Property Taxes	5,269,029	5,738,820	5,854,330	6,010,599	6,318,501	6,745,028	7,133,869	7,000,472	7,086,413	7,504,828
Local Option Sales Tax	803,943	815,438	828,529	790,374	882,114	871,022	896,970	996,545	1,128,998	1,502,733
Hotel/Motel Taxes	173,098	170,557	133,201	154,851	153,154	150,172	163,599	154,137	175,269	232,582
Interest	193,573	57,397	53,120	55,902	31,481	43,479	44,973	34,653	46,697	50,928
General Intergovernmental Revenues	178,926	190,500	202,440	193,778	168,924	153,540	173,778	261,712	425,137	400,122
Gain on Sale of Assets	259,062	30,326	563,272	-	21,192	11,186	-	4,500	-	30,735
Miscellaneous	75,766	54,738	119,104	66,833	98,233	40,697	77,764	22,198	96,217	8,280
Transfers	134,503	76,489	40,198	298,650	180,530	-	25,000	57,166	60,474	(1,018,464)
Total Governmental Activities	<u>7,087,900</u>	<u>7,134,265</u>	<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>	<u>8,531,383</u>	<u>9,019,205</u>	<u>8,711,744</u>
Business-type Activities:										
Investment Earnings	70,915	26,338	9,484	5,881	4,855	5,031	7,606	12,624	19,508	17,637
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	10,726
Miscellaneous	61,975	58,180	68,398	69,427	73,076	76,040	75,521	91,809	92,824	97,443
Transfers	(134,503)	(76,489)	(40,198)	(298,650)	(180,530)	-	(25,000)	(57,166)	(60,474)	1,018,464
Total Business-type Activities	<u>(1,613)</u>	<u>8,029</u>	<u>37,684</u>	<u>(223,342)</u>	<u>(102,599)</u>	<u>81,071</u>	<u>58,127</u>	<u>47,267</u>	<u>51,858</u>	<u>1,144,270</u>
Total Primary Government	<u>7,086,287</u>	<u>7,142,294</u>	<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>	<u>8,578,650</u>	<u>9,071,063</u>	<u>9,856,014</u>
Change in Net Position										
Governmental Activities	1,739,234	1,072,262	7,594,355	7,967,662	3,903,949	990,098	822,575	1,069,752	2,152,226	39,725
Business-type Activities	181,044	16,827	303,957	(112,193)	224,496	(179,655)	(176,048)	507,636	826,330	1,322,116
Total Primary Government	<u>\$ 1,920,278</u>	<u>\$ 1,089,089</u>	<u>\$ 7,898,312</u>	<u>\$ 7,855,469</u>	<u>\$ 4,128,445</u>	<u>\$ 810,443</u>	<u>\$ 646,527</u>	<u>\$ 1,577,388</u>	<u>\$ 2,978,556</u>	<u>\$ 1,361,841</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.

**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
2008	\$ 4,227,819	\$ 803,943	\$ 1,041,210	\$ 49,784	\$ 173,098	\$6,295,854
2009	4,319,975	815,438	1,418,845	46,878	170,557	6,771,693
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
Percentage Change In Dollars Over 10 Years	31.64%	70.75%	85.72%	14.00%	4.03%	44.68%

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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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Reserved	\$ 59,122	\$ 64,791	\$ 69,998	\$ -
Unreserved	2,896,720	1,782,381	1,452,931	-
Nonspendable ²	-	-	-	55,058
Restricted ²	-	-	-	-
Assigned ²	-	-	-	16,431
Unassigned ²	-	-	-	1,492,201
Total General Fund	<u>\$ 2,955,842</u>	<u>\$ 1,847,172</u>	<u>\$ 1,522,929</u>	<u>\$ 1,563,690</u>
All Other Governmental Funds				
Reserved	\$ 516,770	\$ 557,818	\$ 591,774	\$ -
Unreserved, reported in:				
Special Revenue Funds	1,415,982	1,495,475	1,576,193	-
Capital Projects Funds	1,165,065	314,939	809,766	-
Nonspendable ²	-	-	-	476,204
Restricted ²	-	-	-	3,471,095
Assigned ²	-	-	-	1,218,091
Unassigned ²	-	-	-	(422,145)
Total All Other Governmental Funds ¹	<u>\$ 3,097,817</u>	<u>\$ 2,368,232</u>	<u>\$ 2,977,733</u>	<u>\$ 4,743,245</u>
Total Governmental Funds				
Reserved	\$ 575,892	\$ 622,609	\$ 661,772	\$ -
Unreserved, reported in:				
General Fund	2,896,720	1,782,381	1,452,931	-
Special Revenue Funds	1,415,982	1,495,475	1,576,193	-
Capital Projects Funds	1,165,065	314,939	809,766	-
Nonspendable ²	-	-	-	531,262
Restricted ²	-	-	-	3,471,095
Assigned ²	-	-	-	1,234,522
Unassigned ²	-	-	-	1,070,056
Total Governmental Funds	<u>\$ 6,053,659</u>	<u>\$ 4,215,404</u>	<u>\$ 4,500,662</u>	<u>\$ 6,306,935</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
- The City implemented GASB 54 in fiscal 2011, which changed fund balance classifications for periods beginning after June 15, 2010.
- ²

