

CITY OF WAVERLY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025



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Main Office 319 352 4252 – Fax 319 352 5772 Web Site: www.waverlyia.com

January 28, 2026

Honorable Mayor, City Council, and Citizens
City of Waverly
Waverly, Iowa

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2025. 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 CLA (CliftonLarsonAllen LLP).

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 requires that management provide an introduction, overview, and analysis to accompany the basic financial statements, 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 Annual Comprehensive Financial Report 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 10,394 residents in 2020 which is a growth of 4.40% 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, approving the Mayor's appointments of committees, and hiring the city administrator. The City Administrator is responsible for implementing policy decisions of the City Council, overseeing the day-to-day management of the City, and hiring department directors. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

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

FINANCIAL INFORMATION

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small-town atmosphere while being only a twenty-five-minute drive to a large metropolitan area. The last census showed Waverly's growth at 4.40% compared to the state's increase of 4.7%. The consistent sale of building permits is a good sign for Waverly. The total number of building permits increased approximately 81% from FY24, however, the total value of permits decreased from \$21,252,347 from FY24 to \$19,218,725. Economic Development remained strong for FY2025 with numerous projects being constructed as well as significant remodels and expansions. Some of the more significant commercial developments included the addition of an Aldi grocery store, TRC Spendthrift Trust auto repair shop and the remodeling and creation of the new Waverly Christian School. There were significant remodels at the Bremer County Courthouse, Nestle Beverage Co., Collegetowne, LLC., and Wartburg College. Additionally, Stone Meadows Addition is bringing the development of 18 new twin home units which are anticipated to be completed August 2028. It is important to maintain the quality of life for residents in Waverly which spurred the replacement of playground equipment at First Home Park, added a natural kayak launch to Pelikan Park, replaced three trail bridges on the Rail Trail, and started the construction of the new aquatic center. 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 as well as Waverly being considered a safe place to live. 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 Wartburg College with 538 employees, Waverly Health Center with 471 employees, Trustage with 437 employees, Waverly Shell-Rock Schools with 417 employees, Bartels Lutheran Retirement Comm. with 261 employees, and Walmart with 235 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 \$1,411,507.36 in fiscal year 2025. 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 fiscal year 2024 average unemployment rate of 3.4% compares favorably to the State's fiscal year 2025 average rate of 3.7 % for the same period. The tax base for the City is showing favorable increases. Growth of the City's taxable valuation has been steady compared to other cities of similar size. Assessed valuations for the same period increased, but the state's residential rollback continues to affect the taxing ability of cities. A new property class was established for multi-residential property in fiscal year 2017 and was eliminated in FY23. Those properties are now reclassified as residential property. Additionally, with the passing of House File 718, the City will be faced with additional restrictions beginning in FY25 including, but not only limited to the consolidation of levies to being a combined levy of \$8.10 in future years, homestead and military exemptions, annual single date for bond elections, etc.

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.

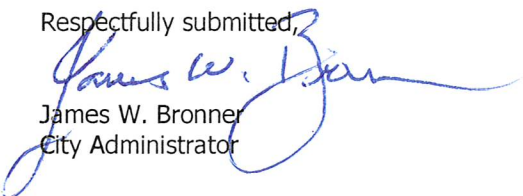
It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

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 annual comprehensive financial report (ACFR) for the year ended June 30, 2024. To receive this award, the city must publish an easily readable and efficiently organized ACFR. 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 2025 annual financial report to GFOA for review to determine its eligibility for an award.

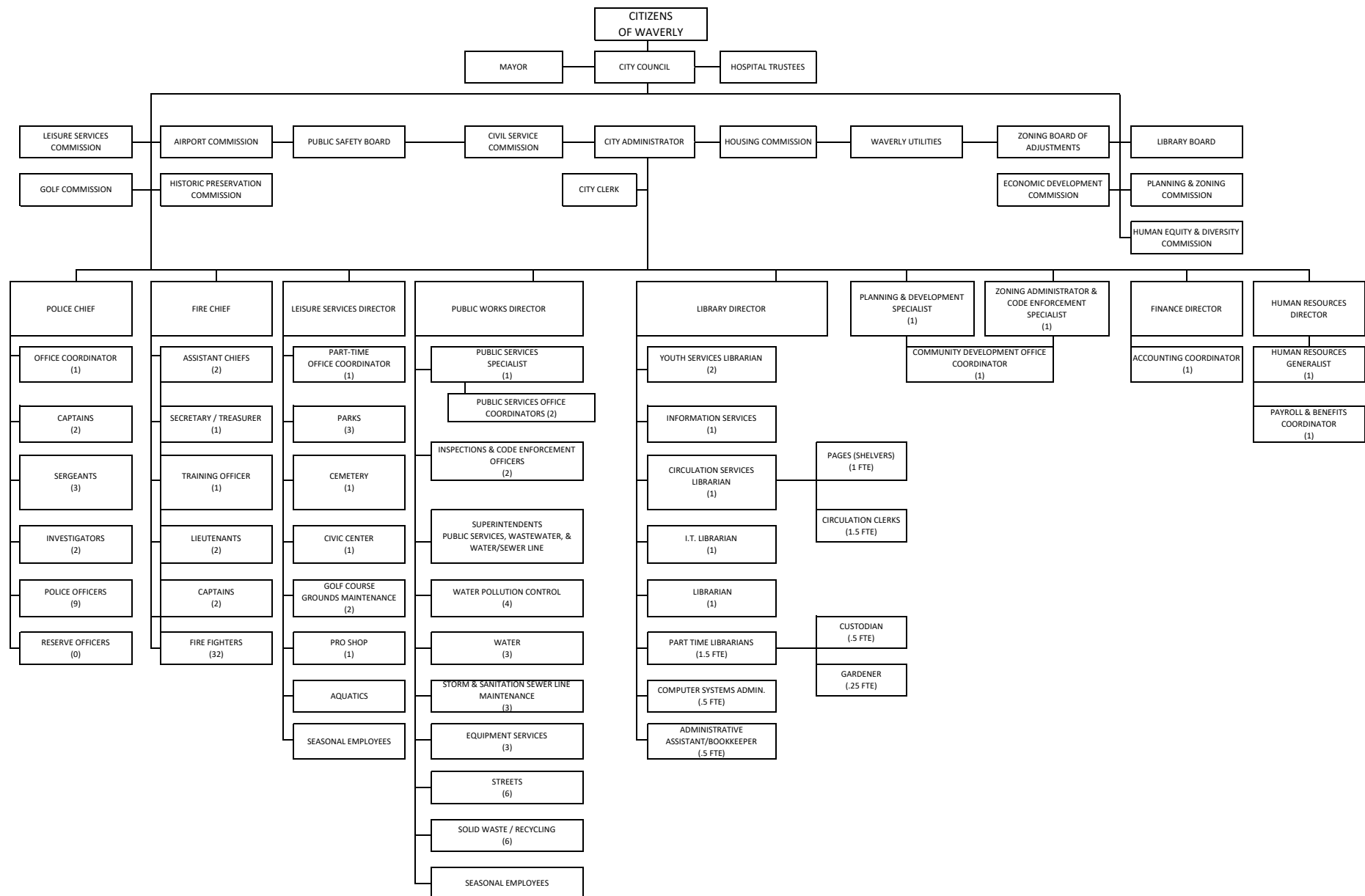
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the Mayor and City Council for their support and interest in the financial operations of the City in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

Respectfully submitted,


James W. Bronner
City Administrator


Valorie Northrup
Finance Director

CITY OF WAVERLY, IOWA ORGANIZATIONAL FLOW CHART



**CITY OF WAVERLY, IOWA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2025**

ELECTED OFFICIALS

Mayor	Mark Anderson
Council Member - Ward 1	Brian Birgen
Council Member - Ward 2	Jennifer Wolff
Council Member - Ward 3	Rodney Drenkow
Council Member - Ward 4	Brent Jones
Council Member - Ward 5	Tim Kangas
Council Member - At Large	Ann Rathe
Council Member - At Large	Julie Meyers

APPOINTED OFFICIALS

City Administrator	James W. Bronner
City Clerk	Carla Guyer
Finance Director	Valorie Northrup
Police Chief	Richard Pursell
Leisure Services Director	Garret Riordan
Fire Chief	Bryce McKenzie
Library Director	Sarah C. C. Meyer
Director of Public Works	Justin McGlaun



Government Finance Officers Association

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

Presented to

**City of Waverly
Iowa**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its annual comprehensive financial report for the fiscal year ended June 30, 2024. 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 annual comprehensive financial report whose contents conform to program standards. Such annual comprehensive 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.

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa (the City), as of and for the year ended June 30, 2025 (except for Waverly Utilities, which is as of and for the year ended December 31, 2024), and the related notes to the financial statements, which collectively comprise the City of Waverly, Iowa's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025 (except for Waverly Utilities, which is as of and for the year ended December 31, 2024), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Waverly Health Center and Waverly Utilities (discretely presented component units), which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units, consisting of Waverly Health Center and Waverly Utilities as of June 30, 2025 and December 31, 2024, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Waverly Health Center and Waverly Utilities, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Restatements

As discussed in Note 20 to the financial statements, the City restated beginning net position for the Governmental Activities, Business-Type Activities, Aggregate Remaining Fund Information, Water System Fund, Sewer System Fund, Solid Waste Fund and Internal Service Fund due to correction of errors in a prior fiscal year. The City also restated the beginning net position for the Waverly Health Center and Waverly Utilities for the implementation of GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes, Schedules of the City's Proportionate Share of Net Pension Liability (Asset), and Schedules of the City's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Peoria, Illinois
January 28, 2026

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The discussion and analysis of the City of Waverly's (the City) financial statements for the year ended June 30, 2025 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2025, by \$97,549,981.
- The City's net position increased by \$6,202,756 during the year. Of this amount the net position of our Governmental Activities increased by \$5,355,933 and the net position of our Business Activities increased \$846,823.
- The City's long-term debt increased \$4,072,949. The debt limit is \$51.8M. Outstanding general obligation debt totals \$29,095,000 and other note payables total \$11,248,369, revenue bonds total \$1,960,000, lease agreements total \$48,944, and IT subscription agreements total \$39,759.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$1,589,049.

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 (asset) and related contributions, as well as presenting the Schedule of changes in the City's Total OPEB Liability, Related Ratios, and Notes. Supplementary Information provides detailed information about the nonmajor governmental funds.

Reporting the City as a Whole

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

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

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 (*discretely presented component units*), for which the City has some degree of financial accountability. Financial information for these discretely presented 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 23-25 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.

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The City of Waverly maintains 34 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 26-29 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 30-33 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 fiduciary net position*.

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 36-88 of this report.

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

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, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Assets:						
Current and Other Assets	\$ 31,077,898	\$ 25,302,435	\$ 7,248,709	\$ 6,893,132	\$ 38,326,607	\$ 32,195,567
Capital Assets	90,684,480	85,247,249	30,034,534	28,587,153	120,719,014	113,834,402
Total Assets	121,762,378	110,549,684	37,283,243	35,480,285	159,045,621	146,029,969
Deferred Outflows of Resources	1,605,935	1,475,305	195,619	229,411	1,801,554	1,704,716
Liabilities:						
Other Liabilities	896,295	2,179,365	955,803	172,436	1,852,098	2,351,801
Noncurrent Liabilities	36,423,823	31,762,819	12,839,449	13,547,868	49,263,272	45,310,687
Total Liabilities	37,320,118	33,942,184	13,795,252	13,720,304	51,115,370	47,662,488
Deferred Inflows of Resources	10,906,603	10,194,141	1,275,221	548,684	12,181,824	10,742,825
Net Position:						
Net Investment in Capital Assets	68,647,318	61,849,136	16,528,572	15,622,595	85,175,890	77,471,731
Restricted	5,429,723	6,453,243	693,630	589,414	6,123,353	7,042,657
Unrestricted	1,064,551	(413,715)	5,186,187	5,228,699	6,250,738	4,814,984
Total Net Position	<u>\$ 75,141,592</u>	<u>\$ 67,888,664</u>	<u>\$ 22,408,389</u>	<u>\$ 21,440,708</u>	<u>\$ 97,549,981</u>	<u>\$ 89,329,372</u>

This summary reflects an increase in the governmental and business-type net positions.

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, \$6,123,353, represents resources that are subject to external restriction on how they may be used. Restricted net position include the amounts restricted for local option sales tax allowable purposes of \$1,657,924, road purposes of \$1,496,216, debt service of \$1,057,124, and other specific revenue restrictions of \$1,912,089. The remaining balance of unrestricted net position is \$6,250,738.

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

At the end of the current fiscal year, the City of Waverly is able to report positive balances in the categories of all net positions except for unrestricted in Governmental Activities.

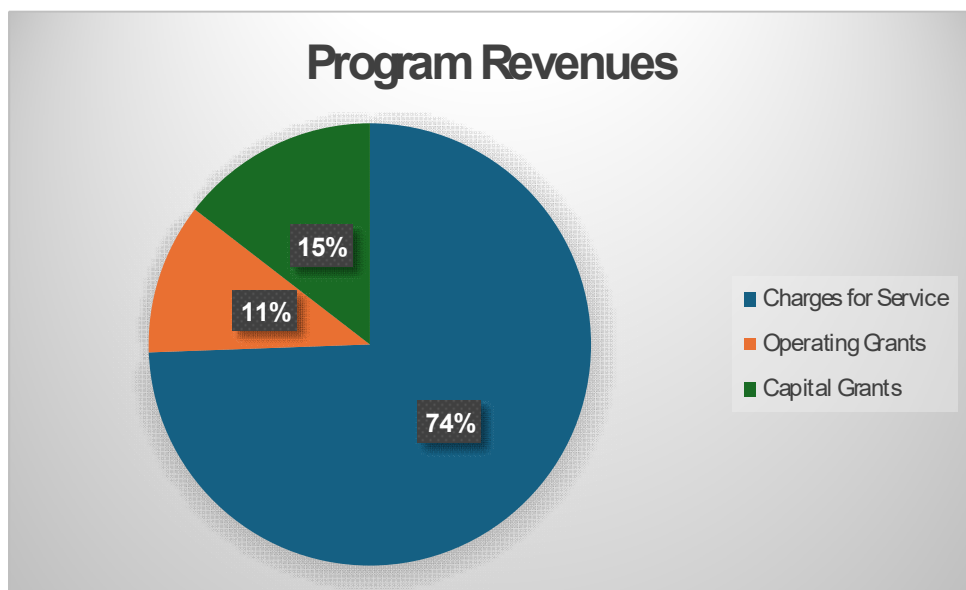
Total revenue reported in fiscal year 2025 was \$26,163,976. The following table breaks down revenues and expenses for governmental activities and business-type activities for fiscal year 2025 and 2024.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,660,847	\$ 1,325,534	\$ 6,505,867	\$ 6,276,259	\$ 9,166,714	\$ 7,601,793
Operating Grants and Contributions	1,359,826	2,756,116	-	-	1,359,826	2,756,116
Capital Grants and Contributions	1,789,851	1,471,183	-	3,713	1,789,851	1,474,896
Total Program Revenue	<u>5,810,524</u>	<u>5,552,833</u>	<u>6,505,867</u>	<u>6,279,972</u>	<u>12,316,391</u>	<u>11,832,805</u>
General Revenues:						
Property Taxes	10,696,353	9,459,550	-	-	10,696,353	9,459,550
Local Option Sales Tax	1,436,510	1,978,099	-	-	1,436,510	1,978,099
Hotel and Motel Tax	212,224	121,896	-	-	212,224	121,896
Interest	247,898	325,882	346,610	156,648	594,508	482,530
Intergovernmental Revenues	-	205,487	-	-	-	205,487
Property Tax Replacement	316,939	376,452	-	-	316,939	376,452
Loss on Sale of Property	-	-	-	-	-	-
Miscellaneous	489,259	191,001	101,792	98,200	591,051	289,201
Total General Revenues	<u>13,399,183</u>	<u>12,658,367</u>	<u>448,402</u>	<u>254,848</u>	<u>13,847,585</u>	<u>12,913,215</u>
Total Revenues	19,209,707	18,211,200	6,954,269	6,534,820	26,163,976	24,746,020
Expenses:						
Public Safety	3,086,117	3,123,040	-	-	3,086,117	3,123,040
Public Works	5,357,463	5,021,580	-	-	5,357,463	5,021,580
Health and Social Services	10,394	10,394	-	-	10,394	10,394
Culture and Recreation	3,484,805	4,161,825	-	-	3,484,805	4,161,825
Community and Economic Development	431,572	473,697	-	-	431,572	473,697
General Government	1,274,186	1,464,102	-	-	1,274,186	1,464,102
Debt Service	795,890	660,025	-	-	795,890	660,025
Water System	-	-	1,602,326	1,534,036	1,602,326	1,534,036
Sewer System	-	-	2,383,802	2,227,350	2,383,802	2,227,350
Solid Waste	-	-	1,534,665	1,442,217	1,534,665	1,442,217
Total Expenses	<u>14,440,427</u>	<u>14,914,663</u>	<u>5,520,793</u>	<u>5,203,603</u>	<u>19,961,220</u>	<u>20,118,266</u>
Change in Net Position Before Transfers	4,769,280	3,296,537	1,433,476	1,331,217	6,202,756	4,627,754
Interfund Transfers	<u>586,653</u>	<u>60,412</u>	<u>(586,653)</u>	<u>(60,412)</u>	<u>-</u>	<u>-</u>
Change in Net Position After Transfers	5,355,933	3,356,949	846,823	1,270,805	6,202,756	4,627,754
Net Position - Beginning of Year, as Previously Reported	67,888,664	64,531,715	21,440,708	20,169,903	89,329,372	84,701,618
Prior Period Adjustment	1,896,995	-	120,858	-	2,017,853	-
Net Position - Beginning of Year, as Restated	<u>69,785,659</u>	<u>64,531,715</u>	<u>21,561,566</u>	<u>20,169,903</u>	<u>91,347,225</u>	<u>84,701,618</u>
Net Position - End of Year	<u>\$ 75,141,592</u>	<u>\$ 67,888,664</u>	<u>\$ 22,408,389</u>	<u>\$ 21,440,708</u>	<u>\$ 97,549,981</u>	<u>\$ 89,329,372</u>

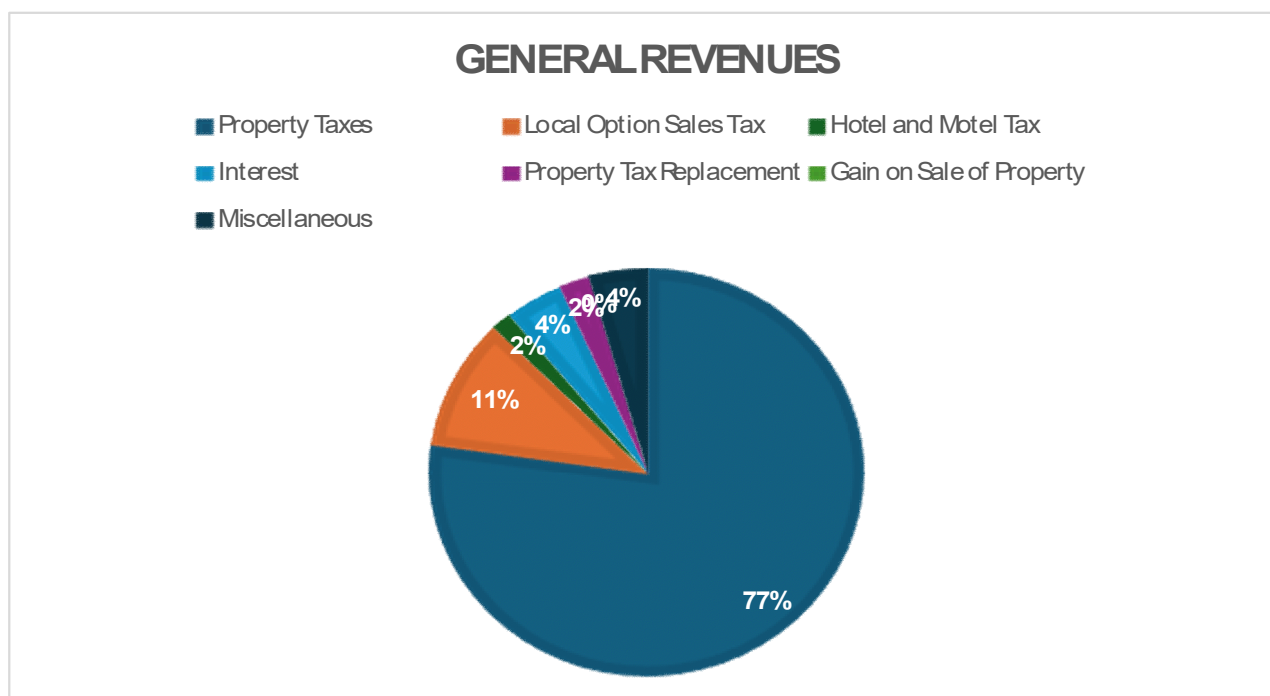
Program revenues totaled \$12,316,391 for fiscal year 2025. Governmental activities provided \$5,810,524 and business-type activities provided \$6,505,867.

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The city continues to develop projects to move the city forward. Property tax revenue was up slightly in fiscal year 2025. The following chart breaks down program revenues by source:



General revenues for fiscal year 2025 totaled \$13,847,585. Governmental activities provided \$13,399,183 and business-type activities provided \$448,402. Property tax revenues for fiscal year 2025 totaled \$10,696,353, accounting for 77.24% of General Revenues. The following chart breaks down general revenues by source:



**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Expenses for fiscal year 2025 totaled \$19,961,220. Expenses for general governmental activities totaled \$14,440,427 accounting for 72.34% of the total expenses. Business-type activity expenses totaled \$5,520,793 for 27.66% of the total. This is an increase of \$317,190, or 6.1% from the prior year.

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

Governmental Activities

The statement of activities requires some additional explanation. The format is significantly different than a typical statement of revenues, expenses, and changes in fund balance. The expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a net revenue (expense) calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$3,086,117 and received \$77,404 in charges for services and grants, leaving a cost to the taxpayer of \$3,008,713 to be funded by various methods including property taxes. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The net cost of governmental activities this year was \$8,629,903. The statement of activities in the financial statements provides further detail. The net revenue (expense) by governmental activity is shown in the following table:

Functions/Programs	Net Revenue (Expense)	
	2025	2024
Governmental Activities:		
Public Safety	\$ (3,008,713)	\$ (2,539,912)
Public Works	(3,204,179)	(2,139,032)
Health and Social Services	(10,394)	(10,394)
Culture and Recreation	(70,118)	(956,487)
Community and Economic Development	(349,215)	(420,548)
General Government	(1,191,394)	(1,109,178)
Debt Service	(795,890)	(715,407)
Total Governmental Activities	(8,629,903)	(7,890,958)
General Revenues	13,399,183	11,964,573
Excess of Revenues Over Expenses	4,769,280	4,073,615
Interfund Transfers	586,653	(1,658,286)
Change in Net Position	\$ 5,355,933	\$ 2,415,329

The cost of all proprietary activities this year was \$5,520,793. As shown in the statement of activities, the amount paid by users of the systems was \$6,505,867 resulting in a total net revenue increase for business-type activities of \$985,074. The net (expense) revenue by business-type activity is shown in the following table:

Functions/Programs	Net Revenue (Expense)	
	2025	2024
Business-Type Activities		
Water System	\$ 120,698	\$ 122,492
Sewer System	466,772	306,568
Solid Waste System	397,604	388,043
Total Business-Type Activities	985,074	817,103
General Revenues	448,402	171,182
Excess of Revenues Over Expenses	1,433,476	988,285
Interfund Transfers	(586,653)	1,658,286
Change in Net Position	\$ 846,823	\$ 2,646,571

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$18,797,436. The combined governmental funds fund balance increased \$6,668,752 mostly as a result of proceeds from the issuance of debt.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues and other financing uses in the General Fund by \$618,776 due to increase in public safety and culture and recreation expenses. Significant public safety expenditures included the purchase of four vehicles for the police department and radios for the fire department. The public unit had a 2.75% cost of living adjustment while the city and non-city units had a 3% cost of living adjustment, which comprises of culture and recreation. The total unassigned fund balance of \$1,589,049 is 24% of expenditures. The Employee Benefit fund balance increased due to renewal rates being better than expected along with an increase in property taxes. The Debt Service fund increased in fiscal year 2025 due to estimated debt payments having less principal and interest than originally anticipated, and additional funding from the state's business property tax credits and commercial and industrial rollback payments.. The Aquatic Center Improvements fund increased due to proceeds from the issuance of debt.