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
55,817	58,623	74,062	75,689	74,377	88,789
367,798	-	-	-	-	-
22,206	26,025	11,416	20,874	24,627	22,810
<u>1,562,142</u>	<u>1,590,215</u>	<u>2,125,165</u>	<u>2,271,397</u>	<u>2,657,093</u>	<u>2,704,255</u>
<u>\$ 2,007,963</u>	<u>\$ 1,674,863</u>	<u>\$ 2,210,643</u>	<u>\$ 2,367,960</u>	<u>\$ 2,756,097</u>	<u>\$ 2,815,854</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
478,808	485,084	490,621	496,551	767,461	507,588
4,879,176	2,228,356	2,034,196	1,564,753	1,714,074	2,727,209
1,559,378	1,529,851	1,263,823	9,011,683	3,079,501	1,242,751
<u>(660,019)</u>	<u>(748,823)</u>	<u>(2,263,027)</u>	<u>(230,217)</u>	<u>(706,489)</u>	<u>(743,199)</u>
<u>\$ 6,257,343</u>	<u>\$ 3,494,468</u>	<u>\$ 1,525,613</u>	<u>\$ 10,842,770</u>	<u>\$ 4,854,547</u>	<u>\$ 3,734,349</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
534,625	543,707	564,683	572,240	841,838	596,377
5,246,974	2,228,356	2,034,196	1,564,753	2,203,990	2,727,209
1,581,584	1,555,876	1,275,239	9,032,557	2,614,212	1,265,561
902,123	841,392	(137,862)	2,041,180	1,950,604	1,961,056
<u>\$ 8,265,306</u>	<u>\$ 5,169,331</u>	<u>\$ 3,736,256</u>	<u>\$ 13,210,730</u>	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>

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

	Fiscal Year			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Taxes	\$ 6,246,070	\$ 6,724,815	\$ 6,816,060	\$ 6,955,824
Licenses and Permits	89,096	70,932	76,995	74,274
Intergovernmental	2,839,001	3,133,340	8,624,439	9,302,604
Charges for Services	762,581	753,881	749,174	789,360
Fines and Forfeits	60,519	55,617	57,984	81,432
Investment Earnings	190,953	53,475	49,430	53,322
Rental Income	105,137	130,010	94,636	56,533
Special Assessments	24,624	8,107	13,293	11,746
Contributions	46,245	62,145	53,426	86,594
Refunds/Reimbursements	-	-	-	-
Miscellaneous	75,766	54,738	100,733	102,756
Total Revenues	<u>\$ 10,439,992</u>	<u>\$ 11,047,060</u>	<u>\$ 16,636,170</u>	<u>\$ 17,514,445</u>
Expenditures				
Public Safety	2,527,463	1,865,308	1,967,944	1,944,423
Public Works	1,361,664	1,398,593	1,549,928	1,648,157
Health and Social Services	371,172	752,457	160,307	160,670
Culture and Recreation	1,965,203	2,112,607	2,068,757	2,280,472
Community and Economic Development	424,329	379,384	1,139,355	1,133,362
General Government	759,889	708,822	750,950	727,688
Debt Service				
Principal	1,365,468	1,492,422	1,559,972	1,637,393
Interest	598,918	578,130	421,926	381,360
Capital Projects	2,671,634	3,837,918	7,365,555	8,678,411
Total Expenditures	<u>\$ 12,045,740</u>	<u>\$ 13,125,641</u>	<u>\$ 16,984,694</u>	<u>\$ 18,591,936</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,605,748)	(2,078,581)	(348,524)	(1,077,491)
Other Financing Sources (Uses)				
Issuance of Bonds, Notes, and Leases	1,093,267	4,360,000	680,312	2,534,318
Premiums on Bonds Issued	-	-	-	50,796
Payment of Refunded Bonds	(589,612)	(4,295,000)	(650,000)	-
Transfers In	3,836,910	3,383,978	3,852,667	3,480,232
Transfers Out	(3,709,313)	(3,238,978)	(3,812,469)	(3,181,582)
Sale of Fixed Assets	259,062	30,326	563,272	-
Total Other Financing Sources (Uses)	<u>\$ 890,314</u>	<u>\$ 240,326</u>	<u>\$ 633,782</u>	<u>\$ 2,883,764</u>
Net change in fund balances	<u>\$ (715,434)</u>	<u>\$ (1,838,255)</u>	<u>\$ 285,258</u>	<u>\$ 1,806,273</u>
Debt service as a percentage of non-capital expenditures ¹	20.96%	22.29%	20.60%	20.36%

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 7,351,217	\$ 7,766,222	\$ 8,192,294	\$ 8,151,154	\$ 8,215,412	\$ 9,007,561
76,835	77,482	91,315	83,939	87,653	113,545
5,343,456	2,592,220	2,262,054	3,377,252	4,558,349	3,000,504
782,155	775,303	859,319	842,155	814,866	822,666
82,890	70,244	64,414	52,559	54,191	57,489
31,481	42,180	43,948	32,623	44,609	49,191
56,924	70,947	75,058	120,581	67,106	65,945
9,619	6,215	20,944	4,600	11,304	40,566
42,529	43,424	145,064	110,751	84,473	53,203
240,984	21,505	-	-	-	-
98,079	40,697	65,295	22,198	184,174	21,980
<u>\$ 14,116,169</u>	<u>\$ 11,506,439</u>	<u>\$ 11,819,705</u>	<u>\$ 12,797,812</u>	<u>\$ 14,122,137</u>	<u>\$ 13,232,650</u>
2,062,017	2,390,307	1,968,180	2,096,232	2,329,272	2,101,970
2,030,615	1,596,015	1,824,051	1,495,735	1,436,058	1,769,481
158,493	159,562	161,194	184,325	64,184	9,874
2,208,790	2,104,902	2,254,536	2,355,850	2,462,074	2,528,258
1,059,750	1,115,555	1,130,112	1,657,349	489,769	1,310,800
753,230	795,178	815,808	871,927	837,847	935,697
1,879,524	1,796,882	1,895,000	2,085,000	2,235,000	2,210,000
413,974	304,063	191,920	490,171	585,738	546,634
5,866,802	2,930,055	3,202,963	9,269,704	9,591,741	3,123,039
<u>\$ 16,433,195</u>	<u>\$ 13,192,519</u>	<u>\$ 13,443,764</u>	<u>\$ 20,506,293</u>	<u>\$ 20,031,683</u>	<u>\$ 14,535,753</u>
(2,317,026)	(1,686,080)	(1,624,059)	(7,708,481)	(5,909,546)	(1,303,103)
4,690,000	700,000	83,226	15,804,500	-	111,927
1,079	-	-	767,487	-	-
(645,000)	(2,135,000)	-	-	-	-
3,850,901	4,753,789	3,677,611	5,137,112	4,044,527	3,858,815
(3,670,371)	(4,753,789)	(3,574,023)	(5,079,946)	(3,984,053)	(3,758,815)
48,788	25,105	4,170	4,500	800	30,735
<u>\$ 4,275,397</u>	<u>\$ (1,409,895)</u>	<u>\$ 190,984</u>	<u>\$ 16,633,653</u>	<u>\$ 61,274</u>	<u>\$ 242,662</u>
<u>\$ 1,958,371</u>	<u>\$ (3,095,975)</u>	<u>\$ (1,433,075)</u>	<u>\$ 8,925,172</u>	<u>\$ (5,848,272)</u>	<u>\$ (1,060,441)</u>
21.71%	20.47%	20.38%	22.92%	24.01%	24.24%

**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		
2008	\$ 490,500,027	\$ 268,565,295	\$ 6,910,814	\$ 5,536,691	\$ 497,410,841	\$ 274,101,986	\$ 15.071	55.11%
2009	575,400,233	324,797,829	7,911,996	5,527,775	583,312,229	330,325,604	14.781	56.63%
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%