Budgetary Highlights

The following table shows the overall budget variances by program structure:

	Actual	Amended Budget	Variance
Expenditures:			
Public Safety	\$ 3,176,569	\$ 3,400,541	\$ 223,972
Public Works	2,159,018	2,435,983	276,965
Health and Social Services	10,394	10,394	-
Culture and Recreation	3,257,497	3,569,557	312,060
Community and Economic Development	442,466	639,775	197,309
General Government	1,255,982	1,488,312	232,330
Capital Projects	5,775,449	6,591,841	816,392
Debt Service	6,003,841	5,952,984	(50,857)
Business Type - Enterprise	6,701,887	6,283,125	(418,762)
Total Disbursements	\$ 28,783,103	\$ 30,372,512	\$ 1,589,409

Below is a brief recap of budget activity for the year:

- The budget is prepared on the cash basis.
- The total original revenue budget of \$29,803,490, including issuance of debt and transfers was amended to \$41,098,392 (an increase of \$11,294,902). The increase was mainly due to the receiving of bond proceeds in FY25 for the issuance of debt.
- The total original disbursement budget, including transfers of \$31,743,091 was amended to \$38,201,444 (an increase of \$6,458,353).

**CITY OF WAVERLY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

- The above amendments to budgets were mainly related to the timing of capital projects. The largest change came with the approval of the increase in budget related to the Capital Projects function in the amount of \$4,210,961. This change is the main reason for the large variance between actual and final budgeted amounts. Total actual expenditures came in below budget projections by \$2,506,407. The City did very well this year controlling disbursements based on original budget projections.

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. For the current, significant projects completed included the airport taxiway connector project, city hall wall improvements, Rolling Prairie Trail Extension, west water tower rehabilitation, phase 2 of the parks maintenance building remodel, library addition and renovation, Baskins Creek Rail Trail bridge replacement, construction of the public services material and cold storage building, and fueling station. The City also purchased a truck for the water department, four vehicles for the police department, fire radios, generators for the City and jet/vac machine.

Additional information on the City of Waverly's capital assets can be found in Note 7 of the financial statements and information on the City of Waverly's construction commitments can be found in Note 15.

Debt Administration

On June 30, 2025 the City had \$29,095,000 of GO Bond debt outstanding.

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

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$51,775,390 for the 2025 fiscal year. The outstanding General Obligation Debt applicable to this limit is \$30,295,000 for the City. More detailed information on debt administration is provided in Note 9 of the financial statements.

Economic Factors

The City of Waverly reports an average of 19.8 residential units per year in the past five years. The units are a combination of single-family units, duplex units and multi-family units. In fiscal year 2025 the City had 11 new single-family house permits. New commercial building permits have averaged 4.6 per year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

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.

BASIC FINANCIAL STATEMENTS

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 17,795,882	\$ 4,359,070	\$ 22,154,952	\$ 27,139,324	\$ 15,406,397
Certificates of Deposit	465,000	400,000	865,000	-	-
Investments	1,032,208	511,997	1,544,205	3,146,652	-
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):					
Accounts	25,542	661,673	687,215	10,468,939	3,188,481
Taxes	22,267	-	22,267	-	-
Subsequent Year Taxes	10,725,066	-	10,725,066	-	-
Accrued Interest	17,249	23,382	40,631	5,188	79,942
Lease Receivable	32,588	88,543	121,131	-	135,780
Other	-	-	-	66,531	-
Estimated Third-Party Payor Settlements	-	-	-	622,038	-
Estimated Unbilled Usage	-	378,660	378,660	-	-
Special Assessments	6,225	4,509	10,734	-	-
Due from Other Governmental Agencies	298,417	-	298,417	-	-
Internal Balances	137,105	(137,105)	-	-	-
Inventories	97,202	264,350	361,552	1,470,266	2,022,391
Prepaid Assets	-	-	-	1,116,213	287,958
Other	-	-	-	81,118	-
Restricted Assets:					
Cash and Cash Equivalents	315,300	443,630	758,930	353,896	1,621,052
Certificates of Deposit	-	250,000	250,000	-	-
Total Current Assets	<u>30,970,051</u>	<u>7,248,709</u>	<u>38,218,760</u>	<u>44,470,165</u>	<u>22,742,001</u>
Noncurrent Assets:					
Lease Receivable	69,276	1,260,140	1,329,416	-	1,822,152
Investment in Joint Venture	38,571	-	38,571	-	226,180
Receivable in Whartburg Green Power	-	-	-	-	300,000
Land	15,102,462	117,723	15,220,185	2,288,446	901,565
Construction in Progress	9,134,026	15,694,853	24,828,879	1,415,372	165,261
Capital Assets, Net of Accumulated Depreciation/Amortization	<u>66,447,992</u>	<u>12,961,818</u>	<u>79,409,810</u>	<u>36,002,504</u>	<u>44,740,280</u>
Total Noncurrent Assets	<u>90,792,327</u>	<u>30,034,534</u>	<u>120,826,861</u>	<u>39,706,322</u>	<u>48,155,438</u>
Total Assets	121,762,378	37,283,243	159,045,621	84,176,487	70,897,439
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	1,605,935	195,619	1,801,554	4,809,447	234,512

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 610,508	\$ 900,942	\$ 1,511,450	\$ 3,844,872	\$ 1,478,887
Accrued Wages	149,466	33,787	183,253	4,862,712	-
Cash Advance	-	-	-	811,171	-
Other Accrued Expenses	-	-	-	555,694	1,110,331
Accrued Claims	50,383	-	50,383	-	-
Unearned Revenue	-	-	-	-	176,473
Estimated Third-Party Payor Settlements	-	-	-	112,043	-
Accrued Interest Payable	85,938	21,074	107,012	23,247	37,822
Total Current Liabilities	896,295	955,803	1,852,098	10,209,739	2,803,513
Noncurrent Liabilities:					
Due Within One Year:					
Notes Payable	-	492,000	492,000	347,305	-
Revenue Bonds Payable	150,000	385,000	535,000	657,676	1,880,756
General Obligation Bonds	4,455,000	-	4,455,000	-	-
Lease Agreements	19,830	-	19,830	666,057	142,381
IT Subscriptions	33,259	-	33,259	188,425	56,777
Compensated Absences and Benefits	281,152	49,653	330,805	-	-
Due in More Than One Year:					
Notes Payable	-	10,756,369	10,756,369	1,190,794	-
Revenue Bonds Payable	1,050,000	387,512	1,437,512	28,270,564	12,065,651
General Obligation Bonds	25,427,708	-	25,427,708	-	-
Lease Agreements	29,114	-	29,114	600,417	2,158,633
IT Subscriptions	6,501	-	6,501	351,853	79,959
Total OPEB Liability	873,949	249,354	1,123,303	-	941,654
Net Pension Liability	3,909,875	486,459	4,396,334	11,354,914	1,084,722
Compensated Absences and Benefits	187,435	33,102	220,537	-	-
Total Noncurrent Liabilities	36,423,823	12,839,449	49,263,272	43,628,005	18,410,533
Total Liabilities	37,320,118	13,795,252	51,115,370	53,837,744	21,214,046
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Taxes	10,725,066	-	10,725,066	-	-
Pension Related Deferred Inflows	87,721	14,081	101,802	495,119	82,836
Lease Related Deferred Inflows	93,816	1,261,140	1,354,956	-	1,957,932
Regulator Credits - Rate Stabilization	-	-	-	-	1,475,294
Total Deferred Inflows of Resources	10,906,603	1,275,221	12,181,824	495,119	3,516,062
NET POSITION					
Net Investment in Capital Assets	68,647,318	16,528,572	85,175,890	7,787,127	31,715,274
Restricted for:					
Debt Service	363,494	693,630	1,057,124	-	415,597
Employee Benefits	1,227,868	-	1,227,868	-	-
Road Purposes	1,496,216	-	1,496,216	-	-
Local Option Sales Tax	1,657,924	-	1,657,924	-	-
Cable TV	134,039	-	134,039	-	-
Capital Expansion	-	-	-	81,118	-
Capital Improvement	-	-	-	-	-
Nonexpendable:					
Permanent Fund	550,182	-	550,182	-	-
Unrestricted	1,064,551	5,186,187	6,250,738	26,784,826	14,270,972
Total Net Position	<u>\$ 75,141,592</u>	<u>\$ 22,408,389</u>	<u>\$ 97,549,981</u>	<u>\$ 34,653,071</u>	<u>\$ 46,401,843</u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units	
								Waverly Health Center	Waverly Utilities
PRIMARY GOVERNMENT									
Governmental Activities:									
Public Safety	\$ 3,086,117	\$ 43,808	\$ 33,596	\$ -	\$ (3,008,713)	\$ -	\$ (3,008,713)	\$ -	\$ -
Public Works	5,357,463	1,598,164	555,120	-	(3,204,179)	-	(3,204,179)	-	-
Health and Social Services	10,394	-	-	-	(10,394)	-	(10,394)	-	-
Culture and Recreation	3,484,805	920,867	704,137	1,789,683	(70,118)	-	(70,118)	-	-
Community and Economic Development	431,572	15,384	66,973	-	(349,215)	-	(349,215)	-	-
General Government	1,274,186	82,624	-	168	(1,191,394)	-	(1,191,394)	-	-
Debt Service	795,890	-	-	-	(795,890)	-	(795,890)	-	-
Total Governmental Activities	14,440,427	2,660,847	1,359,826	1,789,851	(8,629,903)	-	(8,629,903)	-	-
Business-Type Activities:									
Water System	1,602,326	1,723,024	-	-	-	120,698	120,698	-	-
Sewer System	2,383,802	2,850,574	-	-	-	466,772	466,772	-	-
Solid Waste System	1,534,665	1,932,269	-	-	-	397,604	397,604	-	-
Total Business-Type Activities	5,520,793	6,505,867	-	-	-	985,074	(6,505,867)	-	-
Total Primary Government	19,961,220	9,166,714	1,359,826	1,789,851	(8,629,903)	985,074	(7,644,829)	-	-
COMPONENT UNITS									
Waverly Health Center	84,637,469	88,239,544	39,286	10,539	-	-	-	3,651,900	-
Waverly Utilities	22,809,725	20,933,828	352,486	-	-	-	-	-	(1,523,411)
Total Component Unit	107,447,194	109,173,372	391,772	10,539	-	-	-	3,651,900	(1,523,411)
Total	\$ 127,408,414	\$ 118,340,086	\$ 1,751,598	\$ 1,800,390	(8,629,903)	985,074	(7,644,829)	3,651,900	(1,523,411)
GENERAL REVENUES AND TRANSFERS									
Property Taxes					10,696,353	-	10,696,353	-	-
Local Option Sales Tax					1,436,510	-	1,436,510	-	-
Hotel and Motel Taxes					212,224	-	212,224	-	-
Interest on Investments					247,898	346,610	594,508	738,694	-
Unrestricted General Intergovernmental Revenues					-	-	-	-	515,350
Property Tax Replacement					316,939	-	316,939	-	-
Gain on Sale of Property					-	-	-	-	24,543
Miscellaneous					489,259	101,792	591,051	-	3,456,972
Interfund Transfers					586,653	(586,653)	-	-	-
Total General Revenues and Transfers					13,985,836	(138,251)	13,847,585	738,694	3,996,865
CHANGES IN NET POSITION									
					5,355,933	846,823	6,202,756	4,390,594	2,473,454
Net Position - Beginning of Year, as Previously Reported					67,888,664	21,440,708	89,329,372	31,997,562	43,957,755
Prior Period Adjustments					1,896,995	120,858	2,017,853	(1,735,085)	(29,366)
Net Position - Beginning of Year, as Restated					69,785,659	21,561,566	91,347,225	30,262,477	43,928,389
NET POSITION - END OF YEAR									
	\$ 75,141,592	\$ 22,408,389	\$ 97,549,981	\$ 34,653,071	\$ 46,401,843				

See accompanying Notes to Financial Statements.

**CITY OF WAVERLY, IOWA
BALANCE SHEET
JUNE 30, 2025**

	General	Special Revenue Employee Benefit	Debt Service	Capital Projects Aquatic Center Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 347,609	\$ 1,274,620	\$ 357,618	\$ 8,588,238	\$ 6,507,985	\$ 17,076,070
Certificates of Deposit	-	-	-	-	465,000	465,000
Investments	1,032,208	-	-	-	-	1,032,208
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):						
Accounts	25,542	-	-	-	-	25,542
Taxes	10,655	4,549	5,876	-	1,187	22,267
Subsequent Year Taxes	4,790,047	2,027,289	3,079,727	-	828,003	10,725,066
Accrued Interest	17,249	-	-	-	-	17,249
Lease Receivable	101,864	-	-	-	-	101,864
Special Assessments	5,780	-	-	-	445	6,225
Due from Other Funds	367,472	-	-	-	-	367,472
Due from Other Governmental Agencies	23,339	-	-	-	275,078	298,417
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	315,300	315,300
Inventories	97,202	-	-	-	-	97,202
Total Assets	\$ 6,818,967	\$ 3,306,458	\$ 3,443,221	\$ 8,588,238	\$ 8,392,998	\$ 30,549,882
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 124,994	\$ 10,116	\$ -	\$ 142,906	\$ 311,616	\$ 589,632
Accrued Wages	95,826	41,185	-	-	12,455	149,466
Due to Other Funds	-	-	-	-	188,381	188,381
Total Current Liabilities	220,820	51,301	-	142,906	512,452	927,479
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Subsequent Year Taxes	4,790,047	2,027,289	3,079,727	-	828,003	10,725,066
Unavailable Revenue - Special Assessments	5,640	-	-	-	445	6,085
Lease Related Deferred Inflows	93,816	-	-	-	-	93,816
Total Deferred Inflows of Resources	4,889,503	2,027,289	3,079,727	-	828,448	10,824,967
FUND BALANCES						
Nonspendable:						
Inventory	97,202	-	-	-	-	97,202
Perpetual Care	-	-	-	-	550,182	550,182
Restricted for:						
Debt Service	-	-	363,494	-	-	363,494
Employee Benefits	-	1,227,868	-	-	-	1,227,868
Road Purposes	-	-	-	-	1,496,216	1,496,216
Local Option Sales Tax	-	-	-	-	1,657,924	1,657,924
Cable TV	-	-	-	-	134,039	134,039
Capital Improvements	-	-	-	8,445,332	910,161	9,355,493
Assigned for:						
Trees Forever	20,624	-	-	-	-	20,624
Municipal Band	1,769	-	-	-	-	1,769
Capital Improvement	-	-	-	-	2,485,127	2,485,127
Unassigned	1,589,049	-	-	-	(181,551)	1,407,498
Total Fund Balances	1,708,644	1,227,868	363,494	8,445,332	7,052,098	18,797,436
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,818,967	\$ 3,306,458	\$ 3,443,221	\$ 8,588,238	\$ 8,392,998	\$ 30,549,882

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds	\$ 18,797,436
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,684,480
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The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.	38,571
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Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in governmental activities in the statement of net position.	606,567
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	6,085
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Accrued interest expense from the balance sheet that require current financial resources from governmental activities.	(85,938)
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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	\$ 1,605,935	
Deferred Inflows of Resources	(87,721)	1,518,214

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Bonds (Net of Unamortized Premium)	(29,882,708)	
Revenue Bonds Payable	(1,200,000)	
Lease Agreements	(48,944)	
IT Subscriptions	(39,760)	
Net Pension Liability	(3,909,875)	
OPEB Liability	(873,949)	
Compensated Absences	(468,587)	(36,423,823)

Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 75,141,592
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CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

	General	Special Revenue Employee Benefit	Debt Service	Capital Projects Aquatic Center Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,377,416	\$ 1,883,022	\$ 2,575,537	\$ -	\$ 3,296,206	\$ 12,132,181
Special Assessments	168	-	-	-	682	850
Licenses and Permits	69,125	-	-	-	31,107	100,232
Intergovernmental Revenue	929,223	27,835	34,778	-	2,081,189	3,073,025
Charges for Services	950,115	-	-	-	-	950,115
Fines and Forfeits	45,325	-	-	-	-	45,325
Contributions	236,639	-	-	-	49,473	286,112
Refunds and Reimbursements	-	-	-	-	9,940	9,940
Revenue from Use of Property	107,475	-	-	-	-	107,475
Interest on Investments	167,359	-	10,858	-	55,423	233,640
Miscellaneous	262,083	-	-	-	3,400	265,483
Total Revenues	7,144,928	1,910,857	2,621,173	-	5,527,420	17,204,378
EXPENDITURES						
Current:						
Public Safety	2,522,710	678,806	-	-	-	3,201,516
Public Works	660,415	153,334	-	-	1,320,964	2,134,713
Health and Social Services	10,394	-	-	-	-	10,394
Culture and Recreation	2,716,374	492,264	-	-	7,379	3,216,017
Community and Economic Development	370,418	71,402	-	-	-	441,820
General Government	1,146,047	105,140	-	-	-	1,251,187
Capital Projects	16,111	-	-	588,018	4,521,087	5,125,216
Debt Service	-	-	5,948,184	-	160,026	6,108,210
Total Expenditures	7,442,469	1,500,946	5,948,184	588,018	6,009,456	21,489,073
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(297,541)	409,911	(3,327,011)	(588,018)	(482,036)	(4,284,695)
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	255,000	-	-	8,950,000	1,010,000	10,215,000
Premium on Bonds Issued	-	-	-	83,350	-	83,350
Proceeds from Insurance	68,444	-	-	-	-	68,444
Transfers In	1,489,476	-	3,554,779	-	2,071,302	7,115,557
Transfers Out	(2,134,155)	-	-	-	(4,394,749)	(6,528,904)
Total Other Financing Sources (Uses)	(321,235)	-	3,554,779	9,033,350	(1,313,447)	10,953,447
NET CHANGE IN FUND BALANCES	(618,776)	409,911	227,768	8,445,332	(1,795,483)	6,668,752
Fund Balances - Beginning of Year, as Previously Reported	2,327,420	817,957	135,726	-	9,192,517	12,473,620
Prior Period Adjustment	-	-	-	-	(344,936)	(344,936)
Fund Balances - Beginning of Year, as Restated	2,327,420	817,957	135,726	-	8,847,581	12,128,684
FUND BALANCES - END OF YEAR	<u>\$ 1,708,644</u>	<u>\$ 1,227,868</u>	<u>\$ 363,494</u>	<u>\$ 8,445,332</u>	<u>\$ 7,052,098</u>	<u>\$ 18,797,436</u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds	\$	6,668,752
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Amounts reported for governmental activities in the statement of activities are different because:

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/amortization expense. Capital outlays exceeded depreciation/amortization expense in the current year as follows:

Expenditures for Capital Assets	\$	6,037,528	
Capital Contributions		1,789,683	
Depreciation/Amortization Expense		<u>(4,392,652)</u>	3,434,559

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 capital assets. This is the effect on the change in net position on the statement of activities.

(15,181)

Loss on investment in joint venture not recorded at the fund level.

(12,242)

Governmental funds report special assessments and delinquent property taxes as revenue when it becomes available, but the statement of activities includes as revenue when levied.

(1,758)

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.

(25,267)

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.

(58,317)

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.

(72,349)

The current year City IPERS and MFPRSI contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.

892,619

Some 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.

Pension			(663,434)
Other Postemployment Benefits			44,686

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	5,232,643	
Proceeds from Issuance of Long-Term Debt	<u>(10,238,617)</u>	(5,005,974)

The governmental funds report the effect of premiums, discounts, and deferred charges on refunding's when new debt is issued, whereas, these amounts are deferred and amortized in the statement of activities.

169,839

Change in Net Position of Governmental Activities as Reported on the Statement of Activities	\$	<u><u>5,355,933</u></u>
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See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities				Governmental Activities
	Water System	Sewer System	Solid Waste	Total	Internal Service
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 742,440	\$ 1,852,100	\$ 1,764,530	\$ 4,359,070	\$ 719,812
Certificates of Deposit	-	400,000	-	400,000	-
Investments	511,997	-	-	511,997	-
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):					
Accounts	179,895	285,575	196,203	661,673	-
Accrued Interest	-	23,382	-	23,382	-
Lease Receivable	88,543	-	-	88,543	-
Estimated Unbilled Usage	149,347	229,313	-	378,660	-
Special Assessments	4,509	-	-	4,509	-
Inventories	103,176	161,174	-	264,350	-
Restricted Assets:					
Cash and Cash Equivalents	360,630	83,000	-	443,630	-
Certificates of Deposit	-	250,000	-	250,000	-
Total Current Assets	<u>2,140,537</u>	<u>3,284,544</u>	<u>1,960,733</u>	<u>7,385,814</u>	<u>719,812</u>
Noncurrent Assets:					
Lease Receivable	1,260,140	-	-	1,260,140	-
Land	-	117,723	-	117,723	-
Construction in Progress	679,218	15,015,635	-	15,694,853	-
Capital Assets, Net of Accumulated Depreciation	<u>4,596,589</u>	<u>6,429,506</u>	<u>1,935,723</u>	<u>12,961,818</u>	<u>-</u>
Total Noncurrent Assets	<u>6,535,947</u>	<u>21,562,864</u>	<u>1,935,723</u>	<u>30,034,534</u>	<u>-</u>
Total Assets	<u>8,676,484</u>	<u>24,847,408</u>	<u>3,896,456</u>	<u>37,420,348</u>	<u>719,812</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	<u>98,620</u>	<u>21,642</u>	<u>75,357</u>	<u>195,619</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>98,620</u>	<u>21,642</u>	<u>75,357</u>	<u>195,619</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	64,854	808,542	27,546	900,942	20,876
Accrued Wages	8,387	11,911	13,489	33,787	-
Due to other funds	-	137,105	-	137,105	41,986
Compensated Absences and Benefits	5,467	19,475	24,711	49,653	-
Accrued Interest Payable	2,228	18,846	-	21,074	-
Accrued Claims	-	-	-	-	50,383
Notes Payable	-	492,000	-	492,000	-
Revenue Bonds	<u>175,000</u>	<u>210,000</u>	<u>-</u>	<u>385,000</u>	<u>-</u>
Total Current Liabilities	<u>255,936</u>	<u>1,697,879</u>	<u>65,746</u>	<u>2,019,561</u>	<u>113,245</u>
Noncurrent Liabilities:					
Due in More Than One Year:					
Notes Payable	-	10,756,369	-	10,756,369	-
Revenue Bonds	383,673	3,839	-	387,512	-
Total OPEB Liability	97,179	39,356	112,819	249,354	-
Net Pension Liability	245,245	53,819	187,395	486,459	-
Compensated Absences and Benefits	<u>3,645</u>	<u>12,983</u>	<u>16,474</u>	<u>33,102</u>	<u>-</u>
Total Noncurrent Liabilities	<u>729,742</u>	<u>10,866,366</u>	<u>316,688</u>	<u>11,912,796</u>	<u>-</u>
Total Liabilities	<u>985,678</u>	<u>12,564,245</u>	<u>382,434</u>	<u>13,932,357</u>	<u>113,245</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Related Deferred Inflows	<u>7,099</u>	<u>1,558</u>	<u>5,424</u>	<u>14,081</u>	<u>-</u>
Lease Related Deferred Inflows	<u>1,261,140</u>	<u>-</u>	<u>-</u>	<u>1,261,140</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,268,239</u>	<u>1,558</u>	<u>5,424</u>	<u>1,275,221</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	4,877,419	9,715,430	1,935,723	16,528,572	-
Restricted for:					
Debt Service	360,630	333,000	-	693,630	-
Unrestricted	<u>1,283,138</u>	<u>2,254,817</u>	<u>1,648,232</u>	<u>5,186,187</u>	<u>606,567</u>
Total Net Position	<u>\$ 6,521,187</u>	<u>\$ 12,303,247</u>	<u>\$ 3,583,955</u>	<u>\$ 22,408,389</u>	<u>\$ 606,567</u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-Type Activities				Governmental Activities
	Water System	Sewer System	Solid Waste	Total	Internal Service
OPERATING REVENUES					
Charges for Services	\$ 1,723,024	\$ 2,850,574	\$ 1,932,269	\$ 6,505,867	\$ -
Miscellaneous	34,340	35,582	10,993	80,915	-
Reimbursement from Employees and Insurance	-	-	-	-	1,352,367
Total Operating Revenues	1,757,364	2,886,156	1,943,262	6,586,782	1,352,367
OPERATING EXPENSES					
General Government	-	-	-	-	1,424,716
Employee Services	466,016	557,148	708,336	1,731,500	-
Contract Services	289,179	513,728	528,638	1,331,545	-
Supplies	135,880	68,196	20,570	224,646	-
Repairs and Maintenance	165,852	78,068	146,894	390,814	-
Utilities	124,470	231,089	19,400	374,959	-
Miscellaneous	6,370	24,384	2,843	33,597	-
Depreciation	389,634	580,920	107,984	1,078,538	-
Total Operating Expenses	1,577,401	2,053,533	1,534,665	5,165,599	1,424,716
OPERATING INCOME (LOSS)	179,963	832,623	408,597	1,421,183	(72,349)
NONOPERATING INCOME (EXPENSES)					
Interest Income	69,146	101,163	18,186	188,495	-
Revenue from Use of Property	158,115	-	-	158,115	-
Loss on Disposition of Equipment	-	(91,513)	-	(91,513)	-
Interest Expense	(24,925)	(238,756)	-	(263,681)	-
Total Nonoperating Income (Expenses)	202,336	(229,106)	18,186	(8,584)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	382,299	603,517	426,783	1,412,599	(72,349)
Contributed Capital Revenue	-	20,877	-	20,877	-
Transfers Out	(478,162)	(82,683)	(25,808)	(586,653)	-
CHANGE IN NET POSITION	(95,863)	541,711	400,975	846,823	(72,349)
Net Position - Beginning of Year as Previously Reported	5,595,238	12,570,831	3,274,639	21,440,708	(463,797)
Prior Period Adjustments	1,021,812	(809,295)	(91,659)	120,858	1,142,713
Net Position - Beginning of Year as Restated	6,617,050	11,761,536	3,182,980	21,561,566	678,916
NET POSITION - END OF YEAR	<u>\$ 6,521,187</u>	<u>\$ 12,303,247</u>	<u>\$ 3,583,955</u>	<u>\$ 22,408,389</u>	<u>\$ 606,567</u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	Business-Type Activities				Governmental Activities
	Water System	Sewer System	Solid Waste	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 1,645,062	\$ 2,750,411	\$ 1,900,642	\$ 6,296,115	\$ 1,394,353
Cash Paid to Suppliers for Goods and Services	(710,500)	(881,274)	(712,739)	(2,304,513)	(1,400,977)
Cash Paid to Employees for Services	(364,638)	(613,397)	(686,768)	(1,664,803)	-
Other Nonoperating Revenue	47,271	35,582	10,993	93,846	-
Net Cash Provided (Used) by Operating Activities	617,195	1,291,322	512,128	2,420,645	(6,624)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(709,804)	(626,612)	-	(1,336,416)	-
Proceeds from Debt Issuance	-	114,975	-	114,975	-
Principal Paid on Notes and Bonds	(360,000)	(688,000)	-	(1,048,000)	-
Interest Paid on Notes and Bonds	(27,899)	(280,433)	-	(308,332)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,097,703)	(1,480,070)	-	(2,577,773)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to Other Funds	(478,162)	(36,522)	(25,808)	(540,492)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash Received from Leases	91,838	-	-	91,838	-
Interest and Dividends on Investments	49,611	101,538	18,186	169,335	-
Net Cash Provided by Investing Activities	141,449	101,538	18,186	261,173	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(817,221)	(123,732)	504,506	(436,447)	(6,624)
Cash and Cash Equivalents - Beginning of Year	1,920,291	2,058,832	1,260,024	5,239,147	726,436
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,103,070</u>	<u>\$ 1,935,100</u>	<u>\$ 1,764,530</u>	<u>\$ 4,802,700</u>	<u>\$ 719,812</u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Business-Type Activities				Governmental Activities
	Water System	Sewer System	Solid Waste	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 179,963	\$ 832,623	\$ 408,597	\$ 1,421,183	\$ (72,349)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Other Nonoperating Income					
Depreciation	389,634	580,920	107,984	1,078,538	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:					
Accounts Receivable	(34,064)	(31,827)	(31,627)	(97,518)	-
Special Assessments	12,931	1,400	-	14,331	-
Estimated Unbilled Usage	(43,898)	(68,336)	-	(112,234)	-
Inventories	(11,718)	(44,361)	-	(56,079)	-
Deferred Outflows of Pension Related Costs	(47,224)	69,289	11,727	33,792	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:					
Accounts Payable	22,969	78,552	(4,403)	97,118	2,401
Accrued Wages	2,082	(3,037)	1,203	248	-
Accrued Compensated Absences	2,213	(281)	13,749	15,681	-
Due to Other Funds	-	-	-	-	41,986
Net Pension Liability	142,155	(157,235)	(14,697)	(29,777)	-
Deferred Inflows of Pension Related Costs	3,534	(5,741)	(1,565)	(3,772)	-
Total OPEB Liability	(1,382)	39,356	21,160	59,134	-
Claims Payable	-	-	-	-	21,339
Total Adjustments	437,232	458,699	103,531	999,462	65,726
Net Cash Provided (Used) by Operating Activities	<u>\$ 617,195</u>	<u>\$ 1,291,322</u>	<u>\$ 512,128</u>	<u>\$ 2,420,645</u>	<u>\$ (6,623)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contributions	\$ -	\$ 20,877	\$ -	\$ 20,877	\$ -
Capital related accounts payable	-	663,616	-	663,616	-
	<u>\$ -</u>	<u>\$ 684,493</u>	<u>\$ -</u>	<u>\$ 684,493</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and Cash Equivalents	\$ 742,440	\$ 1,852,100	\$ 1,764,530	\$ 4,359,070	\$ 719,812
Restricted Cash and Cash Equivalents	360,630	83,000	-	443,630	-
Total	<u>\$ 1,103,070</u>	<u>\$ 1,935,100</u>	<u>\$ 1,764,530</u>	<u>\$ 4,802,700</u>	<u>\$ 719,812</u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 7,146
NET POSITION	
Restricted for Other Governments	\$ 7,146

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Charges for Services	\$ 1,244,106
DEDUCTIONS	
Agency Remittances:	
To Other Governments	<u>1,261,848</u>
CHANGE IN NET POSITION	(17,742)
Net Position - Beginning of Year	<u>24,888</u>
NET POSITION - END OF YEAR	<u><u>\$ 7,146</u></u>

See accompanying Notes to Financial Statements.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waverly, Iowa (the City), 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 (GASB) Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the City 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 GASB 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. Complete financial statements may be obtained from the Waverly Health Center, 312 Ninth Street SW, Waverly, Iowa 50677.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Waverly Utilities

The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the GASB meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Utilities is financially accountable to the City. During the fiscal year ended June 30, 2025, Waverly Utilities transferred \$811,455 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, 2024. Complete financial statements may be obtained from Waverly Utilities, 1002 Adams Parkway, Waverly, Iowa 50677.

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 Financial Statements

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

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

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

- **Net Investment in Capital Assets.** This category consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Net Position.** These amounts are restricted to specific purposes when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** This category 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, 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.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

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:

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.

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.

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.

Capital Projects Fund

The Aquatic Center Improvements fund is used to account for all resources used in the construction and improvements of the aquatic center.

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 nonoperating 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 nonoperating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Proprietary Fund Types (Continued)

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.

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:

Water System Fund

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

Sewer System Fund

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

Solid Waste Fund

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

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 and consists of the following:

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.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Fiduciary Fund Types

Fiduciary funds are used to report assets held in a custodial capacity for others and therefore not available to support City programs. They use the economic resources measurement focus and are not incorporated into the government-wide financial statements. The City's Wartburg-Waverly Wellness Center Custodial 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, proprietary, and fiduciary 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.

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 first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025, disbursements exceeded amounts budgeted in the capital projects 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.

Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

Investments

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

Type	Method
City:	
Nonnegotiable Certificates of Deposit	Amortized Cost
Iowa Public Agency Investment Trust	Amortized Cost
U.S. Treasury Notes, State and Local Government Series	Fair Value Determined Based on Quoted Market Price
Component Unit:	
Nonnegotiable Certificates of Deposit	Amortized Cost
U.S. Treasury Notes, State and Local Government Series	Fair Value Determined Based on Quoted Market Price
Iowa Public Agency Investment Trust	Amortized Cost
Debt Securities:	
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, 2025

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 represents taxes collected by the County but not remitted to the City at June 30, 2025 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 in April 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, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2024. Any county collections on the 2024-2025 tax levy remitted to the City within 60 days subsequent to June 30, 2025, 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, 2025, 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.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025 are recorded as prepaid items. The costs of governmental and proprietary fund type prepaid items are recorded as expenditures when consumed rather than when purchased.

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 and other Governmental Funds.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets and \$25,000 for bulk purchases. 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 to 50 Years
Utility Plant	30 to 33 Years
Machinery and Equipment	5 to 20 Years
Infrastructure	20 to 100 Years

M. Leases

City as Lessor

City of Waverly is a lessor for multiple different agreements. The City recognizes lease receivables and deferred inflows of resources in the government-wide, governmental fund, and proprietary fund financial statements.

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

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases (Continued)

City as Lessor (Continued)

Key estimates and judgments include how the City of Waverly determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

City of Waverly uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

City as Lessee

City of Waverly is the lessee for a noncancellable lease of equipment. The City has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease or the asset's useful life, whichever is shorter.

Key estimates and judgments related to leases include how the City of Waverly determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments.

City of Waverly uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the City is reasonably certain to exercise.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases (Continued)

City as Lessee (Continued)

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

N. Subscription-Based Information Technology Arrangements (SBITAs)

The City uses information technology (IT) software and has a contract that meets the definition of a subscription-based information technology arrangement (SBITA) for this software. A SBITA is a contract that conveys control to the right to use another party's IT software alone, or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of IT asset or the term of the SBITA.

Key estimates and judgments related to SBITAs include how the City determines the discount rate it uses to discount the expected subscription payments to present value, subscription term and subscription payments.

The City uses the interest rate charged by the SBITA as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription and optional renewal periods if the City is reasonably certain to exercise those options. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and certain variable payments. Variable payments based on future performance of the government, usage of the underlying IT assets, or number of users seats are expensed as incurred, and not included in the measurement of the subscription liability.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

The City monitors changes in circumstances that would require a measurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

On the statement of net position, subscription assets are reported with other capital assets and subscription liabilities are reported as separate line items for the current and long-term portion of the subscription contracts.

O. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets 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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and contributions from the employer after the measurement date but before the end of the employer's reporting period.

P. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment paid in cash or settled through noncash means and certain other types of leave. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Q. 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, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance

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

- **Nonspendable Fund Balance.** 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 Fund Balance.** 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 Fund Balance.** 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 Fund Balance.** Consists of amounts that are intended to be used by the City of Waverly for specific purposes but do not meet the criteria to be classified as committed. Intent may be expressed either by the Council or the finance officer or City Administrator to which the Council has delegated authority.
- **Unassigned Fund Balance.** All amounts not included in other spendable classifications. The General Fund is the only fund with a positive unassigned fund balance.

S. 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.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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.

U. 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.

V. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable, receivables not collected within 60 days after year-end, and lease receivables.

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, unrecognized items not yet charged to pension expense, and deferred inflow related to lease receivables.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Deferred Inflows of Resources (Continued)

In December 2014, Waverly Utilities approved adoption of GASB 62, *Regulated Operations*, which requires that the effects of the rate-making process be recorded in the financial statements. Accordingly, certain revenues and credits, normally reflected in change in net position as incurred, are recognized when included in rates and recovered from or refunded to customers. Waverly Utilities' regulatory credit relating to rate stabilization is intended to defer the need for future rate increases when costs exceed existing rates. At the direction of Waverly Utilities, amounts may be either transferred into this fund (which reduces revenues), or amounts are transferred out of this fund (which increases revenues). Waverly Utilities authorizes Rate Stabilization Fund (RSF) on an event driven basis. Earnings in excess to ratio coverages will be deferred to offset higher costs in the future. During fiscal year end December 31, 2024, \$-0- was transferred to (from) revenue to the RSF which left an ending balance of \$1,175,294.

W. Pensions

For purposes of measuring the net pension liability(asset), 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 (the Systems') and additions to / deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems'. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

X. Total OPEB Liability

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

Y. Adoption of New Accounting Standards

The City adopted GASB Statement 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 CASH AND CASH EQUIVALENTS, AND INVESTMENTS

The City's deposits at June 30, 2025, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no significant differences in investments held during the year from those at June 30, 2025.

At June 30, 2025 the City had the following investments meeting the disclosure requirements of GASB Statement No. 72.

	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Fair Value Hierarchy</u>
City Investments:				
Mutual Funds	Not Rated	\$ 295,421	1-Year	Level 2
IPAIT	Not Rated	1,248,784	1-Year	N/A
Component Unit Investments:				
Money Market	AAA	\$ 83,940	1-Year	Level 1
Fixed Income Securities	Not Rated	1,322,533	1-Year	Level 2
Common Stocks	Not Rated	1,740,179	1-Year	Level 1

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

In addition, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,248,784. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. Investment policies are followed to maintain a constant net position value of \$1.00 per unit for the portfolio.

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 CASH AND CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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, 2025 are net of allowance for uncollectible accounts. The allowance for uncollectible accounts of the enterprise funds of the primary government was \$9,006 at June 30, 2025. The Waverly Health Center component unit had an allowance for uncollectible accounts of \$8,596,838 at June 30, 2025.

NOTE 4 DUE FROM OTHER GOVERNMENTS

At June 30, 2025, amounts due from other governments were as follows:

Due from Other Governments:

State of Iowa for Hotel and Motel Taxes	\$ 23,339
Iowa Economic Development Authority for Various Grants	6,830
State of Iowa for Local Option Sales Taxes	154,699
Iowa Department of Transportation for Road Use Tax Allocations	113,549
Total Due from Other Governments	<u><u>\$ 298,417</u></u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2025, short-term interfund borrowings were as follows:

Fund Due To	Fund Due From	Amount
General Fund	Nonmajor Governmental Funds	\$ 188,381
General Fund	Sewer Fund	137,105
General Fund	Internal Service Fund	41,986
Total		<u>\$ 367,472</u>

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

NOTE 6 LEASE RECEIVABLES

Lease Name	Governmental Activities	Business-Type Activities	Total
Airport Building	\$ 101,864	\$ -	\$ 101,864
Verizon Cell Towers	-	49,392	49,392
US Cellular Cell Tower	-	106,601	106,601
AT&T Cell Tower	-	432,331	432,331
T-Mobile	-	760,359	760,359
Total	<u>\$ 101,864</u>	<u>\$ 1,348,683</u>	<u>\$ 1,450,547</u>

On September 18, 2023, the City renewed a five-year lease as Lessor for use of the airport facilities at the city, with an option to renew one five-year term by the Lessee. As of June 30, 2025, the value of the lease receivable is \$101,864. The lessee is required to make annual fixed payments of \$36,000. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2025 was \$93,816, and the City recognized lease revenue of \$28,145 and lease interest of \$4,706 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 32,588	\$ 3,412	\$ 36,000
2027	33,936	2,064	36,000
2028	35,340	660	36,000
Total	<u>\$ 101,864</u>	<u>\$ 6,136</u>	<u>\$ 108,000</u>

On February 15, 2021, the City entered into a five-year lease as Lessor for use of the water tower as space for antennas. As of June 30, 2025, the value of the lease receivable is \$49,392. The lessee is required to make annual payments ranging from \$23,963 to \$25,421. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2025 was \$54,530, and the City recognized lease revenue of \$24,236 and lease interest of \$793 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 LEASE RECEIVABLES (CONTINUED)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 24,176	\$ 505	\$ 24,681
2027	25,216	206	25,422
Total	<u>\$ 49,392</u>	<u>\$ 711</u>	<u>\$ 50,103</u>

On February 10, 1997, the City entered into a 10-year lease as Lessor for use of the water tower as space for antennas. During the year ended June 30, 2025, the City approved an amendment to extend the lease an additional ten years, through the year ending June 30, 2029. As of June 30, 2025, the value of the lease receivable is \$106,601. The lessee is required to make monthly payments of \$1,647, adjusted each year by 103% of the prior year's payments. The Lessee had the option to extend up to four additional terms of five years, and are currently exercising the last and final five-year term in the original lease. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2025 was \$104,846, and the City recognized lease revenue of \$37,875 and lease interest of \$1,512 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 37,843	\$ 1,046	\$ 38,889
2027	29,040	609	29,649
2028	19,418	348	19,766
2029	20,300	110	20,410
Total	<u>\$ 106,601</u>	<u>\$ 2,113</u>	<u>\$ 108,714</u>

On September 18, 2021, the City entered into a five-year lease as Lessor for use of the water tower as space for antennas. On July 17, 2023, the city extended the existing contract for another 25 years and, therefore, a modification to the existing lease increased the value of the receivable by \$362,185. As of June 30, 2025, the value of the lease receivable is \$432,331. The lessee is required to make monthly payments of \$1,749. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2025, was \$372,672, and the City recognized lease revenue of \$14,242 and lease interest of \$21,600 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 LEASE RECEIVABLES (CONTINUED)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 21,631	\$ 21,631
2027	1,997	21,614	23,611
2028	2,648	21,489	24,137
2029	2,783	21,353	24,136
2030	2,925	21,211	24,136
2031-2035	32,294	102,266	134,560
2036-2040	64,252	90,492	154,744
2041-2045	108,686	69,269	177,955
2046-2050	169,645	35,003	204,648
2051-2052	47,101	1,505	48,606
Total	<u>\$ 432,331</u>	<u>\$ 405,833</u>	<u>\$ 838,164</u>

On October 25, 1999, the City entered into a five-year lease as Lessor for use of the water tower as space for antennas. On January 6, 2014, the city extended the existing contract for another 40 years. As of June 30, 2025, the value of the lease receivable is \$760,359. The lessee is required to make monthly payments of \$2,968. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2025, was \$729,092, and the City recognized lease revenue of \$37,712 and lease interest of \$9,412 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 26,524	\$ 9,092	\$ 35,616
2027	26,849	8,767	35,616
2028	27,179	8,437	35,616
2029	27,512	8,104	35,616
2030	32,167	7,742	39,909
2031-2035	177,252	32,478	209,730
2036-2040	221,180	20,356	241,536
2041-2045	221,696	5,614	227,310
Total	<u>\$ 760,359</u>	<u>\$ 100,590</u>	<u>\$ 860,949</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated/ Amortized:				
Land	\$ 15,102,462	\$ -	\$ -	\$ 15,102,462
Construction in Progress	9,304,189	5,058,935	5,229,098	9,134,026
Total Capital Assets, Not Being Depreciated/Amortized	24,406,651	5,058,935	5,229,098	24,236,488
Capital Assets, Being Depreciated/ Amortized:				
Buildings and Improvements	16,673,234	4,945,732	-	21,618,966
Equipment	9,744,663	947,568	48,240	10,643,991
Infrastructure	89,694,976	2,073,049	-	91,768,025
Right-to-Use Lease - Equipment	313,399	12,191	200,064	125,526
Right-to-Use IT Subscriptions	129,899	18,834	44,981	103,752
Subtotal	116,556,171	7,997,374	293,285	124,260,260
Less: Accumulated Depreciation/ Amortization, as Restated, for:				
Buildings and Improvements	6,648,207	503,030	-	7,151,237
Equipment	6,062,252	634,738	37,788	6,659,202
Infrastructure	40,684,075	3,159,582	-	43,843,657
Right-to-Use Lease - Equipment	225,941	61,925	200,064	87,802
Right-to-Use IT Subscriptions	77,245	33,377	40,252	70,370
Subtotal	53,697,720	4,392,652	278,104	57,812,268
Total Capital Assets, Being Depreciated/Amortized, Net	62,858,451	3,604,722	15,181	66,447,992
Governmental Activities Capital Assets, Net	<u>\$ 87,265,102</u>	<u>\$ 8,663,657</u>	<u>\$ 5,244,279</u>	<u>\$ 90,684,480</u>

Construction in progress at June 30, 2025, for the governmental activities consisted of costs associated with various street projects and airport improvements.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated/ Amortized:				
Land	\$ 117,723	\$ -	\$ -	\$ 117,723
Construction in Progress	14,841,225	853,628	-	15,694,853
Total Capital Assets, Not Being Depreciated/Amortized	14,958,948	853,628	-	15,812,576
Capital Assets, Being Depreciated/ Amortized:				
Buildings and Improvements	11,101,594	-	-	11,101,594
Equipment	3,208,475	503,664	253,420	3,458,719
Lines and Structures	23,195,088	-	-	23,195,088
Subtotal	37,505,157	503,664	253,420	37,755,401
Less: Accumulated Depreciation/ Amortization for:				
Buildings and Improvements	6,068,797	164,257	-	6,233,054
Equipment	1,466,603	205,403	161,907	1,510,099
Lines and Structures	16,341,552	708,878	-	17,050,430
Subtotal	23,876,952	1,078,538	161,907	24,793,583
Total Capital Assets, Being Depreciated/Amortized, Net	13,628,205	(574,874)	91,513	12,961,818
Business-Type Activities Capital Assets, Net	<u>\$ 28,587,153</u>	<u>\$ 278,754</u>	<u>\$ 91,513</u>	<u>\$ 28,774,394</u>

Construction in progress at June 30, 2025 for the business-type activities consisted of costs associated with various water and sewer infrastructure projects.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

Public Safety	\$ 262,389
Public Works	3,532,844
Culture and Recreation	437,480
General Government	<u>159,939</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 4,392,652</u></u>

Business-Type Activities

Water	\$ 389,634
Sewer	580,920
Solid Waste	<u>107,984</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 1,078,538</u></u>

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Waverly Health Center:					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 2,206,302	\$ -	\$ -	\$ 82,144	2,288,446
Construction in Progress	<u>39,582</u>	<u>1,415,372</u>	<u>39,582</u>	<u>-</u>	<u>1,415,372</u>
Total Capital Assets, Not Being Depreciated/ Amortized	2,245,884	1,415,372	39,582	82,144	3,703,818
Capital Assets, Being Depreciated/Amortized:					
Land Improvements	6,395,694	-	-	-	6,395,694
Buildings	34,088,442	11,607	-	(82,144)	34,017,905
Fixed Equipment	20,999,655	-	-	-	20,999,655
Major Movable Equipment	25,935,655	1,145,515	8,500	-	27,072,670
Right-to-Use IT Subscriptions	305,697	425,898	-	-	731,595
Leased, Right-to-Use Assets - Buildings	2,922,823	-	-	-	2,922,823
Leased, Right-to-Use Assets - Major Movable Equipment	<u>947,215</u>	<u>69,560</u>	<u>81,242</u>	<u>-</u>	<u>935,533</u>
Subtotal	91,595,181	1,652,580	89,742	(82,144)	93,075,875
Less: Accumulated Depreciation/ Amortization	<u>51,881,502</u>	<u>5,274,528</u>	<u>82,659</u>	<u>-</u>	<u>57,073,371</u>
Total Capital Assets, Being Depreciated/ Amortized, Net	<u>39,713,679</u>	<u>(3,621,948)</u>	<u>7,083</u>	<u>(82,144)</u>	<u>36,002,504</u>
Waverly Health Center Capital Assets, Net	<u><u>\$ 41,959,563</u></u>	<u><u>\$ (2,206,576)</u></u>	<u><u>\$ 46,665</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,706,322</u></u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 CAPITAL ASSETS (CONTINUED)

Construction in progress at June 30, 2025 for the Waverly Health Center consists of costs incurred for equipment installations in process.