Source: Bremer County, Iowa; County Auditor

The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For FY 2017 this Notes: 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	
2008	\$ 8.555	\$ 3.782	\$ 2.734	\$ 15.071	\$ 12.390	\$ 6.520	\$ 0.828	\$ 19.738	\$ 34.809
2009	8.564	3.601	2.616	14.781	12.375	7.098	1.001	20.474	35.255
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

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2017

<u>Taxpayer</u>	<u>2017</u>			<u>2008</u>		
	<u>Total Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>Total Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
CUNA Mutual Life Insurance	\$ 9,926,900	1	1.52%	\$ 10,510,920	1	2.11%
Wal-Mart	9,194,710	2	1.41%	7,613,500	2	1.53%
Birdworks LLC	6,816,100	3	1.04%	6,788,040	4	1.36%
Nestle Beverage Company	4,982,410	4	0.76%	7,319,110	3	1.47%
First National Bank - Waverly	4,572,740	5	0.70%	4,349,360	5	0.87%
General Machine & Tool Co	4,381,900	6	0.67%	-	-	0.00%
CMI Investments LLC	4,145,570	7	0.64%	-	-	0.00%
Graening-Knights II LC	3,953,570	8	0.61%	-	-	0.00%
Waverly Hotel Group LLC	3,617,720	9	0.55%	-	-	0.00%
Village Square Plaza	3,496,520	10	0.54%	2,806,460	9	0.56%
Terex USA	-	-	0.00%	3,080,190	6	0.62%
MDM Partnership	-	-	0.00%	3,093,620	8	0.62%
GMT Corp	-	-	0.00%	3,324,150	7	0.67%
State Bank & Trust Co	-	-	0.00%	2,562,160	10	0.52%
Total Principal Taxpayers	<u>55,088,140</u>		<u>8.44%</u>	<u>51,447,510</u>		<u>10.33%</u>
All Other Taxpayers	<u>597,468,971</u>		<u>91.56%</u>	<u>445,963,331</u>		<u>89.67%</u>
Total Assessed Valuation	<u>\$652,557,111</u>		<u>100.00%</u>	<u>\$ 497,410,841</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**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2008	\$ 4,215,820	\$ 4,227,818	100.28%	N/A	\$ 4,227,818	100.28%
2009	4,307,395	4,319,975	100.29%	N/A	4,319,975	100.29%
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%

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	Note Payable			
2008	\$ 13,048,267	\$ 238,158	\$ 1,636,733	\$ 1,535,000	\$ -	\$ 16,458,158	7.94%	\$ 1,835
2009	11,656,017	182,156	1,373,983	1,245,000	-	14,457,156	6.95%	1,612
2010	10,138,636	157,159	1,106,364	940,000	-	12,342,159	5.44%	1,376
2011	10,980,000	184,900	885,000	630,000	-	12,679,900	5.20%	1,284
2012	13,250,000	46,268	655,000	305,000	-	14,256,268	5.85%	1,444
2013	10,530,000	22,193	2,675,000	175,000	-	13,402,193	5.50%	1,326
2014	8,125,000	66,206	2,755,000	45,000	207,655	11,198,861	4.28%	1,108
2015	21,657,406	193,602	2,385,000	3,705,000	157,655	28,098,663	10.73%	2,780
2016	19,430,000	145,490	2,005,000	3,390,000	372,711	25,343,201	8.68%	2,508
2017	\$ 17,220,000	\$ 207,281	\$ 1,620,000	\$ 3,065,000	\$ 221,529	\$ 22,333,810	7.80%	\$ 2,213

Notes:

- 1 Population data used was the estimated census from the year 2016 of 10,093.
- 2 See the Schedule of Demographic and Economic Statistics on page 109 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 Actual ¹ Taxable Value of Property</u>	<u>Per Capita²</u>
2008	\$ 14,685,000	\$ 32,626	\$ 14,652,374	5.35%	\$ 1,634
2009	13,030,000	91,817	12,938,183	3.92%	1,443
2010	11,245,000	101,396	11,143,604	3.26%	1,243
2011	11,865,000	72,430	11,792,570	3.36%	1,194
2012	13,905,000	2,168,236	11,736,764	3.22%	1,189
2013	13,205,000	467,780	12,737,220	3.28%	1,269
2014	10,880,000	86,345	10,793,655	2.59%	1,072
2015	24,050,000	87,198	23,962,802	5.59%	2,371
2016	21,435,000	-	21,435,000	5.81%	2,121
2017	\$ 18,840,000	\$ 9,413	\$ 18,830,587	4.86%	\$ 1,866

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 2016 of 10,093.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2017

Name of Governmental Unit	GO Debt Outstanding	Percentage ⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 18,840,000	100%	\$ 18,840,000
Overlapping:			
Bremer County ¹	1,805,000	18%	324,900
Waverly-Shell Rock School District ²	<u>12,613,000</u>	44%	<u>5,549,720</u>
Total Overlapping Debt	<u>14,418,000</u>		<u>5,874,620</u>
Total Direct and Overlapping Debt	<u>\$ 33,258,000</u>		<u>\$ 24,714,620</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 26,574,137	\$ 29,165,611	\$ 29,758,133	\$ 30,049,145
Total Net Debt Applicable to Limit	<u>14,890,532</u>	<u>13,120,339</u>	<u>11,300,763</u>	<u>11,977,470</u>
Legal Debt Margin	\$ 11,683,605	\$ 16,045,272	\$ 18,457,370	\$ 18,071,675
Total Net Debt Applicable to the Limit as a percentage of debt limit	56.03%	44.99%	37.98%	39.86%

Legal Debt Margin Calculation for Fiscal Year 2017

<u>Assessed Value</u>		<u>\$ 716,946,145</u>
Real and Personal Property Within the City		
DEBT LIMIT - 5% of ESTIMATED VALUATION		35,847,307
<u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable	22,333,810	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,670,000	
Water Revenue Bonds	1,395,000	
Solid Waste Notes	221,529	
Golf Course Notes	207,281	
Amount Available for Repayment of General Obligation Debt	9,413	
Add:		
Urban Renewal Development Agreements	<u>959,337</u>	
Debt Applicable to Debt Limit		<u>19,789,924</u>
Legal Debt Margin		<u><u>\$ 16,057,383</u></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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 30,473,254	\$ 31,542,084	\$ 31,968,258	\$ 32,971,505	\$ 33,601,567	\$ 35,847,307
11,802,800	12,759,413	10,793,655	23,955,208	21,435,000	19,789,924
<u>\$ 18,670,454</u>	<u>\$ 18,782,671</u>	<u>\$ 21,174,603</u>	<u>\$ 9,016,297</u>	<u>\$ 12,166,567</u>	<u>\$ 16,057,383</u>
38.73%	40.45%	33.76%	72.65%	63.79%	55.21%

**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
2008	\$ 1,086,607	\$ 958,476	\$ 259,751	\$ 128,131	\$ 260,000
2009	1,030,087	959,049	260,422	71,038	257,750
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

Notes

¹ GAAP Basis

<u>Payments For Interest</u>	<u>Total Debt Service Payments</u>	<u>Coverage</u>	<u>Net Revenue Available For Debt Service Plus Depreciation</u>	<u>Coverage Without Depreciation</u>
\$ 46,283	\$ 306,283	0.42	\$ 387,882	1.27
56,521	314,271	0.23	331,460	1.05
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

**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
2008	\$ 1,426,363	\$ 1,379,356	\$ 455,447	\$ 47,007	\$ 280,000	\$ 80,050
2009	1,397,455	1,317,802	448,663	79,653	295,000	53,828
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

Notes

¹ GAAP Basis

		Net Revenue		
		Available		
		For Debt		
		Service Plus		
		Depreciation		
Total				
Debt Service	Coverage	Coverage	Without	Depreciation
Payments		Depreciation	Depreciation	
\$ 360,050	0.13	\$ 502,454		1.40
348,828	0.23	528,316		1.51
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

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%
2017	10,093 (3)	\$ 286,277,852	\$ 28,364 (4)	34.0 (5)	3,800 (6)	2,246 (7)	2.80% (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 2017 estimate from quickfacts.census.gov
4. Taken from quickfacts.census.gov
5. Estimate from census.gov
6. Estimate from census.gov
7. WSR school enrollment for 16-17
8. Waverly Economic Development