	Beginning Balance	Additions	Deletions	Ending Balance
Waverly Utilities:				
Capital Assets, Not Being Depreciated/ Amortized:				
Land	\$ 901,565	\$ -	\$ -	\$ 901,565
Construction in Progress	1,164,029	2,823,764	3,822,532	165,261
Total Capital Assets, Not Being Depreciated/Amortized	2,065,594	2,823,764	3,822,532	1,066,826
Capital Assets, Being Depreciated/ Amortized:				
Improvements	61,044,422	3,339,985	15,928	64,368,479
Buildings	6,033,294	282,127	-	6,315,421
Equipment	10,521,912	967,841	368,341	11,121,412
Louisa Plant	13,186,010	127,176	1,165	13,312,021
WS4 Plant	5,626,081	67,954	-	5,694,035
Right-to-Use Assets	2,879,095	139,954	-	3,019,049
Subtotal	99,290,814	4,925,037	385,434	103,830,417
Less: Accumulated Depreciation/ Amortization	56,019,469	3,449,282	378,614	59,090,137
Total Capital Assets, Being Depreciated/Amortized, Net	43,271,345	1,475,755	6,820	44,740,280
Waverly Utilities Capital Assets, Net	<u>\$ 45,336,939</u>	<u>\$ 4,299,519</u>	<u>\$ 3,829,352</u>	<u>\$ 45,807,106</u>

Reconciliation of net investment in capital assets:

	Governmental Activities	Business-Type Activities	Component Units Waverly Health Center	Component Units Waverly Utilities
Land	\$ 15,102,462	\$ 117,723	\$ 2,288,446	\$ 901,565
Construction in Progress	9,134,026	15,694,853	1,415,372	165,261
Capital Assets (Net of Accumulated Depreciation/Amortization)	66,447,992	12,961,818	36,002,504	44,740,280
Less: General Obligation Bonds	(29,882,708)	-	-	-
Notes Payable	-	(11,248,369)	(1,538,099)	-
Revenue Bonds	(1,200,000)	(772,512)	(28,928,240)	(13,946,407)
Accounts and Retainage Payable	(987,830)	-	-	-
Lease Agreements	(48,944)	-	(1,266,474)	(2,301,014)
IT Subscriptions	(39,760)	-	(540,278)	(136,736)
Add: Unspent Bond Proceeds	10,122,080	438,675	353,896	2,292,325
Net Investment in Capital Assets	<u>\$ 68,647,318</u>	<u>\$ 17,192,188</u>	<u>\$ 7,787,127</u>	<u>\$ 31,715,274</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 CASH ADVANCES

The Health Center has contracted with an accounts receivable management company to collect certain patient accounts on behalf of the Health Center. The Health Center receives cash advances, less a fee, for the accounts to be collected by the management company. The cash advances are secured by the patient receivables. The patient receivables and related cash advance balance is reduced as the management company collects on the accounts. At June 30, 2025, the Health Center had reported \$811,171 of cash advances secured by outstanding patient receivables.

NOTE 9 LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2025, is \$51,775,390 of which \$30,295,000 is committed for outstanding general obligation debt and development agreements.

The following is a summary of long-term liabilities transactions of the City and its component units for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 23,910,000	\$ 10,215,000	\$ 5,030,000	\$ 29,095,000	\$ 4,455,000
Revenue Bond	1,350,000	-	150,000	1,200,000	150,000
Lease Agreements	62,597	4,783	18,436	48,944	19,830
IT Subscriptions	55,132	18,834	34,207	39,759	33,259
Compensated Absences	410,270	241,591	183,274	468,587	281,152
Governmental Activities					
Long-Term Liabilities	<u>\$ 25,787,999</u>	<u>\$ 10,480,208</u>	<u>\$ 5,415,917</u>	<u>\$ 30,852,290</u>	<u>\$ 4,939,241</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 1,325,000	\$ -	\$ 565,000	\$ 760,000	\$ 385,000
Direct Borrowings:					
Notes Payable	11,616,394	114,975	483,000	11,248,369	492,000
Compensated Absences	67,074	41,702	26,021	82,755	49,653
Business-Type					
Activities Long-Term					
Liabilities	<u>\$ 13,008,468</u>	<u>\$ 156,677</u>	<u>\$ 1,074,021</u>	<u>\$ 12,091,124</u>	<u>\$ 926,653</u>

The City of Waverly's general obligation and revenue bonds are shown gross of the unamortized premium of \$787,708 for governmental activities and \$12,513 for business-type activities on the statement of net position.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Waverly Health Center:					
Revenue Bonds					
USDA Taxable Revenue					
Bonds	\$ 26,465,712	\$ -	\$ 357,687	\$ 26,108,025	\$ 368,251
Revenue Bonds:	3,099,523	-	279,308	2,820,215	289,425
Direct Borrowings:					
Notes Payable	1,874,664	-	336,565	1,538,099	347,305
Lease Agreements	1,866,104	-	599,630	1,266,474	664,590
IT Subscriptions	230,175	425,898	115,795	540,278	183,412
Waverly Health Center					
Long-Term Liabilities	<u>\$ 33,536,178</u>	<u>\$ 425,898</u>	<u>\$ 1,688,985</u>	<u>\$ 32,273,091</u>	<u>\$ 1,852,983</u>
Waverly Utilities:					
Bonds Payable:					
Revenue Bonds	\$ 15,581,024	\$ -	\$ 1,821,926	\$ 13,759,098	\$ 1,880,756
Lease Agreements	349,569	-	6,487	343,082	6,601
Business-Type					
Activities Long-Term					
Liabilities	<u>\$ 15,930,593</u>	<u>\$ -</u>	<u>\$ 1,828,413</u>	<u>\$ 14,102,180</u>	<u>\$ 1,887,357</u>

The Waverly Utilities' debt is shown gross of unamortized premium of \$187,309.

Direct Borrowing and Direct Placements – Notes Payable

On November 18, 2019, the City Council approved sewer revenue loans not to exceed \$780,000 from the Iowa Finance Authority for the water pollution control project. This agreement is a planning and design loan agreement at 0% interest rate with a term of up to three years. In fiscal year 2022 this loan was rolled into the SRF Construction Loan, which was approved not to exceed \$13,300,000. The loan includes a provision that in an event of default, the performance requirements relating to this loan will be mandated under Division V of Chapter 384 of the Code of Iowa. The loan has an interest rate of 2.00% and requires varying annual payments through June 2042 depending on future SRF drawdowns. At June 30, 2025, the remaining balance on the loan was \$11,248,369.

The Health Center issued Rural Electric Cooperative Notes totaling \$1,360,000 on January 24, 2023 for the expansion and renovation of the Health Center's Facilities. The notes do not bear interest. The notes require monthly principal payments of \$11,403 through January 2033. At June 30, 2025 the remaining balance on the notes was \$1,029,302. The amounts set aside as assets whose use is limited for payment of long-term debt and interest meet the requirements of the debt service reserve and sinking funds at June 30, 2025. The notes and bonds referenced above are payable solely from the net revenues of the Health Center.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Direct Borrowing and Direct Placements – Notes Payable (Continued)

The Health Center has note agreements to finance the purchase of certain equipment. The notes currently require monthly payments of approximately \$19,350, including interest ranging from 0% to 5.25%, with their final payment due October 2027. The notes are collateralized by the equipment purchased by the Health Center. At June 30, 2025, the remaining balance on the notes was \$508,797.

The annual principal and interest requirements for the City and Component Unit direct borrowings and direct placement note payables are as follows:

Year Ending June 30,	City		Component Unit	
	Business-Type		Waverly Health Center	
	Direct Borrowings		Direct Borrowings	
	SRF Funds		Equipment	
	Principal	Interest	Principal	Interest
2026	\$ 492,000	\$ 207,393	\$ 347,305	\$ 21,695
2027	609,000	198,783	358,624	10,376
2028	622,000	188,125	213,388	839
2029	634,000	177,240	136,840	-
2030	647,000	166,145	136,840	-
2031-2035	3,433,000	656,320	345,102	-
2036-2040	3,790,000	343,700	-	-
2041-2043	1,021,369	42,770	-	-
Total	<u>\$ 11,248,369</u>	<u>\$ 1,980,476</u>	<u>\$ 1,538,099</u>	<u>\$ 32,910</u>

General Obligation

General obligation bonds outstanding as of June 30, 2025, are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2025
General Obligation:						
2014A GO Bonds	2014	2.0-3.0%	2029	370,000-420,000	\$ 7,380,000	\$ 1,190,000
2015B GO Bonds	2015	2.0-4.0%	2027	320,000-940,000	8,245,000	1,195,000
2017B GO Bonds	2017	1.7-2.75%	2026	70,000-80,000	615,000	80,000
2018A GO Bonds	2018	3.00%	2029	995,000-1,190,000	11,000,000	4,450,000
2019 GO Bonds	2019	2.5-2.75%	2029	350,000-390,000	3,500,000	1,510,000
2020A GO Bonds	2020	2.00%	2030	530,000-580,000	5,270,000	2,790,000
2020B GO Bonds	2020	0.7-1.75%	2030	70,000-75,000	700,000	365,000
2021 GO Bonds	2021	2.00%	2031	245,000-275,000	2,530,000	1,570,000
2023 GO Bonds	2023	4.00%	2034	375,000-535,000	4,500,000	4,125,000
2024 GO Bonds	2024	4.00%	2034	145,000-205,000	1,765,000	1,605,000
2025A GO Bonds	2025	4.00%	2040	245,000-1,000,000	10,215,000	10,215,000
Total General Obligation					<u>\$ 57,395,000</u>	<u>\$ 29,095,000</u>

All General Obligation Debt are to be retired through property tax levies. The revenue bonds are to be retired with water and sewer revenues.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

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.

Revenue bonds outstanding as of June 30, 2025, are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2025
Revenue Bonds:						
2015 Sewer	2015	2.0-4.0%	2026	205,000-210,000	\$ 1,990,000	\$ 210,000
2018B Water	2018	3.00%	2028	170,000-190,000	1,655,000	550,000
2023 LOST	2023	4.80%	2030	150,000-600,000	1,500,000	1,200,000
Subtotal					5,145,000	1,960,000
Component Units:						
Waverly Health Center:						
USDA Taxable Hospital						
Revenue Bonds	2022	3.25%	2062	100,945	27,063,000	26,108,025
2019 Hospital Revenue						
Bonds	2020	3.50%	2034	-	3,500,000	2,820,215
Subtotal					30,563,000	28,928,240
Waverly Utilities						
2015 Utility Revenue						
Bonds	2015	2-4%	2030	100,000-185,000	4,980,000	3,150,000
2015 Community Utility						
Revenue Bonds	2015	4.3%	2030	350,000-530,000	6,672,483	3,244,098
2016 Revenue Bonds	2016	2%	2029	135,000-170,000	2,860,000	1,465,000
2018 Revenue Bonds	2018	3-3.2%	2030	220,000-300,000	3,045,000	1,660,000
2023 Revenue Bonds	2023	4%	2029	260,000-310,000	4,500,000	4,240,000
Subtotal					22,057,483	13,759,098
Total Revenue						
Bonds					<u>\$ 57,765,483</u>	<u>\$ 42,687,338</u>

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

<u>Year Ending June 30.</u>	General Obligation		Revenue Bonds			
	Paid by Debt Service		Paid by LOST		Paid by Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,455,000	\$ 975,330	\$ 150,000	\$ 58,200	\$ 385,000	\$ 22,800
2027	3,925,000	847,300	150,000	50,925	185,000	11,250
2028	3,715,000	732,375	150,000	43,650	190,000	5,700
2029	3,155,000	622,825	150,000	36,375	-	-
2030	1,755,000	529,713	150,000	29,100	-	-
2031-2035	7,455,000	1,756,300	450,000	-	-	-
2036-2040	4,635,000	570,800	-	-	-	-
Total	<u>\$ 29,095,000</u>	<u>\$ 6,034,643</u>	<u>\$ 1,200,000</u>	<u>\$ 218,250</u>	<u>\$ 760,000</u>	<u>\$ 39,750</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds (Continued)

The Health Center issued USDA Taxable Hospital Revenue Bonds totaling \$27,063,000 on September 20, 2022 to refund the Hospital Revenue Bond Anticipation Notes, Series 2019. On December 31, 2022, the Hospital Revenue Bond Anticipation Notes, Series 2019 of \$27,063,000 was refunded with the USDA Taxable Hospital Revenue Bonds. The interest rate charged on the bonds is 3.25%. The Bonds require monthly principal and interest payments of \$100,945 through September 2062. At June 30, 2025 the remaining balance on the bonds was \$26,108,025.

The Health Center issued revenue bonds totaling \$3,500,000 on December 24, 2019 for the expansion and renovation of the Health Center's facilities. The interest charged on the bonds is 3.5%. The bonds require monthly interest only payments through December 2022 after which time monthly principal and interest payments are due until maturity on December 1, 2033. At June 30, 2025 the remaining balance on the bonds was \$2,820,215.

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

Waverly Health Center Revenue Bonds			
Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,004,981	\$ 959,170	\$ 1,964,151
2027	1,039,118	925,032	1,964,150
2028	915,975	893,403	1,809,378
2029	865,669	866,322	1,731,991
2030	889,408	842,582	1,731,990
2031-2035	3,923,238	3,824,152	7,747,390
2036-2040	2,720,009	3,336,691	6,056,700
2041-2045	3,201,103	2,855,597	6,056,700
2046-2050	3,764,119	2,292,581	6,056,700
2051-2055	4,427,317	1,629,383	6,056,700
2056-2060	5,207,232	849,468	6,056,700
2061-2063	2,508,170	91,911	2,600,081
Total	<u>\$ 30,466,339</u>	<u>\$ 19,366,292</u>	<u>\$ 49,832,631</u>

Waverly Utilities Revenue Bonds			
Year Ending December 31,	Principal	Interest	Total
2025	\$ 1,880,756	\$ 453,866	\$ 2,334,622
2026	1,944,587	396,026	2,340,613
2027	2,018,184	336,053	2,354,237
2028	2,096,779	273,643	2,370,422
2029	2,173,792	208,159	2,381,951
2030-2034	2,755,000	438,649	3,193,649
2035-2036	890,000	53,799	943,799
Total	<u>\$ 13,759,098</u>	<u>\$ 2,160,195</u>	<u>\$ 15,919,293</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds (Continued)

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.

Lease Agreements

On October 1, 2021, the City entered into a six-year lease agreement for police dash cameras and on body cameras. The agreement required one annual payment of \$28,000 and five annual payments of \$15,800 with an implicit interest rate of 1.75% and the final payment due July 1, 2026. As of June 30, 2025, the value of the lease liability was \$31,328. During the year ended June 30, 2025, the City paid principal of \$15,261 and interest of \$539. Future principal and interest lease payments as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 15,528	\$ 272	\$ 15,800
2027	15,800	-	15,800
Total	<u>\$ 31,328</u>	<u>\$ 272</u>	<u>\$ 31,600</u>

On April 20, 2024, the City entered into a five-year lease agreement for a mailing machine. The agreement required quarterly payments of \$988 with an implicit interest rate of 4.53% and the final payment due March 31, 2029. As of June 30, 2025, the value of the lease liability was \$13,664. During the year ended June 30, 2025, the City paid principal of \$3,141 and interest of \$685. Future principal and interest lease payments as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,420	\$ 534	\$ 3,954
2027	3,578	375	3,953
2028	3,744	210	3,954
2029	2,922	44	2,966
Total	<u>\$ 13,664</u>	<u>\$ 1,163</u>	<u>\$ 14,827</u>

On July 15, 2024, the City entered into a five-year lease agreement for a mailing machine. The agreement requires monthly payments of \$91 with an implicit interest rate of 5.90% and the final payment due July 15, 2029. As of June 30, 2025, the value of the lease liability was \$3,952. During the year ended June 30, 2025, the City paid principal of \$831 and interest of \$255. Future principal and interest lease payments as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 882	\$ 204	\$ 1,086
2027	935	151	1,086
2028	992	94	1,086
2029	1,052	34	1,086
2030	91	-	91
Total	<u>\$ 3,952</u>	<u>\$ 483</u>	<u>\$ 4,435</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Lease Agreements (Continued)

The Health Center has entered into contracts to lease certain buildings and equipment. The lease contracts qualify as other than short-term leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 664,590	\$ 27,154	\$ 691,744
2027	264,324	12,581	276,905
2028	101,582	7,928	109,510
2029	94,595	5,225	99,820
2030	97,229	2,590	99,819
2031	44,154	284	44,438
Total	<u>\$ 1,266,474</u>	<u>\$ 55,762</u>	<u>\$ 1,322,236</u>

Waverly Utilities entered into two 50-year lease agreements in June 2008 and August 2001 related to land for wind turbines. The contract calls for payments of \$4,041 and \$2,247 in March and September. These payments are increased every five years by applying the annual average Consumer Price index for the preceding five-year period. These leases have been capitalized per GASB 87 as of January 1, 2021, and have an applied interest rate of 1.75%. The value of the lease liability for 2024 was \$343,082. The value of the right-to-use asset was \$367,384 for 2024 and had accumulated amortization of \$42,069.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,601	\$ 5,975	\$ 12,576
2026	6,807	5,859	12,666
2027	7,017	5,739	12,756
2028	7,302	5,615	12,917
2029	7,594	5,486	13,080
2030-2034	41,198	25,357	66,555
2035-2039	47,717	21,500	69,217
2040-2044	54,940	17,046	71,986
2045-2049	62,935	11,930	74,865
2050-2054	51,588	5,437	57,025
2055-2058	49,383	2,685	52,068
Total	<u>\$ 343,082</u>	<u>\$ 112,629</u>	<u>\$ 455,711</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITA)

On September 1, 2022, the City entered into an IT subscription license and services information technology agreement with a vendor for human resources related software. An initial IT subscription liability was recorded in the amount of \$47,201. As of June 30, 2025, the value of the subscription liability was \$13,892. The agreement requires monthly payments of \$1,000 increased by 5% annually over four years with an estimated implicit interest rate of 4.42% and final payment due September 21, 2025. During the year ended June 30, 2025, the City paid principal of \$13,904 and interest of \$588 on the agreement.

On September 9, 2024 the City entered into an IT subscription license and services information technology agreement with a vendor for payroll related software. An initial IT subscription liability was recorded in the amount of \$29,598. As of June 30, 2025, the value of the subscription liability was \$13,230. The agreement required quarterly payments ranging from \$3,000 to \$3,310 with an estimated implicit interest rate of 4.23% and the final payment due August 31, 2026. During the year ended June 30, 2025, the city paid principal of \$14,106 and interest of \$537.

On July 15, 2024 the City entered into an IT subscription license agreement with a vendor for a text message notification software. An initial IT subscription liability was recorded in the amount of \$18,834. As of June 30, 2025, the value of the subscription liability was \$12,638. The agreement required annual payments ranging from \$6,900 to \$6,500 with an estimated implicit interest rate of 5.9% and the final payment due July 15, 2026. During the year ended June 30, 2025, the city paid principal of \$6,196 and interest of \$704.

Future principal and interest SBITA payments as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	HR Software		Payroll Software		Text Software		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 13,892	\$ -	\$ 13,230	\$ -	\$ 6,137	\$ 362	\$ 33,259	\$ 362
2027	-	-	-	-	6,501	-	6,501	-
Total	<u>\$ 13,892</u>	<u>\$ -</u>	<u>\$ 13,230</u>	<u>\$ -</u>	<u>\$ 12,638</u>	<u>\$ 362</u>	<u>\$ 39,760</u>	<u>\$ 362</u>

The Health Center has entered into subscription-based information technology arrangements (SBITAs) for various subscription-based services under terms ranging from two to four years. The total of the Health Center's subscription assets are recorded at cost of \$731,595, less accumulated amortization of \$259,315. The future subscription payments under the SBITA arrangements are as follows:

<u>Year Ending June 30,</u>	Principal	Interest	Total
2026	\$ 183,412	\$ 23,257	\$ 206,669
2027	186,755	15,625	202,380
2028	170,111	7,373	177,484
Total	<u>\$ 540,278</u>	<u>\$ 46,255</u>	<u>\$ 586,533</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Total Transfers Out
General Fund	\$ -	\$ 422,853	\$ 1,711,302	\$ 2,134,155
Nonmajor Governmental	1,489,476	2,905,273	-	4,394,749
Water	-	158,162	320,000	478,162
Sewer	-	42,683	40,000	82,683
Solid Waste	-	25,808	-	25,808
Total Transfers In	<u>\$ 1,489,476</u>	<u>\$ 3,554,779</u>	<u>\$ 2,071,302</u>	<u>\$ 7,115,557</u>

Transfers are used to:

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

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN

Pension Plans

	<u>IPERS</u>	<u>MFPRSI</u>	<u>Total</u>
City:			
Net Pension Liability	\$ 1,897,774	\$ 2,498,560	\$ 4,396,334
Deferred Outflows of Resources			
Related to Pensions	763,151	1,038,403	1,801,554
Deferred Inflows of Resources			
Related to Pensions	54,934	46,868	101,802
Pension (Income) Expense	262,450	400,984	663,434
Waverly Health Center:			
Net Pension Liability	11,354,914	-	11,354,914
Deferred Outflows of Resources			
Related to Pensions	4,809,447	-	4,809,447
Deferred Inflows of Resources			
Related to Pensions	495,119	-	495,119
Pension (Income) Expense	1,407,263	-	1,407,263
Waverly Utilities:			
Net Pension Liability	1,084,722	-	1,084,722
Deferred Outflows of Resources			
Related to Pensions	234,512	-	234,512
Deferred Inflows of Resources			
Related to Pensions	82,836	-	82,836
Pension (Income) Expense	88,585	-	88,585

Iowa Public Employees Retirement System

A. Plan Description

IPERS membership is mandatory for employees of the City and its component units, except for those covered by another retirement system. Employees of the City and its component units are provided with pensions through a cost-sharing, multiemployer 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 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.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System (Continued)

B. 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, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the members' 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 if it is greater than the highest five-year average salary).

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

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

If a Regular 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.

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System (Continued)

C. Disability and Death Benefits

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

D. Contributions

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

From July 1, 2024 to June 30, 2025, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City and the Health Center contributed 9.44% of covered payroll for a total rate of 15.73%. Protective occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll for a total rate of 15.52%. From January 1, 2024 through December 31, 2024 Waverly Utilities regular members contributed 6.29% of covered payroll and Waverly Utilities contributed 9.44% for a total rate of 15.73%.

The City's total contributions to IPERS for the year ended June 30, 2025 were \$433,847 and total contributions for the component units for their respective year ends, were \$3,293,834.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System (Continued)

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

At June 30, 2025, the City reported a liability of \$1,897,774 and the Waverly Health Center component unit reported a liability of \$11,354,914. As of December 31, 2024, Waverly Utilities reported a liability of \$1,084,722 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and its component units' proportion of the net pension liability was based on their share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the City's collective proportion was 0.054506%, which was an increase of 0.00432% from its proportion measured as of June 30, 2023.

The component unit's collective proportion was 0.341194%, which was a decrease of 0.019589% from its proportion measured as of June 30, 2023. For the year ended June 30, 2025, the City and the Waverly Health Center component unit recognized pension expense of \$262,450 and \$1,407,263, respectively, and Waverly Utilities recognized pension expense of \$88,585 as of December 31, 2024. At June 30, 2025 and December 31, 2024, the City and component units 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	\$ 152,861	\$ 1,181
Changes of Assumption	-	460
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,814	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	152,629	53,293
City Contributions Subsequent to the Measurement Date	433,847	-
Total	<u>\$ 763,151</u>	<u>\$ 54,934</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System (Continued)

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

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,145,596	\$ 7,928
Changes of Assumption	-	36,464
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	162,300	-
Changes in Proportion and Differences Between Component Units City Contributions and Proportionate Share of Contributions	571,313	533,563
Component Units Contributions Subsequent to the Measurement Date	3,164,750	-
Total	<u>\$ 5,043,959</u>	<u>\$ 577,955</u>

\$433,847 and \$3,164,750 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 ending June 30, 2026 and December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>Year Ending June 30,</u>	City	Waverly Health Center
2026	\$ (210,623)	\$ (1,552,817)
2027	497,161	3,061,016
2028	33,129	204,006
2029	(50,848)	(407,245)
2030	5,551	(23,013)
Total	<u>\$ 274,370</u>	<u>\$ 1,281,947</u>

<u>Year Ending December 31,</u>	Waverly Utilities
2025	\$ (167,752)
2026	239,912
2027	(4,471)
2028	(45,035)
2029	(3,347)
Total	<u>\$ 19,307</u>

There were no nonemployer contributing entities to IPERS.

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System (Continued)

F. Actuarial Assumptions

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study dated July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21.0 %	3.52 %
International Equity	13.0	5.18
Global Smart Beta Equity	5.0	4.12
Core Plus Fixed Income	25.5	3.04
Public Credit	3.0	4.53
Cash	1.0	1.69
Private Equity	17.0	8.89
Private Real Assets	9.0	4.25
Private Credit	5.5	6.62
Total	100.0 %	

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System (Continued)

G. Discount Rate

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

H. 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%, 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%) or 1-percentage-point higher (8%) than the current rate.

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
City's Proportionate Share of the Net Pension Liability	\$ 4,671,036	\$ 1,897,774	\$ (424,999)
Component Unit's Proportionate Share of the Net Pension Liability	31,709,896	12,439,636	(3,699,883)

IPERS 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.

I. Payables to the Pension Plan

At June 30, 2025, the City reported payables to the defined benefit pension plan of \$7,378 for legally required employer and employee contributions which had not yet been remitted to IPERS.

At June 30, 2025, all legally required Health Center contributions and legally required employee contributions which had been withheld from employee wages were remitted by the Health Center to IPERS.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

A. Plan Description

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

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

B. Pension Benefits

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

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a three, four, or five 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.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

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

C. 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% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with five or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than five years of service.

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

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

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

D. Contributions

Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.55% of earnable compensation for the year ended June 30, 2025.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.65% for the year ended June 30, 2025. The City's contributions to MFPRSI for the year ended June 30, 2025 was \$345,005.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

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

D. Contributions (Continued)

If approved by the state legislature, state appropriation may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The state of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the GASB Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2025.

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

At June 30, 2025, the City reported a liability of \$2,498,560 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the City's proportion was 0.378121% which was an increase of 0.03868% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$400,984. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 263,472	\$ -
Changes of Assumption	9,019	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	167,228	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	253,679	46,868
City Contributions Subsequent to the Measurement Date	345,005	-
Total	<u>\$ 1,038,403</u>	<u>\$ 46,868</u>

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (CONTINUED)

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

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

\$345,005 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>City</u>
2026	\$ (22,568)
2027	429,961
2028	157,948
2029	73,672
2030	7,517
Total	<u>\$ 646,530</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00%
Salary Increases	3.75% to 15.11%, including inflation.
Investment Rate of Return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the 10 year period ending June 30, 2023.

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

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

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

F. Actuarial Assumptions (Continued)

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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 included in the pension plan's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	4.8 %
Broad U.S. Equity	7.5
Global Equity	7.6
Broad Non-US Equity	7.7
Managed Futures	5.5
Real Estate - Core	6.0
Opportunistic Real Estate	9.8
Global Infrastructure	6.7
Private Credit	9.4
Private Equity	10.2

G. Discount Rate

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

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (CONTINUED)

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

H. 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%, 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-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) 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	\$ 4,347,135	\$ 2,498,560	\$ 968,443

I. Pension Plan Fiduciary Net Position

Detailed information about the MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

J. Payables to MFPRSI

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2025.

At June 30, 2025, the City reported payables to the defined benefit pension plan of \$8,719 for legally required employer and employee contributions which had not yet been remitted to MFPRSI.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 DEFICIT FUND BALANCE

The City has six funds with deficit fund balances at June 30, 2025. 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, utility charges, and health insurance premiums. The individual fund deficits were as follows:

Capital Project:	
Youth Ball Diamond	\$ (39,246)
Airport Taxilane Reconstruction	(18,915)
Airport Runway 11 Taxiway	(36,048)
Public Works Building	(33,019)
Fueling Station	(54,323)

NOTE 13 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 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 at July 1, 2024	\$ 29,044
Claims Paid	(1,422,953)
Claims Incurred	1,444,292
Claims Payable at June 30, 2025	<u>\$ 50,383</u>

Other Risk

The City is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. 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.

**CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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

B. OPEB Benefits

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

Retired participants must be age 55 or older at retirement. At June 30, 2024 and January 1, 2024, respectively, the following employees were covered by the benefit terms:

	Primary Government	Component Unit - Waverly Utilities
Inactive Employees and Beneficiaries Currently Receiving Benefit Payments	5	6
Active Employees	72	29
Total	<u>77</u>	<u>35</u>

C. Total OPEB Liability

The total OPEB liability of the City was \$1,123,303 and the component unit was \$941,654 measured as of June 30, 2025 and December 31, 2024, respectively, and was determined by an actuarial valuation as of June 30, 2024 for the City and as of January 1, 2024 for the component unit.

D. Actuarial Assumptions

The total OPEB liability for the City and the component unit in the June 30, 2024 and January 1, 2024, respectively, actuarial valuation was determined using the following actuarial assumptions and the alternative measurement method, a simplified version of the entry age normal actuarial cost method, applied to all periods included in the measurement.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Actuarial Assumptions (Continued)

	City	Component Unit
	(Effective June 30, 2024)	(Effective January 1, 2024)
Rate of Inflation	3.00% per annum	3.00% per year
Rates of Salary Increase	3.00% per annum, including inflation	2.75% per year
Discount Rate	3.93% per year	3.26% per year
Healthcare Cost Trend Rate	5.00% all years	5.00% all years

E. Discount Rate

The discount rate used to measure the total OPEB liability for the City and component unit was 3.93% and 3.26%, respectively, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2019 United States Life Tables for the City and 2016 United States Life Tables for the component unit.

F. Changes in the Total OPEB Liability

	City	Component Unit
Total OPEB Liability - Beginning of Year	\$ 1,142,713	\$ 702,927
Changes for the Year:		
Service Cost	53,047	59,278
Interest	44,692	30,692
Differences Between Expected and Actual		
Experience	-	18,178
Changes in Assumptions	-	191,577
Benefit Payments	(117,149)	(60,998)
Net Changes	(19,410)	238,727
Total OPEB Liability - End of Year	<u>\$ 1,123,303</u>	<u>\$ 941,654</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

F. Changes in the Total OPEB Liability (Continued)

No changes in assumptions for the City in fiscal year 2025. Changes of assumptions reflect a change in the discount rate from 2.06% in fiscal year 2023 to 3.26% in fiscal year 2024 for the component unit.

G. Sensitivity of the City's and its Component Unit's Total OPEB liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and its component unit, as well as what the City and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
City's Total OPEB Liability	\$ 1,206,870	\$ 1,123,303	\$ 1,041,576
	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Component Unit's Total OPEB Liability	\$ 1,002,460	\$ 941,654	\$ 880,547

H. Sensitivity of the City's and its Component Unit's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City and its component unit as well as what the City and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
City's Total OPEB Liability	\$ 1,009,639	\$ 1,123,303	\$ 1,256,833
	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Component Unit's Total OPEB Liability	\$ 849,379	\$ 941,654	\$ 1,048,779

For the year ended June 30, 2025 and December 31, 2024, the City and its component unit recognized OPEB expense of \$97,739 and \$299,725, respectively.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 COMMITMENTS

During the year ended June 30, 2025, and in previous years the City had entered into several construction contracts totaling \$31,647,370 of which \$30,429,516 has been expended to date. The remaining balance will be paid as work progresses.

NOTE 16 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, 2025, the City estimates that no material liabilities will result from such audits.

NOTE 17 BLACK HAWK COUNTY LANDFILL CONTRACT

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began July 1, 2021. The City pays \$43/ton of solid waste delivered to the landfill.

NOTE 18 JOINT VENTURE

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 27% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net position is to be contributed to the County for the operation. The Organization is governed by a five-member board composed of two designated representatives from the City and two from the County. The fifth member of the board is chosen by the four designated representatives. Complete financial statements for the Bremer – Waverly Public Safety Board can be obtained from the Board's administrative office. The investment in joint venture at June 30, 2025 was \$38,571.

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 19 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. Using the recognition criteria in GASB No. 91, *Conduit Debt Obligations*, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2025, industrial development revenue bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2025 was \$478,198.

NOTE 20 ADJUSTMENTS AND RESTATEMENTS TO BEGINNING BALANCES

During the year ended June 30, 2025, the City determined it had not properly allocated the other postemployment benefits liability in the governmental activities, business-type activities, water system fund, sewer system fund, solid waste fund, and internal service fund in a prior year. In addition, the City determined there was an error in the calculation of depreciation expense related to capital assets in the governmental activities. Lastly, the City determined the WPC Improvements and Water Projects funds should be restated to remove from nonmajor governmental funds to be included in the Sewer System and Water System Funds, respectively, due to the projects in those funds being capitalized and in support of the operations of those funds. The effect of correcting the errors is shown below.

As of January 1, 2023 for Waverly Utilities and July 1, 2024 for Waverly Health Center, each component unit implemented GASB Statement No. 101, *Compensated Absences*. The effect of the implementation of this standard is shown below.

	Governmental Activities	Business-Type Activities	Waverly Health Center	Waverly Utilities
Net Position - Beginning of Year, as Previously Reported	\$ 67,888,664	\$ 21,440,708	\$ 31,997,562	\$ 43,957,755
Error Correction for:				
Overstated Accumulated Depreciation	2,017,853	-	-	-
Overstated/(Understated) Other Postemployment Benefits Liability	224,078	(224,078)	-	-
Change in Reporting of Funds	(344,936)	344,936	-	-
Implementation of GASB Statement No. 101	-	-	(1,735,085)	(29,366)
Net Position - Beginning of Year, as Restated	<u>\$ 69,785,659</u>	<u>\$ 21,561,566</u>	<u>\$ 30,262,477</u>	<u>\$ 43,928,389</u>

CITY OF WAVERLY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 20 ADJUSTMENTS AND RESTATEMENTS TO BEGINNING BALANCES (CONTINUED)

	Water System	Sewer System	Solid Waste	Internal Service	Other Governmental Funds
Net Position/Fund Balance - Beginning of Year, as Previously Reported	\$ 5,595,238	\$ 12,570,831	\$ 3,274,639	\$ (463,797)	\$ 9,192,517
Error Correction for:					
Overstated/(Understated) Other Postemployment Benefits Liability	(98,561)	(33,858)	(91,659)	1,142,713	-
Change in Reporting of Funds	1,120,373	(775,437)	-	-	(344,936)
Fund Balance - Beginning of Year, as Restated	<u>\$ 6,617,050</u>	<u>\$ 11,761,536</u>	<u>\$ 3,182,980</u>	<u>\$ 678,916</u>	<u>\$ 8,847,581</u>

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
YEAR ENDED JUNE 30, 2025

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
RECEIPTS						
Taxes	\$ 12,147,981	\$ -	\$ 12,147,981	\$ 11,948,808	\$ 11,950,815	\$ 197,166
Special Assessments	2,995	-	2,995	9,000	9,000	(6,005)
Licenses and Permits	114,130	-	114,130	35,425	37,125	77,005
Intergovernmental Revenue	3,382,544	3,830	3,386,374	2,638,305	3,072,320	314,054
Charges for Services	957,199	6,383,667	7,340,866	6,863,943	6,903,498	437,368
Fines and Forfeits	43,347	-	43,347	-	-	43,347
Contributions	361,731	-	361,731	-	-	361,731
Refunds and Reimbursements	9,940	-	9,940	-	-	9,940
Revenue from Use of Property	105,419	111,657	217,076	371,114	468,562	(251,486)
Interest on Investments	226,016	158,181	384,197	-	-	384,197
Miscellaneous	303,599	160,230	463,829	416,155	667,610	(203,781)
Total Receipts	17,654,901	6,817,565	24,472,466	22,282,750	23,108,930	1,363,536
DISBURSEMENTS						
Current:						
Public Safety	3,176,569	-	3,176,569	3,371,149	3,400,541	(223,972)
Public Works	2,159,018	-	2,159,018	2,354,798	2,435,983	(276,965)
Health and Social Services	10,394	-	10,394	10,394	10,394	-
Culture and Recreation	3,257,497	-	3,257,497	3,481,802	3,569,557	(312,060)
Community and Economic Development	442,466	-	442,466	674,928	639,775	(197,309)
General Government	1,255,982	-	1,255,982	1,437,687	1,488,312	(232,330)
Capital Projects	5,775,449	-	5,775,449	2,380,880	6,591,841	(816,392)
Debt Service	6,003,841	-	6,003,841	5,296,025	5,952,984	50,857
Business-Type - Enterprises	-	6,701,887	6,701,887	6,914,688	6,283,125	418,762
Total Disbursements	22,081,216	6,701,887	28,783,103	25,922,351	30,372,512	(1,589,409)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(4,426,315)	115,678	(4,310,637)	(3,639,601)	(7,263,582)	2,952,945
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	10,215,000	-	10,215,000	1,700,000	10,160,530	54,470
Premium on Bonds Issued	83,350	-	83,350	-	-	83,350
Sale of Capital Assets	-	10,530	10,530	-	-	10,530
Transfers In	7,115,557	-	7,115,557	5,820,740	7,828,932	(713,375)
Transfers Out	(6,528,904)	(586,653)	(7,115,557)	(5,820,740)	(7,828,932)	713,375
Total Other Financing Sources (Uses)	10,885,003	(576,123)	10,308,880	1,700,000	10,160,530	148,350
NET CHANGE IN FUND BALANCE	6,458,688	(460,445)	5,998,243	(1,939,601)	2,896,948	3,101,295
Fund Balances - Beginning of Year	12,608,981	6,288,037	18,897,018	18,897,018	18,897,018	-
FUND BALANCES - END OF YEAR	<u>\$ 19,067,669</u>	<u>\$ 5,827,592</u>	<u>\$ 24,895,261</u>	<u>\$ 16,957,417</u>	<u>\$ 21,793,966</u>	<u>\$ 3,101,295</u>
RECONCILIATION OF ENDING FUND BALANCES - CASH BASIS						
Cash and Cash Equivalents	\$ 17,076,070	\$ 4,359,070	\$ 21,435,140			
Certificates of Deposit	465,000	400,000	865,000			
Investments	1,032,208	511,997	1,544,205			
Restricted Cash and Cash Equivalents	315,300	443,630	758,930			
Restricted Certificates of Deposit	-	250,000	250,000			
Due to Other Funds	179,091	(137,105)	41,986			
Total	<u>\$ 19,067,669</u>	<u>\$ 5,827,592</u>	<u>\$ 24,895,261</u>			

**CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2025**

	Cash Basis	Accrual Adjustments	Actual/ Modified Accrual Basis
RECEIPTS			
Taxes	\$ 12,147,981	\$ (15,800)	\$ 12,132,181
Special Assessments	2,995	(2,145)	850
Licenses and Permits	114,130	(13,898)	100,232
Intergovernmental Revenue	3,386,374	(313,349)	3,073,025
Charges for Services	7,340,866	115,116	7,455,982
Fines and Forfeits	43,347	1,978	45,325
Contributions	361,731	(75,619)	286,112
Refunds and Reimbursements	9,940	-	9,940
Revenue from Use of Property	217,076	48,514	265,590
Interest on Investments	384,197	37,938	422,135
Miscellaneous	463,829	(208,944)	254,885
Total Receipts	24,472,466	(426,209)	24,046,257
EXPENDITURES/EXPENSES			
Current:			
Public Safety	3,176,569	24,947	3,201,516
Public Works	2,159,018	(24,305)	2,134,713
Health and Social Services	10,394	-	10,394
Culture and Recreation	3,257,497	(41,480)	3,216,017
Community and Economic Development	442,466	(646)	441,820
General Government	1,255,982	(4,795)	1,251,187
Capital Projects	5,775,449	(650,233)	5,125,216
Debt Service	6,003,841	104,369	6,108,210
Business-Type - Enterprises	6,701,887	(1,272,607)	5,429,280
Total Expenditures/Expenses	28,783,103	(1,864,750)	26,918,353
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES/EXPENSES	(4,310,637)	1,438,541	(2,872,096)
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	10,215,000	-	10,215,000
Premium on Bonds Issued	83,350	-	83,350
Contributed Capital Revenue	10,530	10,347	20,877
Proceeds from Insurance	-	68,444	68,444
Transfers In	7,115,557	-	7,115,557
Transfers Out	(7,115,557)	-	(7,115,557)
Total Other Financing Sources (Uses)	10,308,880	78,791	10,387,671
NET CHANGE IN FUND BALANCE	5,998,243	1,517,332	7,515,575
Fund Balance - Beginning of Year, as Previously Reported	18,897,018	15,017,310	33,914,328
Prior Period Adjustment	-	(224,078)	(224,078)
Fund Balance Beginning of Year, as Restated	18,897,018	14,793,232	33,690,250
FUND BALANCE END OF YEAR	\$ 24,895,261	\$ 16,310,564	\$ 41,205,825

See accompanying Notes to Required Supplementary Information – Budgetary Reporting.

CITY OF WAVERLY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
JUNE 30, 2025

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$4,450,161 and increased budgeted revenues by \$826,180. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2025, disbursements exceeded the budget in the capital projects function.

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

CITY OF WAVERLY, IOWA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 53,047	\$ 42,217	\$ 40,987	\$ 58,208	\$ 56,513	\$ 36,278	\$ 35,221	\$ 28,192
Interest Cost	44,692	24,499	23,421	21,656	21,151	30,297	30,544	28,740
Changes of Benefit Terms	-	85,714	-	-	-	-	-	-
Difference Between Expected and Actual Experiences	-	259,426	-	(259,087)	-	47,375	-	40,096
Changes in Assumptions	-	96,897	-	(75,674)	-	100,615	-	99,682
Benefit Payments	(117,149)	(31,792)	(38,542)	(53,837)	(59,179)	(62,032)	(84,395)	(21,868)
Net Change in Total OPEB Liability	(19,410)	476,961	25,866	(308,734)	18,485	152,533	(18,630)	174,842
Total OPEB Liability - Beginning of Year	1,142,713	665,752	639,886	948,620	930,135	777,602	796,232	621,390
Total OPEB Liability - End of Year	<u>\$ 1,123,303</u>	<u>\$ 1,142,713</u>	<u>\$ 665,752</u>	<u>\$ 639,886</u>	<u>\$ 948,620</u>	<u>\$ 930,135</u>	<u>\$ 777,602</u>	<u>\$ 796,232</u>
Covered-Employee Payroll	\$ 5,468,593	\$ 5,309,314	\$ 4,753,749	\$ 4,615,290	\$ 4,388,330	\$ 4,260,515	\$ 4,063,125	\$ 3,944,782
Total OPEB Liability as a Percentage of Covered-Employee Payroll	20.54%	21.52%	14.00%	13.86%	21.62%	21.83%	19.14%	20.18%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in Benefit Terms: There were no significant changes in benefit terms.

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

<u>Year Ended June 30,</u>	
2025	3.93 %
2024	3.93
2023	3.54
2022	3.54
2021	2.21
2020	2.21
2019	3.87
2018	3.87
2017	4.50

* GASB No. 75 required 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the entity will present information for those years for which information is available.

CITY OF WAVERLY, IOWA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS – WAVERLY UTILITIES
LAST SEVEN YEARS*

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability:							
Service Cost	\$ 59,278	\$ 49,273	\$ 47,954	\$ 37,188	\$ 36,193	\$ 42,353	\$ 41,220
Interest Cost	30,692	15,058	14,630	16,078	14,862	22,995	21,800
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experiences	18,178	-	108,824	-	(181,348)	-	-
Changes in Assumptions	191,577	-	23,398	-	25,694	-	-
Benefit Payments	(60,998)	(86,221)	(65,204)	(15,326)	(14,458)	(30,294)	(28,444)
Net Change in Total OPEB Liability	238,727	(21,890)	129,602	37,940	(119,057)	35,054	34,576
Total OPEB Liability - Beginning of Year	702,927	724,817	595,215	557,275	676,332	641,278	606,702
Total OPEB Liability - End of Year	<u>\$ 941,654</u>	<u>\$ 702,927</u>	<u>\$ 724,817</u>	<u>\$ 595,215</u>	<u>\$ 557,275</u>	<u>\$ 676,332</u>	<u>\$ 641,278</u>
Covered-Employee Payroll	\$ 2,616,422	\$ 2,522,902	\$ 2,455,379	\$ 2,470,187	\$ 2,404,075	\$ 2,511,424	\$ 2,444,208
Total OPEB Liability as a Percentage of Covered-Employee Payroll	35.99%	28.63%	29.34%	24.10%	23.18%	26.93%	26.24%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in Benefit Terms: There were no significant changes in benefit terms.

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

<u>Year Ended June 30,</u>	
2025	3.26 %
2024	2.06
2023	2.06
2022	2.74
2021	2.74
2020	3.44
2019	3.44

* GASB No. 75 required 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the entity will present information for those years for which information is available.