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

Employer	2017		Percentage of Total City Employment
	Employees	Rank	
CUNA Mutual Life Insurance	541	1	3.98%
Wartburg College	535	2	3.93%
Waverly Health Center	466	3	3.43%
Waverly Shell Rock Schools	404	4	2.97%
Nestle USA Beverage Division	275	5	2.02%
Walmart	234	6	1.72%
Bartels Lutheran Home	229	7	1.68%
GMT Corporation	192	8	1.41%
Bremer County	185	9	1.36%
Life Line Emergency Vehicles	179	10	1.32%
Total Employees of Principal Employers	3,240		23.82%
Other Employees	10,360		76.18%
Adjusted Labor Force ²	13,600		100.00%

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	11	11	11	14.5	13.5	13.5	13.5	13	13	13
Library	10	10	10	10.5	10.5	10.5	10.5	11	11	10
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	1	1	8	8	8	8	8	8	9
Volunteers	36	36	36	29	29	29	29	29	29	28
Highways and Streets										
Public Works Admin/Engineering	4.75	4.75	4.75	4.75	6	6	6	6	6	6
Zoning/Economic	3	3	3	3	3	3	4	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	7	7
Sanitation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Culture and Recreation	20	17	17	18	18	18	18	18	18	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.75
Sewer	6	6	6	5.5	5.5	5.5	5.5	3.5	3.5	5.75
	<u>129.75</u>	<u>126.75</u>	<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>

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			
	2008	2009	2010	2011
Police				
Physical Arrests	691	556	490	456
Parking Violations	1,037	937	850	881
Traffic Violations	1,516	1,155	1,152	1,174
Fire				
Number of Calls Answered	135	127	120	118
Highways and Streets				
Street Maintenance (Blocks)	120	103	112	92
Street Reconstruction (Blocks)	7	9	0	22
Building Permits				
Number	357	402	414	455
Value	\$ 12,722,997	\$ 21,983,939	\$ 37,596,455	\$ 16,635,779
Permit Fees	\$ 70,269	\$ 103,873	\$ 35,259	\$ 89,506
Sanitation				
Solid Waste Collected (tons)	4,532	4,186	3,939	4,111
Recyclables Collected (pounds)	1,892,803	1,954,793	1,816,441	1,974,000
Water				
Water Pumped (in thousands of gallons)	352,075	367,679	356,739	327,325
Water Billed (in thousands of gallons)	268,325	257,857	242,962	273,135
Percent Accountable	76%	70%	68%	83%

Source: Annual reports from each department.

Fiscal Year						
2012	2013	2014	2015	2016	2017	
324	299	340	504	623	465	
570	599	728	528	548	579	
1,175	950	847	818	754	649	
110	111	76	112	106	110	
92	97	95	95	106	117	
0	36	10	10	6	0	
432	423	388	422	440	428	
\$ 20,192,166	\$ 19,816,016	\$ 15,692,981	\$ 35,672,014	\$ 27,773,351	\$ 23,430,006	
\$ 94,305	\$ 111,018	\$ 139,127	\$ 139,265	\$ 126,235	\$ 123,002	
3,910	3,653	3,910	3,995	4,239	4,464	
1,911,020	1,956,116	1,840,308	1,397,998	2,276,000	2,064,840	
329,465	328,942	327,477	375,445	352,702	356,489	
259,173	266,859	270,427	260,622	254,403	247,064	
79%	81%	83%	69%	72%	69%	

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

Function	Fiscal Year			
	2008	2009	2010	2011
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
Culture and Recreation				
Parks Acreage	120	120	120	140
Parks	24	24	24	25
Miles of Recreational Trails	12	14	14	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	2	2	2	2
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	68	68	73
Number of Service Connections	3,527	3,476	3,477	3,518
Daily Ave. Consumption in Gallons	961,750	1,012,819	977,367	909,236
Fire Hydrants	660	660	660	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	3,468	3,427	3,423	3,461
Daily Ave. Treatments in Gallons	1,829,100	1,174,000	1,076,884	1,370,000
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Source: Annual reports from each department.