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS*
(IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net Pension Liability	0.054506%	0.050186%	0.053599%	0.015629%	0.047426%	0.047284%	0.046991%	0.045647%	0.046174%	0.047006%
Proportionate Share of the Net Pension Liability	\$ 1,898	\$ 2,265	\$ 2,025	\$ 54	\$ 3,331	\$ 2,738	\$ 2,974	\$ 3,041	\$ 2,906	\$ 2,337
Covered Payroll	\$ 4,826	\$ 4,423	\$ 4,342	\$ 3,929	\$ 3,778	\$ 3,617	\$ 3,550	\$ 3,427	\$ 3,312	\$ 3,236
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	39.33%	51.21%	46.64%	1.37%	88.17%	75.70%	83.77%	88.74%	87.74%	72.22%
Plan Fiduciary Position as a Percentage of the Total Pension Liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – COMPONENT UNITS
LAST TEN YEARS*
(IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net Pension Liability (Asset)	0.341194%	0.360783%	0.346264%	-0.096525%	0.338933%	0.352341%	0.349185%	0.312792%	0.341800%	0.334315%
Proportionate Share of the Net Pension Liability (Asset)	\$ 12,440	\$ 16,315	\$ 13,141	\$ (400)	\$ 23,793	\$ 20,415	\$ 22,097	\$ 22,919	\$ 21,492	\$ 16,521
Covered Payroll	\$ 37,457	\$ 34,687	\$ 32,274	\$ 31,279	\$ 29,737	\$ 27,972	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	33.21%	47.03%	40.72%	-1.28%	76.07%	72.98%	75.80%	90.48%	88.65%	69.12%
Plan Fiduciary Position as a Percentage of the Total Pension Liability (Asset)	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST TEN YEARS*
(IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net Pension Liability	0.378121%	0.339441%	0.365962%	0.340694%	0.349001%	0.365489%	0.367123%	0.003639%	0.365764%	0.360469%
Proportionate Share of the Net Pension Liability	\$ 2,499	\$ 2,126	\$ 2,055	\$ 765	\$ 2,783	\$ 2,397	\$ 2,186	\$ 2,134	\$ 2,287	\$ 1,694
Covered Payroll	\$ 1,419	\$ 1,231	\$ 1,236	\$ 1,107	\$ 1,109	\$ 1,106	\$ 1,053	\$ 1,030	\$ 991	\$ 945
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	176.11%	172.71%	166.26%	69.11%	250.95%	216.73%	207.60%	200.07%	230.78%	179.26%
Plan Fiduciary Position as a Percentage of the Total Pension Liability	83.37%	83.53%	84.62%	93.62%	76.47%	79.94%	81.07%	80.60%	78.20%	83.04%

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

CITY OF WAVERLY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
JUNE 30, 2025

Iowa Public Employees' Retirement System

Changes of Benefit Terms:

The 2024 valuation implemented the following changes in benefit terms:

Iowa Legislature passed House File 2661 (HF 2661) which provided the following benefit enhancements for members of the Sheriffs and Deputies group:

- Increasing the benefit multiplier from 1.5% to 2.5% for years of service between 22 and 30, thereby increasing in the maximum benefit from 72% to 80% of Average Salary.
- Granting an automatic 1.5% compound cost-of-living adjustment (COLA) for members who retire on or after July 1, 2024 who are at least age 50 when they terminate employment and have at least 22 years of special service. This COLA is provided in lieu of any Favorable Experience Dividend that future retirees would have otherwise been eligible for.

Changes of Assumptions:

The 2022 valuation implemented the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Adjusted disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

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

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

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

CITY OF WAVERLY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
JUNE 30, 2025

Municipal Fire and Police Retirement System of Iowa

Changes of Benefit Terms:

- There were no significant changes of benefit terms.

Changes of Assumptions:

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

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

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

**CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS*
(IN THOUSANDS)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contribution	\$ 434	\$ 456	\$ 418	\$ 410	\$ 371	\$ 357	\$ 342	\$ 317	\$ 306	\$ 297
Contributions in Relation to the Statutorily Required Contribution	<u>(434)</u>	<u>(456)</u>	<u>(418)</u>	<u>(410)</u>	<u>(371)</u>	<u>(357)</u>	<u>(342)</u>	<u>(317)</u>	<u>(306)</u>	<u>(297)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,600	\$ 4,826	\$ 4,423	\$ 4,342	\$ 3,929	\$ 3,778	\$ 3,617	\$ 3,550	\$ 3,427	\$ 3,312
Contributions as a Percentage of Covered Payroll	9.43%	9.45%	9.45%	9.44%	9.44%	9.45%	9.44%	8.93%	8.93%	8.93%

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – COMPONENT UNIT
LAST TEN YEARS*
(IN THOUSANDS)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contribution	\$ 3,291	\$ 3,183	\$ 2,055	\$ 2,832	\$ 2,724	\$ 2,631	\$ 2,518	\$ 2,432	\$ 2,262	\$ 2,165
Contributions in Relation to the Statutorily Required Contribution	<u>(3,291)</u>	<u>(3,183)</u>	<u>(3,055)</u>	<u>(2,832)</u>	<u>(2,724)</u>	<u>(2,631)</u>	<u>(2,518)</u>	<u>(2,432)</u>	<u>(2,262)</u>	<u>(2,165)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit's Covered Payroll	\$ 37,457	\$ 36,278	\$ 34,687	\$ 32,274	\$ 31,279	\$ 29,737	\$ 27,972	\$ 29,151	\$ 25,330	\$ 24,244
Contributions as a Percentage of Covered Payroll	8.79%	8.77%	8.81%	8.77%	8.71%	8.85%	9.00%	8.34%	8.93%	8.93%

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST TEN YEARS*
(IN THOUSANDS)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contribution	\$ 345	\$ 326	\$ 294	\$ 324	\$ 280	\$ 271	\$ 288	\$ 274	\$ 267	\$ 275
Contributions in Relation to the Statutorily Required Contribution	<u>(345)</u>	<u>(326)</u>	<u>(294)</u>	<u>(324)</u>	<u>(280)</u>	<u>(271)</u>	<u>(288)</u>	<u>(274)</u>	<u>(267)</u>	<u>(275)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,523	\$ 1,419	\$ 1,231	\$ 1,236	\$ 1,107	\$ 1,109	\$ 1,106	\$ 1,053	\$ 1,030	\$ 991
Contributions as a Percentage of Covered Payroll	22.65%	22.97%	23.88%	26.21%	25.29%	24.44%	26.04%	26.02%	25.92%	27.77%

SUPPLEMENTARY INFORMATION

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2025**

	Special Revenue Funds						Capital Project Funds		
	Road Use Tax	Tax Increment Financing	Local Option Sales Tax	Sales Tax Increment Fund	West Waverly TIF	Cable TV	Sidewalk Program	WPC Improvements	2017 Bituminous Seal Coat
ASSETS									
Cash and Cash Equivalents	\$ 1,212,902	\$ 76,987	\$ 592,172	\$ 557,968	\$ 147,535	\$ 134,168	\$ 4,901	\$ -	\$ 11,983
Certificates of Deposit	-	-	-	-	-	-	-	-	-
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):									
Taxes	-	1,187	-	-	-	-	-	-	-
Subsequent Year Taxes	-	828,003	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	445	-	-
Due from Other Governmental Agencies	113,549	-	154,699	-	-	-	-	-	-
Restricted Assets:									
Cash and Cash Equivalents	109,750	-	205,550	-	-	-	-	-	-
Total Assets	<u>\$ 1,436,201</u>	<u>\$ 906,177</u>	<u>\$ 952,421</u>	<u>\$ 557,968</u>	<u>\$ 147,535</u>	<u>\$ 134,168</u>	<u>\$ 5,346</u>	<u>\$ -</u>	<u>\$ 11,983</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 5,704	\$ -	\$ -	\$ -	\$ -	\$ 129	\$ -	-	\$ -
Accrued Wages	12,455	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Current Liabilities	18,159	-	-	-	-	129	-	-	-
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Subsequent Year Taxes	-	828,003	-	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	445	-	-
Total Deferred Inflows of Resources	-	828,003	-	-	-	-	445	-	-
FUND BALANCES									
Nonspendable:									
Perpetual Care	-	-	-	-	-	-	-	-	-
Restricted for:									
Road Purposes	1,418,042	78,174	-	-	-	-	-	-	-
Local Option Sales Tax	-	-	952,421	557,968	147,535	-	-	-	-
Cable TV	-	-	-	-	-	134,039	-	-	-
Capital Improvement	-	-	-	-	-	-	-	-	-
Assigned for:									
Capital Improvement	-	-	-	-	-	-	4,901	-	11,983
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	1,418,042	78,174	952,421	557,968	147,535	134,039	4,901	-	11,983
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,436,201</u>	<u>\$ 906,177</u>	<u>\$ 952,421</u>	<u>\$ 557,968</u>	<u>\$ 147,535</u>	<u>\$ 134,168</u>	<u>\$ 5,346</u>	<u>\$ -</u>	<u>\$ 11,983</u>

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
JUNE 30, 2025**

	Capital Project Funds					
	Capital Improvement Fund	Youth Ball Diamond	Sanitary Sewer Improvement	Storm Drainage Improvement	South Industrial Park	Alley Reconstruction Project
ASSETS						
Cash and Cash Equivalents	\$ 475,916	\$ -	\$ 205,436	\$ 67,572	\$ 706,152	\$ 7,823
Certificates of Deposit	-	-	-	-	-	-
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):						
Taxes	-	-	-	-	-	-
Subsequent Year Taxes	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Total Assets	<u>\$ 475,916</u>	<u>\$ -</u>	<u>\$ 205,436</u>	<u>\$ 67,572</u>	<u>\$ 706,152</u>	<u>\$ 7,823</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 8,275	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	-	-	-	-	-
Due to Other Funds	-	39,246	-	-	-	-
Total Current Liabilities	<u>8,275</u>	<u>39,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Subsequent Year Taxes	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Perpetual Care	-	-	-	-	-	-
Restricted for:						
Road Purposes	-	-	-	-	-	-
Local Option Sales Tax	-	-	-	-	-	-
Cable TV	-	-	-	-	-	-
Capital Improvement	-	-	-	-	-	-
Assigned for:						
Capital Improvement	467,641	-	205,436	67,572	706,152	7,823
Unassigned	-	(39,246)	-	-	-	-
Total Fund Balances	<u>467,641</u>	<u>(39,246)</u>	<u>205,436</u>	<u>67,572</u>	<u>706,152</u>	<u>7,823</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 475,916</u>	<u>\$ -</u>	<u>\$ 205,436</u>	<u>\$ 67,572</u>	<u>\$ 706,152</u>	<u>\$ 7,823</u>

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
JUNE 30, 2025**

	Capital Project Funds							
	1st Street NW Reconstruction	Airport Runway 11 Taxiway	10th Ave SW Trail Extension	Airport Taxilane Reconstruction	Water Projects	Parks Building	Library Renovation	Rail Trail Bridges
ASSETS								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,163	\$ -	\$ 471,256
Certificates of Deposit	-	-	-	-	-	-	-	-
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Subsequent Year Taxes	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-	6,830	-
Restricted Assets:								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,163</u>	<u>\$ 6,830</u>	<u>\$ 471,256</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,804
Accrued Wages	-	-	-	-	-	-	-	-
Due to Other Funds	-	36,048	-	18,915	-	-	6,830	-
Total Current Liabilities	-	36,048	-	18,915	-	-	6,830	137,804
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Subsequent Year Taxes	-	-	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable:								
Perpetual Care	-	-	-	-	-	-	-	-
Restricted for:								
Road Purposes	-	-	-	-	-	-	-	-
Local Option Sales Tax	-	-	-	-	-	-	-	-
Cable TV	-	-	-	-	-	-	-	-
Capital Improvement	-	-	-	-	-	-	-	-
Assigned for:								
Capital Improvement	-	-	-	-	-	33,163	-	333,452
Unassigned	-	(36,048)	-	(18,915)	-	-	-	-
Total Fund Balances	-	(36,048)	-	(18,915)	-	33,163	-	333,452
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,163</u>	<u>\$ 6,830</u>	<u>\$ 471,256</u>

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
JUNE 30, 2025**

	Capital Project Funds					
	Tailrace Removal	Parkway Traffic Beacons	Public Works Building	Concrete and Building Projects	Fueling Station Project	39th Street NE Improvements
ASSETS						
Cash and Cash Equivalents	\$ 170,746	\$ 52,154	\$ -	\$ 100,189	\$ -	\$ 81,300
Certificates of Deposit	-	-	-	-	-	-
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):						
Taxes	-	-	-	-	-	-
Subsequent Year Taxes	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Total Assets	<u>\$ 170,746</u>	<u>\$ 52,154</u>	<u>\$ -</u>	<u>\$ 100,189</u>	<u>\$ -</u>	<u>\$ 81,300</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	5,076	\$ -	\$ -	\$ 25,560	\$ -	\$ 5,139
Accrued Wages	-	-	-	-	-	-
Due to Other Funds	-	-	33,019	-	54,323	-
Total Current Liabilities	<u>5,076</u>	<u>-</u>	<u>33,019</u>	<u>25,560</u>	<u>54,323</u>	<u>5,139</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Subsequent Year Taxes	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Perpetual Care	-	-	-	-	-	-
Restricted for:						
Road Purposes	-	-	-	-	-	-
Local Option Sales Tax	-	-	-	-	-	-
Cable TV	-	-	-	-	-	-
Capital Improvement	-	-	-	-	-	-
Assigned for:						
Capital Improvement	165,670	52,154	-	74,629	-	76,161
Unassigned	-	-	(33,019)	-	(54,323)	-
Total Fund Balances	<u>165,670</u>	<u>52,154</u>	<u>(33,019)</u>	<u>74,629</u>	<u>(54,323)</u>	<u>76,161</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 170,746</u>	<u>\$ 52,154</u>	<u>\$ -</u>	<u>\$ 100,189</u>	<u>\$ -</u>	<u>\$ 81,300</u>

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
JUNE 30, 2025**

	Capital Project Funds				Permanent	Total Governmental Nonmajor Funds
	Hinds Addition Improvements	Lift Station Improvements	LS Lots and Ramps	117 Building Renovation	Perpetual Care	
ASSETS						
Cash and Cash Equivalents	\$ 200,000	\$ 107,000	\$ 644,240	\$ 361,240	\$ 85,182	\$ 6,507,985
Certificates of Deposit	-	-	-	-	465,000	465,000
Receivables (Net, Where Applicable, of Allowance for Uncollectibles):						
Taxes	-	-	-	-	-	1,187
Subsequent Year Taxes	-	-	-	-	-	828,003
Special Assessments	-	-	-	-	-	445
Due from Other Governmental Agencies	-	-	-	-	-	275,078
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	-	315,300
Total Assets	<u>\$ 200,000</u>	<u>\$ 107,000</u>	<u>\$ 644,240</u>	<u>\$ 361,240</u>	<u>\$ 550,182</u>	<u>\$ 8,392,998</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 28,610	\$ 61,004	\$ 34,315	\$ -	\$ 311,616
Accrued Wages	-	-	-	-	-	12,455
Due to Other Funds	-	-	-	-	-	188,381
Total Current Liabilities	-	28,610	61,004	34,315	-	512,452
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Subsequent Year Taxes	-	-	-	-	-	828,003
Unavailable Revenue - Special Assessments	-	-	-	-	-	445
Total Deferred Inflows of Resources	-	-	-	-	-	828,448
FUND BALANCES						
Nonspendable:						
Perpetual Care	-	-	-	-	550,182	550,182
Restricted for:						
Road Purposes	-	-	-	-	-	1,496,216
Local Option Sales Tax	-	-	-	-	-	1,657,924
Cable TV	-	-	-	-	-	134,039
Capital Improvement	-	-	583,236	326,925	-	910,161
Assigned for:						
Capital Improvement	200,000	78,390	-	-	-	2,485,127
Unassigned	-	-	-	-	-	(181,551)
Total Fund Balances	<u>200,000</u>	<u>78,390</u>	<u>583,236</u>	<u>326,925</u>	<u>550,182</u>	<u>7,052,098</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 200,000</u>	<u>\$ 107,000</u>	<u>\$ 644,240</u>	<u>\$ 361,240</u>	<u>\$ 550,182</u>	<u>\$ 8,392,998</u>

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						Capital Project Funds		
	Road Use Tax	Tax Increment Financing	Local Option Sales Tax	Sales Tax Increment Fund	West Waverly TIF	Cable TV	Sidewalk Program	WPC Improvements	2017 Bituminous Seal Coat
REVENUES									
Taxes	\$ -	\$ 1,172,818	\$ 1,436,510	\$ 580,308	\$ 106,570	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	682	-	-
Licenses and Permits	-	-	-	-	-	31,107	-	-	-
Intergovernmental Revenue	1,471,430	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Refunds and Reimbursements	4,390	-	-	-	-	-	-	-	-
Revenue from Use of Property	-	-	-	-	-	-	-	-	-
Interest on Investments	15,218	7,388	9,703	8,859	921	-	-	-	-
Miscellaneous	3,400	-	-	-	-	-	-	-	-
Total Revenues	1,494,438	1,180,206	1,446,213	589,167	107,491	31,107	682	-	-
EXPENDITURES									
Current:									
Public Works	1,320,672	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	7,379	-	-	-
Capital Projects	-	-	-	-	-	-	2,200	-	219,451
Debt Service	-	-	-	-	-	10,800	-	-	-
Total Expenditures	1,320,672	-	-	-	-	18,179	2,200	-	219,451
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	173,766	1,180,206	1,446,213	589,167	107,491	12,928	(1,518)	-	(219,451)
OTHER FINANCING SOURCES (USES)									
Issuance of Debt	-	-	-	-	-	-	-	-	-
Transfers In	25,000	-	217,075	-	-	-	-	-	200,000
Transfers Out	(72,260)	(1,730,081)	(1,675,607)	(578,800)	-	-	(1)	-	-
Total Other Financing Sources (Uses)	(47,260)	(1,730,081)	(1,458,532)	(578,800)	-	-	(1)	-	200,000
NET CHANGE IN FUND BALANCES	126,506	(549,875)	(12,319)	10,367	107,491	12,928	(1,519)	-	(19,451)
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	1,291,536	628,049	964,740	547,601	40,044	121,111	6,420	(775,437)	31,434
Prior Period Adjustments	-	-	-	-	-	-	-	775,437	-
Fund Balances (Deficits) - Beginning of Year, as Restated	1,291,536	628,049	964,740	547,601	40,044	121,111	6,420	-	31,434
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 1,418,042	\$ 78,174	\$ 952,421	\$ 557,968	\$ 147,535	\$ 134,039	\$ 4,901	\$ -	\$ 11,983

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Capital Project Funds					
	Capital Improvement Fund	Youth Ball Diamond	Sanitary Sewer Improvement	Storm Drainage Improvement	South Industrial Park	Alley Reconstruction Project
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenue	273,036	252,500	-	-	-	-
Contributions	-	41,748	-	-	-	-
Refunds and Reimbursements	-	5,550	-	-	-	-
Revenue from Use of Property	-	-	-	-	-	-
Interest on Investments	5,766	-	-	-	7,568	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	278,802	299,798	-	-	7,568	-
EXPENDITURES						
Current:						
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Capital Projects	191,855	533,186	-	-	-	67,157
Debt Service	7,250	-	-	-	-	-
Total Expenditures	199,105	533,186	-	-	-	67,157
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	79,697	(233,388)	-	-	7,568	(67,157)
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-	-	-	-	-	-
Transfers In	100,000	-	40,000	25,000	-	75,000
Transfers Out	(155,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	(55,000)	-	40,000	25,000	-	75,000
NET CHANGE IN FUND BALANCES	24,697	(233,388)	40,000	25,000	7,568	7,843
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	442,944	194,142	165,436	42,572	698,584	(20)
Prior Period Adjustments	-	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	442,944	194,142	165,436	42,572	698,584	(20)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 467,641	\$ (39,246)	\$ 205,436	\$ 67,572	\$ 706,152	\$ 7,823

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Capital Project Funds							
	1st Street NW Reconstruction	Airport Runway 11 Taxiway	10th Ave SW Trail Extension	Airport Taxilane Reconstruction	Water Projects	Parks Building	Library Renovation	Rail Trail Bridges
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental Revenue	-	(5,245)	-	-	-	-	89,468	-
Contributions	-	-	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-	-	-
Revenue from Use of Property	-	-	-	-	-	-	-	-
Interest on Investments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	-	(5,245)	-	-	-	-	89,468	-
EXPENDITURES								
Current:								
Public Works	292	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	254,836	680,170	1,336,814
Debt Service	-	-	-	-	-	-	-	38,242
Total Expenditures	292	-	-	-	-	254,836	680,170	1,375,056
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(292)	(5,245)	-	-	-	(254,836)	(590,702)	(1,375,056)
OTHER FINANCING SOURCES (USES)								
Issuance of Debt	-	-	-	-	-	-	-	-
Transfers In	1	-	-	-	-	-	831,226	-
Transfers Out	-	-	(7,754)	-	-	(100,000)	-	-
Total Other Financing Sources (Uses)	1	-	(7,754)	-	-	(100,000)	831,226	-
NET CHANGE IN FUND BALANCES	(291)	(5,245)	(7,754)	-	-	(354,836)	240,524	(1,375,056)
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	291	(30,803)	7,754	(18,915)	1,120,373	387,999	(240,524)	1,708,508
Prior Period Adjustments	-	-	-	-	(1,120,373)	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	291	(30,803)	7,754	(18,915)	-	387,999	(240,524)	1,708,508
FUND BALANCES (DEFICITS) - END OF YEAR	\$ -	\$ (36,048)	\$ -	\$ (18,915)	\$ -	\$ 33,163	\$ -	\$ 333,452

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Capital Project Funds					
	Tailrace Removal	Parkway Traffic Beacons	Public Works Building	Concrete and Building Projects	Fueling Station Project	39th Street NE Improvements
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	-
Revenue from Use of Property	-	-	-	-	-	-
Interest on Investments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
EXPENDITURES						
Current:						
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Capital Projects	110,490	16,511	534,648	163,430	357,390	6,839
Debt Service	-	-	-	-	8,395	-
Total Expenditures	110,490	16,511	534,648	163,430	365,785	6,839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(110,490)	(16,511)	(534,648)	(163,430)	(365,785)	(6,839)
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-	-	-	-	-	-
Transfers In	-	-	-	155,000	-	83,000
Transfers Out	-	(75,246)	-	-	-	-
Total Other Financing Sources (Uses)	-	(75,246)	-	155,000	-	83,000
NET CHANGE IN FUND BALANCES	(110,490)	(91,757)	(534,648)	(8,430)	(365,785)	76,161
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	276,160	143,911	501,629	83,059	311,462	-
Prior Period Adjustments	-	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	276,160	143,911	501,629	83,059	311,462	-
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 165,670</u>	<u>\$ 52,154</u>	<u>\$ (33,019)</u>	<u>\$ 74,629</u>	<u>\$ (54,323)</u>	<u>\$ 76,161</u>

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Capital Project Funds				Permanent	Governmental
	Hinds Addition Improvements	Lift Station Improvements	LS Lots and Ramps	117 Building Renovation	Perpetual Care	Nonmajor Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,296,206
Special Assessments	-	-	-	-	-	682
Licenses and Permits	-	-	-	-	-	31,107
Intergovernmental Revenue	-	-	-	-	-	2,081,189
Contributions	-	-	-	-	7,725	49,473
Refunds and Reimbursements	-	-	-	-	-	9,940
Revenue from Use of Property	-	-	-	-	-	-
Interest on Investments	-	-	-	-	-	55,423
Miscellaneous	-	-	-	-	-	3,400
Total Revenues	-	-	-	-	7,725	5,527,420
EXPENDITURES						
Current:						
Public Works	-	-	-	-	-	1,320,964
Culture and Recreation	-	-	-	-	-	7,379
Capital Projects	-	41,610	4,500	-	-	4,521,087
Debt Service	-	-	61,014	34,325	-	160,026
Total Expenditures	-	41,610	65,514	34,325	-	6,009,456
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(41,610)	(65,514)	(34,325)	7,725	(482,036)
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-	-	648,750	361,250	-	1,010,000
Transfers In	200,000	120,000	-	-	-	2,071,302
Transfers Out	-	-	-	-	-	(4,394,749)
Total Other Financing Sources (Uses)	200,000	120,000	648,750	361,250	-	(1,313,447)
NET CHANGE IN FUND BALANCES	200,000	78,390	583,236	326,925	7,725	(1,795,483)
Fund Balances (Deficits) - Beginning of Year, as Previously Reported	-	-	-	-	542,457	9,192,517
Prior Period Adjustments	-	-	-	-	-	(344,936)
Fund Balances (Deficits) - Beginning of Year, as Restated	-	-	-	-	542,457	8,847,581
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 200,000</u>	<u>\$ 78,390</u>	<u>\$ 583,236</u>	<u>\$ 326,925</u>	<u>\$ 550,182</u>	<u>\$ 7,052,098</u>

**CITY OF WAVERLY, IOWA
STATISTICAL SECTION**

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand How the government's financial performance and well-being have changed over time.	115-120
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	121-124
Debt Capacity 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.	125-131
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	132-133
Operating Information 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.	134-135

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

CITY OF WAVERLY, IOWA
GOVERNMENT-WIDE NET POSITION BY COMPONENT¹
LAST TEN FISCAL YEARS
(ACCRUAL BASIS)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	\$ 45,139,066	\$ 46,400,267	\$ 48,702,502	\$ 47,543,076	\$ 51,146,367	\$ 55,333,374	\$ 57,750,010	\$ 58,137,839	\$ 61,849,136	\$ 68,647,318
Restricted	2,706,371	3,236,491	2,893,954	3,064,822	3,009,120	5,924,464	6,089,667	6,264,026	6,453,243	5,429,723
Unrestricted	1,638,015	(113,581)	(2,095,449)	1,877,510	986,922	(2,206,473)	(1,723,291)	129,850	(413,715)	1,064,551
Total Governmental Activities										
Net Position	49,483,452	49,523,177	49,501,007	52,485,408	55,142,409	59,051,365	62,116,386	64,531,715	67,888,664	75,141,592
Business-Type Activities:										
Net Investment in Capital Assets	10,659,431	11,615,461	12,439,840	10,833,717	11,567,403	12,645,950	20,483,473	15,113,107	15,622,595	16,528,572
Restricted	22,734	103,401	94,493	675,094	684,498	685,954	676,460	590,788	589,414	693,630
Unrestricted	2,892,703	3,178,122	3,326,174	2,923,932	2,765,410	2,494,574	(3,571,288)	4,531,321	5,228,699	5,186,187
Total Business-Type Activities										
Net Position	13,574,868	14,896,984	15,860,507	14,432,743	15,017,311	15,826,478	17,588,645	20,235,216	21,440,708	22,408,389
Primary Government:										
Net Investment in Capital Assets	55,798,497	58,015,728	61,142,342	58,376,793	62,713,770	67,979,324	78,233,483	73,250,946	77,471,731	85,175,890
Restricted	2,729,105	3,339,892	2,988,447	3,739,916	3,693,618	6,610,418	6,766,127	6,854,814	7,042,657	6,123,353
Unrestricted	4,530,718	3,064,541	1,230,725	4,801,442	3,752,332	288,101	(5,294,579)	4,661,171	4,814,984	6,250,738
Total Primary Government Activities										
Net Position	<u>\$ 63,058,320</u>	<u>\$ 64,420,161</u>	<u>\$ 65,361,514</u>	<u>\$ 66,918,151</u>	<u>\$ 70,159,720</u>	<u>\$ 74,877,843</u>	<u>\$ 79,705,031</u>	<u>\$ 84,766,931</u>	<u>\$ 89,329,372</u>	<u>\$ 97,549,981</u>

Notes:

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.

**CITY OF WAVERLY, IOWA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENSES										
Governmental Activities:										
General Government	\$ 812,686	\$ 1,149,474	\$ 1,149,385	\$ 669,502	\$ 930,649	\$ 890,918	\$ 750,438	\$ 1,170,807	\$ 1,464,102	\$ 1,274,186
Public Safety	2,247,521	2,478,198	2,701,599	2,643,357	2,980,681	2,907,703	2,333,262	2,610,591	3,123,040	3,086,117
Public Works	5,275,053	4,374,264	5,104,045	4,724,799	4,609,339	5,627,091	5,068,309	5,802,767	5,021,580	5,357,463
Health and Social Services	64,184	9,874	9,874	9,874	9,874	9,874	9,874	10,394	10,394	10,394
Community and Economic Development	515,249	1,292,607	729,567	774,466	973,361	834,488	756,854	507,089	473,697	431,572
Culture and Recreation	2,574,145	2,505,856	2,605,857	2,776,818	2,871,985	3,039,296	3,189,567	3,595,732	4,161,825	3,484,805
Debt Service	536,149	437,831	445,257	761,646	743,123	747,278	655,515	715,407	660,025	795,890
Total Governmental Activities Expenses	12,024,987	12,248,104	12,745,584	12,360,462	13,119,012	14,056,648	12,763,819	14,412,787	14,914,663	14,440,427
Business-Type Activities:										
Water	1,125,154	1,225,589	1,211,683	1,502,936	1,390,408	1,253,842	1,400,442	1,485,039	1,534,036	1,602,326
Sewer	1,700,848	1,780,570	1,698,567	1,764,687	1,853,223	1,748,680	1,969,126	2,222,752	2,227,350	2,383,802
Solid Waste	1,048,675	1,218,735	1,219,573	1,373,526	1,325,275	1,390,486	1,363,090	1,468,415	1,442,217	1,534,665
Total Business-Type Activities Expenses	3,874,677	4,224,894	4,129,823	4,641,149	4,568,906	4,393,008	4,732,658	5,176,206	5,203,603	5,520,793
Total Primary Government Expenses	15,899,664	16,472,998	16,875,407	17,001,611	17,687,918	18,449,656	17,496,477	19,588,993	20,118,266	19,961,220
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	241,010	271,525	251,725	127,635	104,466	124,028	152,806	61,629	66,627	82,624
Public Safety	42,533	51,089	47,839	53,175	40,244	89,619	197,207	46,109	41,132	43,808
Public Works	44,526	57,264	87,868	105,935	130,957	31,594	158,949	89,185	101,406	1,598,164
Community and Economic Development	23,303	22,734	9,334	19,612	24,998	16,899	45,477	19,571	19,700	15,384
Culture and Recreation	638,946	625,840	592,286	630,601	587,973	889,390	986,188	965,473	1,096,669	920,867
Operating Grants and Contributions	2,159,919	2,217,432	2,157,667	2,443,545	3,296,788	3,346,721	2,296,820	2,937,691	2,756,116	1,359,826
Capital Grants and Contributions	2,007,771	330,201	681,523	69,412	1,394,149	1,891,675	1,148,221	2,402,171	1,471,183	1,789,851
Total Governmental Activities Program Revenues	5,158,008	3,576,085	3,828,242	3,449,915	5,579,575	6,389,926	4,985,668	6,521,829	5,552,833	5,810,524
Business-Type Activities:										
Charges for Services:										
Water	1,246,479	1,308,725	1,335,896	1,496,978	1,515,461	1,575,486	1,555,079	1,607,531	1,652,737	1,723,024
Sewer	1,792,574	1,666,757	1,695,866	1,837,309	1,944,024	2,121,115	2,257,532	2,527,371	2,736,321	2,850,574
Solid Waste	1,340,891	1,424,910	1,458,395	1,462,918	1,590,679	1,702,582	1,854,970	1,852,588	1,887,201	1,932,269
Capital Grants and Contributions	269,205	2,348	359,703	109,913	-	5,498	3,729	5,819	3,713	-
Total Business-Type Activities Program Revenues	4,649,149	4,402,740	4,849,860	4,907,118	5,050,164	5,404,681	5,671,310	5,993,309	6,279,972	6,505,867
Total Primary Government Program Revenues	9,807,157	7,978,825	8,678,102	8,357,033	10,629,739	11,794,607	10,656,978	12,515,138	11,832,805	12,316,391

**CITY OF WAVERLY, IOWA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NET REVENUE (EXPENSE)										
Governmental Activities	\$ (6,866,979)	\$ (8,672,019)	\$ (8,917,342)	\$ (8,910,547)	\$ (7,539,437)	\$ (7,666,722)	\$ (7,778,151)	\$ (7,890,958)	\$ (9,361,830)	\$ (8,629,903)
Business-Type Activities	774,472	177,846	720,037	265,969	481,258	1,011,673	938,652	817,103	1,076,369	985,074
Total Primary Government Net Expense	(6,092,507)	(8,494,173)	(8,197,305)	(8,644,578)	(7,058,179)	(6,655,049)	(6,839,499)	(7,073,855)	(8,285,461)	(7,644,829)
GENERAL REVENUES										
Governmental Activities:										
Property Taxes	7,086,413	7,504,828	7,287,523	7,487,736	7,613,429	8,600,766	9,008,053	9,222,058	9,459,550	10,696,353
Local Option Sales Tax	1,128,998	1,502,733	1,222,010	1,560,866	1,714,891	1,931,044	2,023,559	1,889,907	1,978,099	1,436,510
Hotel and Motel Taxes	175,269	232,582	188,106	179,842	151,341	105,368	251,080	267,302	121,896	212,224
Interest	46,697	50,928	45,347	103,701	113,639	122,172	(77,670)	118,089	325,882	247,898
General Intergovernmental Revenues	191,934	192,114	197,245	191,646	190,890	187,644	181,085	167,766	205,487	-
Property Tax Replacement	233,203	208,008	202,647	193,412	185,738	194,209	203,521	178,080	376,452	316,939
Gain on Sale of Capital Assets	-	30,735	-	12,230	4,302	2,949	437,049	8,468	-	-
Miscellaneous	96,217	8,280	224,921	129,650	201,509	102,693	118,757	112,903	191,001	489,259
Transfers	60,474	(1,018,464)	(108,102)	1,837,271	52,974	329,187	(687,432)	(1,658,286)	60,412	586,653
Total Governmental Activities	9,019,205	8,711,744	9,259,697	11,696,354	10,228,713	11,576,032	11,458,002	10,306,287	12,718,779	13,985,836
Business-Type Activities:										
Investment Earnings	19,508	17,637	35,407	45,229	52,278	24,848	23,729	77,304	156,648	346,610
Gain on Sale of Capital Assets	-	10,726	1,500	-	-	-	-	-	-	-
Miscellaneous	92,824	97,443	98,477	98,309	104,006	101,833	112,354	93,878	98,200	101,792
Transfers	(60,474)	1,018,464	108,102	(1,837,271)	(52,974)	(329,187)	687,432	1,658,286	(60,412)	(586,653)
Total Business-Type Activities	51,858	1,144,270	243,486	(1,693,733)	103,310	(202,506)	823,515	1,829,468	194,436	(138,251)
Total Primary Government	9,071,063	9,856,014	9,503,183	10,002,621	10,332,023	11,373,526	12,281,517	12,135,755	12,913,215	13,847,585
CHANGE IN NET POSITION										
Governmental Activities	2,152,226	39,725	342,355	2,785,807	2,689,276	3,909,310	3,679,851	2,415,329	3,356,949	5,355,933
Business-Type Activities	826,330	1,322,116	963,523	(1,427,764)	584,568	809,167	1,762,167	2,646,571	1,270,805	846,823
Total Primary Government	<u>\$ 2,978,556</u>	<u>\$ 1,361,841</u>	<u>\$ 1,305,878</u>	<u>\$ 1,358,043</u>	<u>\$ 3,273,844</u>	<u>\$ 4,718,477</u>	<u>\$ 5,442,018</u>	<u>\$ 5,061,900</u>	<u>\$ 4,627,754</u>	<u>\$ 6,202,756</u>

**CITY OF WAVERLY, IOWA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(CASH BASIS)**

Fiscal Year	General Property Tax	Local Option Sales Tax	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel/Motel Tax	Total Taxes
2016	\$ 5,081,839	\$ 908,243	\$ 2,050,061	\$ 51,810	\$ 175,269	\$ 8,267,222
2017	5,565,696	1,372,762	1,933,728	56,752	180,074	9,109,012
2018	6,088,658	1,402,341	1,203,728	61,708	188,196	8,944,631
2019	6,153,187	1,743,644	1,319,322	94,107	170,017	9,480,277
2020	6,189,238	1,536,181	1,289,307	102,544	177,861	9,295,131
2021	7,153,240	2,016,292	1,499,410	96,588	141,092	10,906,622
2022	7,692,171	2,090,158	1,305,443	92,831	194,613	11,375,216
2023	7,984,788	1,893,877	1,217,056	90,818	220,506	11,407,045
2024	8,317,702	1,956,145	1,133,302	85,756	225,159	11,718,064
2025	8,835,677	1,991,815	1,320,489	84,250	223,013	12,455,244
Percentage Change in Dollars Over 10 Years	73.87%	119.30%	-35.59%	62.61%	27.24%	50.66%

**CITY OF WAVERLY, IOWA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS)**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 74,377	\$ 88,789	\$ 87,795	\$ 233,783	\$ 92,658	\$ 100,690	\$ 219,533	\$ 225,956	\$ 120,650	\$ 97,202
Restricted	-	-	-	-	-	1,215,116	829,372	1,523,398	1,113,231	-
Assigned	24,627	22,810	23,549	26,506	25,523	20,769	19,518	9,292	22,251	22,393
Unrestricted	2,657,093	2,704,255	3,126,763	2,873,063	3,766,212	3,424,085	2,108,825	1,547,448	1,071,288	1,589,049
Total General Fund	<u>2,756,097</u>	<u>2,815,854</u>	<u>3,238,107</u>	<u>3,133,352</u>	<u>3,884,393</u>	<u>4,760,660</u>	<u>3,177,248</u>	<u>3,306,094</u>	<u>2,327,420</u>	<u>1,708,644</u>
All Other Governmental Funds:										
Nonspendable	767,461	507,588	513,603	516,978	519,488	526,149	532,957	537,692	542,457	550,182
Restricted	1,714,074	2,727,209	2,420,088	2,609,603	10,336,821	7,644,301	4,711,759	8,937,193	9,198,702	14,235,034
Assigned	3,079,501	1,242,751	1,755,210	7,439,541	1,735,994	1,728,213	1,649,050	1,407,947	1,470,740	2,485,127
Unrestricted	(706,489)	(743,199)	(2,983,470)	(780,849)	(558,596)	(2,892,852)	(1,807,854)	(1,121,201)	(1,065,699)	(181,551)
Total All Other Governmental Funds	<u>4,854,547</u>	<u>3,734,349</u>	<u>1,705,431</u>	<u>9,785,273</u>	<u>12,033,707</u>	<u>7,005,811</u>	<u>5,085,912</u>	<u>9,761,631</u>	<u>10,146,200</u>	<u>17,088,792</u>
Total Governmental Funds:										
Nonspendable	841,838	596,377	601,398	750,761	612,146	626,839	752,490	763,648	663,107	647,384
Restricted	1,714,074	2,727,209	2,420,088	2,609,603	10,336,821	8,859,417	5,541,131	10,460,591	10,311,933	14,235,034
Assigned	3,104,128	1,265,561	1,778,759	7,466,047	1,761,517	1,748,982	1,668,568	1,417,239	1,492,991	2,507,520
Unrestricted	<u>1,950,604</u>	<u>1,961,056</u>	<u>143,293</u>	<u>2,092,214</u>	<u>3,207,616</u>	<u>531,233</u>	<u>300,971</u>	<u>426,247</u>	<u>5,589</u>	<u>1,407,498</u>
Total Governmental Funds	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>	<u>\$ 4,943,538</u>	<u>\$ 12,918,625</u>	<u>\$ 15,918,100</u>	<u>\$ 11,766,471</u>	<u>\$ 8,263,160</u>	<u>\$ 13,067,725</u>	<u>\$ 12,473,620</u>	<u>\$ 18,797,436</u>

Notes:

The fluctuations in the fund balances result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

CITY OF WAVERLY, IOWA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Taxes	\$ 8,215,412	\$ 9,007,561	\$ 8,510,566	\$ 9,048,602	\$ 9,226,758	\$ 10,531,810	\$ 11,031,612	\$ 11,111,965	\$ 11,437,649	\$ 12,132,181
Special Assessments	11,304	40,566	-	13,167	13,458	79,723	19,327	6,334	3,923	850
Licenses and Permits	87,653	113,545	78,885	142,033	139,460	97,544	140,719	126,780	130,589	100,232
Intergovernmental	4,558,349	3,000,504	3,119,322	2,960,743	4,299,111	4,721,728	3,331,809	4,573,792	4,521,991	3,073,025
Charges for Services	814,866	822,666	793,572	587,526	623,064	810,735	779,350	854,768	893,639	950,115
Fines and Forfeits	54,191	57,489	54,876	43,750	41,041	29,590	39,665	46,855	41,870	45,325
Investment Earnings	44,609	49,191	45,347	103,701	113,639	122,172	(77,670)	118,089	325,882	233,640
Rental Income	67,106	65,945	96,742	105,662	89,737	101,906	94,188	86,020	118,458	107,475
Contributions	84,473	53,203	37,681	109,620	897,947	904,836	710,242	1,098,362	416,585	286,112
Refunds and Reimbursements	-	-	-	-	-	-	-	3,446	25,119	9,940
Miscellaneous	184,174	21,980	247,841	143,709	216,119	122,023	138,106	179,447	298,714	265,483
Total Revenues	14,122,137	13,232,650	12,984,832	13,258,513	15,660,334	17,522,067	16,207,348	18,205,858	18,214,419	17,204,378
EXPENDITURES										
Current:										
Public Safety	2,329,272	2,101,970	2,253,573	2,594,111	2,800,963	2,404,783	3,260,054	2,683,507	3,087,325	3,201,516
Public Works	1,436,058	1,769,481	1,855,470	1,841,712	1,858,532	1,846,967	1,713,490	1,965,962	2,050,354	2,134,713
Health and Social Services	64,184	9,874	9,874	9,874	9,874	9,874	9,874	10,394	10,394	10,394
Culture and Recreation	2,462,074	2,528,258	2,414,847	2,642,004	2,831,586	2,807,462	3,280,686	3,751,632	4,070,200	3,216,017
Community and Economic Development	489,769	1,310,800	721,972	774,460	865,910	820,876	789,661	521,288	464,608	441,820
General Government	837,847	935,697	1,023,626	632,951	777,081	789,924	778,777	1,219,947	1,377,630	1,251,187
Debt Service:										
Principal	2,235,000	2,210,000	2,710,000	2,985,000	3,509,000	3,804,784	3,050,000	4,156,006	4,410,578	5,180,000
Interest	585,738	546,634	684,914	864,294	793,441	831,325	1,629,484	829,705	847,354	928,210
Capital Projects	9,591,741	3,123,039	5,185,465	9,835,274	6,532,560	12,514,115	14,068,159	7,940,615	6,511,609	5,125,216
Total Expenditures	20,031,683	14,535,753	16,859,741	22,179,680	19,978,947	25,830,110	28,580,185	23,079,056	22,830,052	21,489,073
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,909,546)	(1,303,103)	(3,874,909)	(8,921,167)	(4,318,613)	(8,308,043)	(12,372,837)	(4,873,198)	(4,615,633)	(4,284,695)
OTHER FINANCING SOURCES (USES)										
Issuance of Bonds, Notes, and Leases	-	111,927	2,115,000	14,500,000	6,245,700	2,530,000	308,932	6,222,201	1,812,325	10,215,000
Premiums on Bonds Issued	-	-	31,141	348,159	275,616	147,199	-	278,688	54,911	83,350
Transfers In	4,044,527	3,858,815	3,164,804	5,953,992	5,502,000	4,659,683	12,601,256	6,821,546	6,160,402	7,115,557
Transfers Out	(3,984,053)	(3,758,815)	(3,056,704)	(4,116,721)	(4,677,255)	(3,183,460)	(5,427,816)	(3,653,140)	(4,006,110)	(6,528,904)
Proceeds from Insurance	-	-	-	-	-	-	-	-	-	68,444
Sale of Capital Assets	800	30,735	-	12,230	4,302	3,346	2,001,984	8,468	-	-
Total Other Financing Sources (Uses)	61,274	242,662	2,254,241	16,697,660	7,350,363	4,156,768	9,484,356	9,677,763	4,021,528	10,953,447
NET CHANGE IN FUND BALANCES	<u>\$ (5,848,272)</u>	<u>\$ (1,060,441)</u>	<u>\$ (1,620,668)</u>	<u>\$ 7,776,493</u>	<u>\$ 3,031,750</u>	<u>\$ (4,151,275)</u>	<u>\$ (2,888,481)</u>	<u>\$ 4,804,565</u>	<u>\$ (594,105)</u>	<u>\$ 6,668,752</u>
Debt Service as a Percentage of Noncapital Expenditures	24.01%	24.24%	27.52%	31.59%	31.73%	30.80%	22.28%	25.23%	30.61%	37.33%

**CITY OF WAVERLY, IOWA
ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY¹
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		
2016	\$ 605,883,951	\$ 363,660,524	\$ 6,689,149	\$ 5,365,197	\$ 612,573,100	\$ 369,025,721	14.048	60.24 %
2017	645,945,496	382,489,321	6,611,615	4,827,675	652,557,111	387,316,996	14.027	59.35
2018	681,955,724	420,026,282	4,661,743	2,858,190	686,617,467	422,884,472	14.179	61.59
2019	686,944,235	413,216,491	4,501,684	2,727,564	691,445,919	415,944,055	14.449	60.16
2020	701,709,206	428,766,383	4,566,808	2,604,893	706,276,014	431,371,276	14.372	61.08
2021	729,595,541	433,495,905	4,619,064	2,542,384	734,214,605	436,038,289	15.686	59.39
2022	750,671,036	456,132,797	4,578,884	2,332,531	755,249,920	458,465,328	16.331	60.70
2023	807,882,819	475,388,346	4,819,886	2,631,717	812,702,705	478,020,063	16.335	58.82
2024	824,758,715	474,534,894	4,946,883	2,656,139	829,705,598	477,191,033	16.969	57.51
2025	978,346,325	489,501,294	4,968,550	1,649,249	983,314,875	491,150,543	17.117	49.95

Notes:

The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For the FY2025 budget this percentage is 46.3428% 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 and electric.