		Fiscal Year				
2012	2013	2014	2015	2016	2017	
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	67	67	69	
7	7	7	7	7	7	
140	140	140	140	146	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	
2	2	2	2	2	2	
2	2	2	2	2	2	
1	1	1	1	1	1	
1	1	1	1	1	1	
47	47	47	47	47	47	
73	73	74	71	74	76	
3,539	3,591	3,664	3,674	3,966	4,059	
932,625	996,948	1,059,384	1,028,616	966,307	976,682	
679	679	690	690	692	693	
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	
62	62	63	61	63	60	
1	1	1	1	1	1	
3,477	3,527	3,595	3,620	3,912	3,966	
942,167	1,240,333	1,202,904	1,102,000	1,020,000	1,588,904	
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	

CITY OF WAVERLY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended June 30, 2017

Federal Grantor Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Direct:			
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0096-006-2015 3-19-0096-008-2017	\$ 468,826 <u>32,671</u> \$ 501,497
Indirect:			
U.S. Department of Transportation			
Passed through the Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-8190(632)--70-09	200,000
U.S. Department of Housing and Urban Development			
Passed through the Iowa Department of Economic Development			
Community Development Block Grant	14.228	08-DR1106-203	21,067
U.S. Department of Homeland Security			
Passed through the Iowa Homeland Security and Emergency			
Management Division:			
Disaster Grants- Public Assistance (Presidentially			
Declared Disasters)	97.036	PW # 179 VO PW # 129 VO PW # 171 VO PW # 194 VO	\$ 10,200 6,289 18,760 <u>31,854</u> 67,103
Total expenditures of federal awards			<u>\$ 789,667</u>

Note 1 - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Waverly, Iowa under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waverly, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waverly.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Waverly has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (e) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance.
- (f) The major program was as follows:
20.106 Airport Improvement Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (h) The City of Waverly did not qualify as a low-risk auditee.

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:

2017-001 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.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Part III: Findings Related to Federal Awards

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-17 - Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the General Government 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-17 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-17 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-17 - Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-17 - 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-17 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-17 - 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-17 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-I-17 - 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.

CITY OF WAVERLY, IOWA
Schedule of Prior Findings and Questioned Costs
For the Year Ended June 30, 2017

Part V: Prior Year Audit Findings – Year Ended June 30, 2016

2016-001 - **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 and 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.

Current Status – The recommendation is still in process. The City continues to look at its processes in order to make sure all amounts and adjustments are properly recorded.

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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, 2017 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 4, 2017. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Light and Power, 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 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 of 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 and questioned costs. 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.


Certified Public Accountants

Le Mars, Iowa
December 4, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Honorable Members of the City Council
Waverly, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of the City of Waverly, Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Waverly, Iowa's major federal program for the year ended June 30, 2017. The City of Waverly, Iowa's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City of Waverly's basic financial statements include the operations of Waverly Light and Power and Waverly Health Center which received no federal awards. Our audit, described below, did not include the operations of Waverly Light and Power and Waverly Health Center because these financial statements were audited by other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Waverly, Iowa's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Waverly, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Waverly, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Waverly, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City of Waverly, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Waverly, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly, Iowa's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

William & Lazarus, P.C.
Certified Public Accountants

Le Mars, Iowa
December 4, 2017

CITY OF
WAVERLY
City of Waverly, Iowa
Corrective Action Plan
June 30, 2017

The City of Waverly, Iowa respectfully submits the following corrective action plan for the year ended June 30, 2017.

The audit was performed by Williams & Company, P.C., 21 1st Avenue NW, Le Mars, Iowa, for the fiscal year ended June 30, 2017.

The finding from the June 30, 2017 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

MATERIAL WEAKNESS:

2017-001 Condition and Criteria – During the audit, we identified material adjustments required to be made to the City's financial statements. Adjustments were made by the City to properly include these changes to the financial statements. A similar condition was noted in the prior audit.

Effect – Expenses/Expenditures/Revenues may not be properly reported and/or balance sheet amounts maybe misstated.

Cause – Due to the limited number of employees, the City does not have sufficient controls in place to ensure that all entries are properly recorded and that all other applicable adjustments are made.

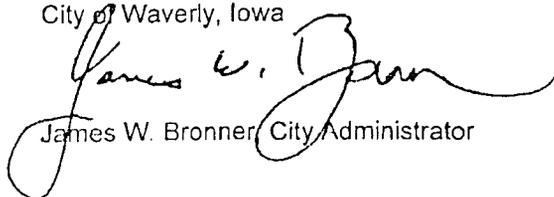
Recommendation – The City should implement procedures to ensure all entries are identified and included in the City's financial statements and that any required adjustments are made.

Response – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2018 annual report.

If involved agencies have any questions regarding this plan, please call James W. Bronner at 319-352-5772.

Sincerely yours,

City of Waverly, Iowa


James W. Bronner, City Administrator

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