Source: Bremer County, Iowa; County Auditor

**CITY OF WAVERLY, IOWA
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

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	
2016	\$ 8.494	\$ 3.187	\$ 2.367	\$ 14.048	\$ 15.783	\$ 5.847	\$ 0.951	\$ 22.581	\$ 36.629
2017	8.440	3.181	2.406	14.027	15.184	5.703	0.951	21.838	35.865
2018	8.449	3.000	2.730	14.179	12.722	5.059	0.971	18.752	32.931
2019	8.453	3.241	2.755	14.449	12.778	4.999	1.017	18.794	33.243
2020	8.449	2.981	2.942	14.372	12.694	4.974	1.118	18.786	33.158
2021	8.454	2.948	4.284	15.686	12.601	4.992	1.158	18.751	34.437
2022	8.454	3.272	4.605	16.331	12.554	4.688	1.176	18.418	34.749
2023	8.519	3.320	4.496	16.335	12.571	4.300	1.212	18.083	34.418
2024	8.545	3.861	4.563	16.969	13.265	5.549	1.234	20.048	37.017
2025	8.692	3.746	4.680	17.118	13.339	5.235	1.286	19.860	36.978

Source: Bremer County Iowa - County Auditor-Accounting Department

**CITY OF WAVERLY, IOWA
PRINCIPAL TAXPAYERS AND THEIR ASSESSED VALUATIONS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayers	2025			2016		
	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed Value
Pinnacle Apartments SPE, LLC	\$ 15,050,990	1	3.06%	\$ -	-	0.00%
Wartburg College	10,454,530	2	2.13%	-	-	0.00%
Wal-Mart	10,302,130	3	2.10%	9,062,890	2	1.48%
CUNA Mutual Life Insurance	7,757,290	4	1.58%	9,947,140	1	1.62%
Barker Financial LLC	5,678,870	5	1.16%	-	-	0.00%
First Bank of Waverly	5,499,300	6	1.12%	4,820,970	9	0.79%
Neste Beverage Company	5,438,450	7	1.11%	6,702,440	4	1.09%
GMT LLC	5,111,380	8	1.04%	4,381,230	10	0.72%
Graening-Knights II, LC	4,218,660	9	0.86%	-	-	0.00%
Village Sq Plaza Ltd Pnrns	3,926,200	10	0.80%	3,980,860	7	0.65%
CARMI Family Rev Trust	3,890,040	11	0.79%	-	-	0.00%
CMI Investments, LLC	3,778,900	12	0.77%	-	-	0.00%
MDM, Partnership	3,632,130	13	0.74%	-	-	0.00%
Birdworks LLC	-		0.00%	6,816,100	3	1.11%
Total Principal Taxpayers	84,738,870		17.26%	45,711,630		7.46%
All Other Taxpayers	406,411,673		82.74%	566,841,470		92.54%
Total Assessed Valuation	\$ 491,150,543		100.00%	\$ 612,553,100		100.00%

Source: Bremer County, Iowa: County Treasurer

**CITY OF WAVERLY, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS¹
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections ²	Percent of Levy Collected	Collections in Subsequent Years ²	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2016	\$ 5,264,349	\$ 5,257,108	99.86 %	N/A	\$ 5,257,108	99.86 %
2017	5,529,788	5,748,010	103.95	N/A	5,748,010	103.95
2018	6,061,652	6,088,658	100.45	N/A	6,088,658	100.45
2019	6,095,525	6,144,867	100.81	N/A	6,144,867	100.81
2020	6,287,382	6,189,238	98.44	N/A	6,189,238	98.44
2021	7,017,280	7,153,240	101.94	N/A	7,153,240	101.94
2022	7,657,798	7,692,172	100.45	N/A	7,692,172	100.45
2023	7,998,005	8,004,107	100.08	N/A	8,004,107	100.08
2024	8,274,418	8,294,603	100.24	N/A	8,294,603	100.24
2025	8,563,841	8,835,975	103.18	N/A	8,835,975	103.18

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.

Source: Bremer County Treasurer, Bremer County, Iowa

**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	Revenue Bonds	Lease Agreements	IT Subscriptions	Notes Payable	General Obligation Bonds	Revenue Bonds	Notes Payable			
2016	\$ 20,145,924	\$ -	\$ -	\$ -	\$ 145,490	\$ 2,014,486	\$ 3,482,780	\$ 372,711	\$ 26,161,391	8.68 %	2,589
2017	17,871,080	-	-	-	207,281	1,639,050	3,130,265	221,529	23,069,205	9.47	2,286
2018	17,239,411	-	-	-	39,002	1,245,174	2,797,587	149,806	21,470,980	6.84	2,120
2019	29,013,793	-	-	-	-	941,300	3,981,425	75,901	34,012,419	10.83	2,120
2020	31,832,952	-	-	-	91,700	632,426	3,475,773	446,765	36,479,616	12.25	3,564
2021	30,621,328	-	-	-	46,946	318,552	2,970,121	753,237	34,710,184	10.63	3,367
2022	26,602,314	-	187,937	-	-	-	2,444,469	7,381,035	36,615,755	8.44	3,488
2023	27,366,987	1,500,000	113,811	62,171	-	-	1,903,817	10,033,769	40,980,555	9.45	3,895
2024	24,867,549	1,350,000	62,597	55,132	-	-	1,348,164	11,616,394	39,299,836	9.02	3,721
2025	29,882,708	1,200,000	48,944	39,760	-	-	772,512	11,248,369	43,192,293	0.08	4,080

Notes:

¹ Population data used was the estimated census from the year 2025 of 10,587.

² See the Schedule of Demographic and Economic Statistics on page 132 for personal income data.

**CITY OF WAVERLY, IOWA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual¹ Taxable Value of Property</u>	<u>Per Capita²</u>
2016	\$ 22,160,410	\$ -	\$ 22,160,410	5.78 %	2,450
2017	19,510,130	9,413	19,500,717	6.01	2,193
2018	18,484,585	128,265	18,356,320	5.03	1,932
2019	29,955,093	175,331	29,779,762	7.16	1,813
2020	32,465,378	-	32,465,378	7.53	3,172
2021	30,939,880	-	30,939,880	7.10	3,172
2022	26,602,314	46,618	26,555,696	5.79	2,530
2023	27,366,987	106,488	27,260,499	5.70	2,591
2024	24,867,549	135,726	24,731,823	5.18	2,342
2025	29,882,708	363,494	29,519,214	6.01	2,788

Notes:

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 Property for property value data.

² Population data used was the estimated census from the year 2025 of 10,587.

**CITY OF WAVERLY, IOWA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT¹
YEAR ENDED JUNE 30, 2025**

<u>Name of Governmental Unit</u>	<u>GO Debt Outstanding</u>	<u>Percentage² Applicable to City</u>	<u>Amount Applicable to City</u>
Direct:			
City of Waverly	\$ 29,882,708	100%	\$ 29,882,708
Overlapping:			
Bremer County ³	3,770,000	18%	678,600
Waverly-Shell Rock School District ⁴	28,060,000	44%	12,346,400
Total Overlapping Debt	<u>31,830,000</u>		<u>13,025,000</u>
Total Direct and Overlapping Debt	<u>\$ 61,712,708</u>		<u>\$ 42,907,708</u>

Notes:

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values.

² 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.

Sources:

³ Finance Department, Bremer County, Iowa

⁴ Waverly-Shell Rock School District

**CITY OF WAVERLY, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 33,601,567	\$ 35,847,307	\$ 36,810,958	\$ 37,339,744	\$ 38,040,656	\$ 39,610,447	\$ 40,375,145	\$ 43,130,466	\$ 43,857,364	\$ 51,775,390
Total Net Debt Applicable to Limit	<u>21,435,000</u>	<u>19,789,924</u>	<u>19,202,505</u>	<u>29,076,663</u>	<u>31,556,555</u>	<u>29,915,239</u>	<u>25,819,217</u>	<u>26,193,512</u>	<u>23,774,274</u>	<u>30,295,000</u>
Total Legal Debt Margin	<u>\$ 12,166,567</u>	<u>\$ 16,057,383</u>	<u>\$ 17,608,453</u>	<u>\$ 8,263,081</u>	<u>\$ 6,484,101</u>	<u>\$ 9,695,208</u>	<u>\$ 14,555,928</u>	<u>\$ 16,936,954</u>	<u>\$ 20,083,090</u>	<u>\$ 21,480,390</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	63.79%	55.21%	52.17%	77.87%	82.95%	75.52%	63.95%	60.73%	54.21%	0.00%

**Legal Debt Margin Calculation for
Fiscal Year 2025**

<u>Assessed Value</u>	
Real and Personal Property Within the City	<u>\$ 1,035,507,809</u>
Debt Limit - 5% of Estimated Valuation	51,775,390
<u>Amount of Debt Applicable to Limit</u>	
Total Debt and Long-Term Notes Payable	\$ 43,103,589
Less:	
Revenue Bonds:	
Sewer Revenue Bonds	210,000
Sewer Revenue Bonds Premium	3,839
Water Revenue Bonds	550,000
Water Revenue Bonds Premium	8,673
Governmental Activities GO Bond Premium	787,708
Sewer Notes	11,248,369
Amount Available for Repayment of General Obligation Debt	<u>363,494</u>
Debt Applicable to Debt Limit	<u>29,931,506</u>
Total Legal Debt Margin	<u>\$ 21,843,884</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 the district.

**CITY OF WAVERLY, IOWA
WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS¹**

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation and Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments for Interest	Total Debt Service Payments	Coverage	Net Revenue Available for Debt Service Plus Depreciation	Coverage Without Depreciation
2016	\$ 1,246,479	\$ 1,071,839	\$ 306,376	\$ 174,640	\$ 370,000	\$ 53,761	\$ 423,761	0.41 %	\$ 481,016	1.14 %
2017	1,308,725	1,179,598	340,505	129,127	375,000	47,337	422,337	0.31	469,632	1.11
2018	1,335,896	1,171,119	328,522	164,777	377,069	41,721	418,790	0.39	493,299	1.18
2019	1,496,978	1,411,717	330,319	85,261	444,139	92,146	536,285	0.16	415,580	0.77
2020	1,515,461	1,319,948	331,524	195,513	446,207	75,796	522,003	0.37	527,037	1.01
2021	1,575,486	1,191,651	321,653	383,835	448,275	67,559	515,834	0.74	705,488	1.37
2022	1,555,079	1,348,655	320,915	206,424	460,345	57,100	517,445	0.40	527,339	1.02
2023	1,607,531	1,438,583	354,264	168,948	340,000	46,780	386,780	0.44	523,212	1.35
2024	1,652,737	1,500,378	353,381	152,359	350,000	37,429	387,429	0.39	505,740	1.31
2025	1,757,364	1,577,401	389,634	179,963	360,000	24,925	384,925	0.47	569,597	1.48

Notes:

¹ GAAP Basis

**CITY OF WAVERLY, IOWA
SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS¹**

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation and Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments on Principal	Payments for Interest	Total Debt Service Payments	Coverage	Net Revenue Available for Debt Service Plus Depreciation	Coverage Without Depreciation
2016	\$ 1,792,574	\$ 1,623,141	\$ 526,562	\$ 169,433	\$ 325,000	\$ 80,548	\$ 405,548	0.42 %	\$ 695,995	1.72 %
2017	1,666,757	1,726,341	567,804	(59,584)	335,000	68,622	403,622	(0.15)	508,220	1.26
2018	1,695,866	1,645,111	515,526	50,755	337,931	63,896	401,827	0.13	566,281	1.41
2019	1,837,309	1,717,150	522,519	120,159	345,861	57,989	403,850	0.39	642,678	1.59
2020	1,944,024	1,811,736	526,753	132,288	353,793	51,951	405,744	0.33	659,041	1.62
2021	2,121,115	1,713,149	547,793	407,966	356,725	46,145	402,870	1.01	955,759	2.37
2022	2,257,532	1,793,752	553,046	463,780	369,655	174,771	544,426	0.85	1,016,826	1.87
2023	2,527,371	2,008,852	581,912	518,519	683,000	211,391	894,391	0.58	1,100,431	1.23
2024	2,736,321	1,996,056	581,041	740,265	668,000	236,803	904,803	0.82	1,321,306	1.46
2025	2,886,156	2,053,533	580,920	832,623	688,000	238,898	926,898	0.90	1,413,543	1.53

Notes:

¹ GAAP Basis

**CITY OF WAVERLY, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS¹
SELECTED YEARS**

Fiscal Year	Population	Total Personal Income ²	Per Capita Personal Income	Median Age	Educational Attainment Bachelor's Degree or Higher	School Enrollment	Unemployment Rate
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
2020	10,394	302,382,248	29,092	35.4	4,012	2,268	3.75
2025	10,587 ³	568,828,923	53,729 ³	32.5 ⁴	4,309 ⁵	2,229 ⁶	3.40 ⁷

Notes:

¹ Accurate statistical figures are only available every 10 years.

² Computation of per capita personal income multiplied by population.

³ Taken from <https://www.census.gov/quickfacts/fact/table/waverlycityiowa/INC910222>.

⁴ Estimate from worldpopulationreview.com.

⁵ Estimate from census.gov.

⁶ WSR school enrollment for 24-25.

⁷ Waverly Economic Development.

Source: U.S. Census Bureau

**CITY OF WAVERLY, IOWA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Employers	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wartburg College	538	1	3.79%	572	2	7.11%
Waverly Health Center	471	2	3.32%	440	3	5.47%
Trustage (formerly known as CUNA Mutual Life Insurance)	437	3	3.08%	575	1	7.14%
Waverly Shell Rock Schools	417	4	2.94%	375	4	4.66%
Bartels Lutheran Retirement Community	261	5	1.84%	259	7	3.22%
Walmart	235	6	1.65%	215	8	2.67%
Nestle USA	186	7	1.31%	285	6	3.54%
Bremer County	172	8	1.21%	190	9	2.36%
UEA	154	9	1.08%	-	-	-
City of Waverly	137	10	0.96%	-	-	-
Rada Manufacturing	89	11	0.63%	-	-	-
GMT Corporation	88	12	0.62%	348	5	4.32%
Total Employees of Principal Employers	3,185		22.43%	3,259		40.48%
Other Employees	11,015		77.57%	4,791		59.52%
Adjusted Labor Force ¹	\$ 14,200		100 %	\$ 8,050		100%

Note:

¹ Includes full-time and part-time employees based on Iowa work Force Development.

Source: Waverly Economic Development

**CITY OF WAVERLY, IOWA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	13	13	15.5	13	14.4	14.6	14.8	12	12	12
Library	11	11.3	11.3	11.3	11.2	11.2	11.2	10.2	11.2	10.8
Public Safety:										
Police:										
Officers	16	16	16	16	16	16	17	17	17	17
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire:										
Firefighters and Officers	8	9	9	9	9	9	9	9	9	9
Volunteers	29	28	28	28	28	28	31	33	33	35
Highways and Streets:										
Public Works Administration and Engineering	6	6	6	5.5	5.2	5.2	6.2	6.2	5	6
Zoning and Economic	5	5	5	5	4	4	4	5	4	3
Equipment Maintenance	2	2	2	2	2	2	2	3	2	2
Street Maintenance	7	7	6.8	8	7.8	7.8	7	8.5	7.6	7.5
Sanitation	8.5	8.5	8.7	9	9	9	9	9.6	9	9.5
Culture and Recreation	18	18	18	19	18	21.3	21.3	20	31	21.5
Water	3.5	3.8	3.8	3.3	3.3	3.5	3.5	3.7	3.5	3.5
Sewer	3.5	5.8	5.8	5.3	5.3	6.5	6.3	6.3	6.5	6.5
Total	<u>131.5</u>	<u>134.4</u>	<u>136.9</u>	<u>135.4</u>	<u>134.2</u>	<u>139.1</u>	<u>143.3</u>	<u>144.5</u>	<u>151.8</u>	<u>144.3</u>

Source: City of Waverly Accounting Department

**CITY OF WAVERLY, IOWA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Physical Arrests	623	465	451	400	291	407	430	524	429	242
Parking Violations	548	579	602	514	399	532	579	596	505	591
Traffic Violations	754	649	706	646	526	536	545	709	593	600
Fire:										
Number of Calls Answered	106	110	123	111	117	145	153	135	112	143
Highways and Streets:										
Street Maintenance (Blocks)	78	100	125	60	90	110	110	82	105	80
Street Reconstruction (Blocks)	6	-	36	40	15	-	5	1	1	1
Building Permits:										
Number	440	428	370	396	349	364	341	312	263	477
Value	\$ 27,773,351	\$ 23,430,006	\$ 21,702,076	\$ 25,493,654	\$ 45,975,454	\$ 16,481,831	\$ 63,964,233	\$ 19,636,677	\$ 21,252,347	\$ 19,218,725
Permit Fees	\$ 126,235	\$ 123,002	\$ 111,581	\$ 120,598	\$ 158,347	\$ 91,996	\$ 198,348	\$ 177,488	\$ 122,626	\$ 118,202
Sanitation:										
Solid Waste Collected (Tons)	4,239	4,464	4,472	4,635	4,663	4,663	4,839	4,647	4,806	4,750
Recyclables Collected (Pounds)	2,276,000	2,064,840	2,766,960	2,393,008	2,051,650	2,060,000	1,986,000	1,824,690	1,798,776	2,174,000
Water:										
Water Pumped (in Thousands of Gallons)	352,702	356,489	358,615	341,884	349,624	384,774	338,991	354,682	362,511	360,114
Water Billed (in Thousands of Gallons)	254,403	247,064	250,852	243,332	250,099	268,223	266,292	258,762	276,088	270,200
Percent Accountable	69%	72%	69%	70%	72%	70%	79%	73%	76%	75%

Source: Annual reports from each department.

**CITY OF WAVERLY, IOWA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	8	8	8	8	8	8	8	8	8	8
Fire Stations	1	1	1	1	1	1	1	1	1	1
Sanitation:										
Collection Trucks	4	4	4	4	4	4	4	4	4	4
Recycling Trucks	1	1	1	1	1	1	1	1	1	1
Highways and Streets:										
Streets City Maintained (Miles)	67	69	69.6	69.6	69.6	69.6	69.6	70	70	70
State Highway (Miles)	7	7	7	7	7	7	7	7	7	7
Culture and Recreation:										
Parks Acreage	146	175	175	175	175	175	199	199	199	199
Parks Acreage	25	25	25	25	25	25	25	25	25	26
Miles of Recreational Trails	15	15	15	15	20	20	20	20	20	20
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Boat Ramps	2	2	2	2	2	2	2	2	2	2
Boat Docks	1	1	1	1	1	1	1	1	1	1
Skate Parks	1	1	1	1	1	1	1	1	1	1
Cemetery:										
Cemetery (Acres)	47	47	47	47	47	47	47	47	47	47
Water:										
Water Mains (Miles)	74	76	74	74	76	76	76	76.2	77	77
Number of Service Connections	3,966	4,059	4,099	4,231	4,333	4,380	4,391	4,418	4,368	4,402
Daily Average Consumption (in Gallons)	966,307	976,682	976,583	936,583	955,333	1,053,075	928,416	971,333	990,167	986,614
Fire Hydrants	692	693	639	639	709	727	737	744	760	772
Maximum Daily Capacity (in Thousands of Gallons)	7,000	7,000	7,000	7,000	7,632	7,632	7,632	7,632	7,632	7,632
Sewer:										
Sanitary Sewers (Miles)	63	60	60	60	61.4	62.8	63.7	64	64.6	65.1
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections	3,675	3,688	3,745	3,760	4,000	4,000	3,912	3,935	3,958	3,978
Daily Average Treatments (in Gallons)	1,020,000	1,588,904	1,154,000	2,064,000	1,404,000	1,054,400	1,154,000	1,198,000	1,227,000	1,203,000
Maximum Daily Capacity (in Thousands of Gallons)	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330

Source: Annual reports from each department.

COMPLIANCE SECTION



**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***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 28, 2026. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Utilities, as described in our report on the City'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.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Waverly's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this 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.



CliftonLarsonAllen LLP

Peoria, Illinois
January 28, 2026

**CITY OF WAVERLY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

**CITY OF WAVERLY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Findings Related to Financial Statements

Instances of Noncompliance:

No matters were noted.

Material Weakness:

2025-001 – Financial Statement Preparation and Material Audit Adjustments

Condition and Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures in conformity with U.S. GAAP. The City does not have an internal control policy in place over annual financial statement reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with U.S. GAAP. During the course of our audit, we proposed a variety of adjustments that had a material effect on the City's financial statements. A significant portion of the adjustments affecting the current period related to adjusting to the modified accrual basis or accrual basis of accounting from the cash basis.

Effect: The City's lack of effective internal controls over its accounting system constitutes a material weakness, which is a deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Cause: The City relies on the audit firm to prepare the annual financial statements including the footnote disclosures. However, City management has reviewed and approved the annual financial statements and related footnote disclosures. The City relies on the audit firm to convert the annual financial statements from cash to the modified accrual basis. However, management has reviewed and approved the adjustments.

Repeat Finding: The finding is a repeat of a finding in the immediate prior year. Prior year number was 2024-001.

Recommendation: To establish proper internal control over its accounting system, the City should continue establishing procedures to record these accrual items, which include identifying factors that may affect the balances, as well as accumulating sufficient reliable data on which to base the balances. Such procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the City's activities and operations.

Views of Responsible Officials: The City will continue establishing procedures for proper internal control over their accounting system while gaining a further understanding of generally accepted accounting principles.

**CITY OF WAVERLY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Findings Related to Financial Statements (Continued)

2025-002 – Segregation of Duties

Condition and Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Due to the limited number of personnel performing accounting functions in the City offices, there is a lack of segregation of duties over accounting transactions. Specifically, it was noted that there is not a documented independent review of bank reconciliations performed on a monthly basis.

Effect: As a result of the lack of segregation of duties, due to the limited number of personnel involved in accounting transactions, there is a higher risk that errors or misappropriation could occur and not be detected within a timely period.

Cause: There is limited number of personnel involved in accounting transactions within the City offices.

Repeat Finding: The finding was not reported in the previous fiscal year.

Recommendation: When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities. When available, the City should re-assign tasks to create the appropriate segregations of duties. The City should ensure that all bank reconciliations have a documented review and approval by someone other than the preparer.

Views of Responsible Officials: The City is aware of the limited number of personnel involved in accounting transactions; however, it is not feasible to hire additional staff to eliminate this finding. The City will continue to work at segregating duties and document review with current staff.

Section III – Other Findings Related to Required Statutory Reporting

III-A-25 – Certified Budget: Disbursements during the year ended June 30, 2025 exceeded their budget in the capital projects 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.

III-B-25 - Questionable Expenditures: No expenditures we believe may not meet the requirements of public purposes as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-25 - Travel Expense: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF WAVERLY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Other Findings Related to Required Statutory Reporting (Continued)

III-D-25 - Business Transactions: Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Business Connection</u>	<u>Description</u>	<u>Amount</u>
Advantage Administrators, Council Member	Medical Claim Processing	\$9,237

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the council member exceeds \$6,000 and may represent a conflict of interest and the City should contact legal counsel for determination.

III-E-25 - Restricted Donor Activity: No transactions were noted between the City, City officials, City employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.

III-F-25 - 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.

III-G-25 - Council Minutes: We noted no transactions requiring approval which had not been approved by the Council.

III-H-25 - Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

III-I-25 - Revenue Bonds: No violations of revenue bond resolutions were noted.

III-J-25 - Annual Urban Renewal Report: The annual urban renewal 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 FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Other Findings Related to Required Statutory Reporting (Continued)

III-K-25 - Financial Condition: At June 30, 2025, the City had deficit balances in the following funds:

Capital Project:	
Youth Ball Diamond	\$ (39,246)
Airport Taxilane Reconstruction	(18,915)
Airport Runway 11 Taxiway	(36,048)
Public Works Building	(33,019)
Fueling Station	(54,323)

Recommendation: The city should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response: The City will review available resources to return these funds to a sound financial position.

