

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Prepared by the
Finance Department
Jessica Mayer, Finance Director

**CITY OF WAVERLY, IOWA
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 FOR THE YEAR ENDED JUNE 30, 2020
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January 11, 2021

Honorable Mayor and City Council
City of Waverly
Waverly, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2020. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to U.S. generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

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

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

PROFILE OF THE CITY OF WAVERLY

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

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

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

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

FINANCIAL INFORMATION

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small-town atmosphere while being only a twenty-five-minute drive to a large metropolitan area. The last census showed Waverly's growth at 10.1% compared to the state's increase of 4.1%. The steady sale of building permits is a good sign for Waverly. The total number of building permits decreased approximately 11% from FY19, however, the total value of permits increased by 80% over the same time period. Fiscal year 2020 was still a strong building year with numerous projects accounting for the increase in value of permits including Titan Machinery, the Hospital remodel, and United Equipment Accessories remodel. At times it is more important to add to the culture and livability in a community, compared to increasing valuations. Some of the continued growth is due to the number of students in the Waverly-Shell Rock Schools District and the high marks received for the quality of education. All these developments and factors will allow the City to continue receiving increased intergovernmental revenues.

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

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

The City of Waverly is a growing manufacturing, retailing, educational, and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 521, Waverly Health Center with 502 employees, Wartburg College with 500 employees, Waverly Shell-Rock Schools with 424 employees, Bartels Lutheran Retirement Community with 240 employees, and GMT Corporation with 212 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 \$1,133,293 in fiscal year 2020. 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 2020 average unemployment rate of 3.75% compares favorably to the State's fiscal year 2020 average rate of 4.55 % for the same period. The tax base for the City is showing favorable increases. Growth of the City's taxable valuation has been steady compared to other cities of similar size. Assessed valuations for the same period increased, but the state's residential rollback continues to affect the taxing ability of cities. A new property class was established for multi-residential property in fiscal year 2017 and will likely have long-term impact for Waverly.

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

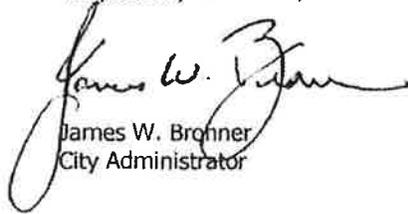
It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

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

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2019. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2020 annual financial report to GFOA for review to determine its eligibility for an award.

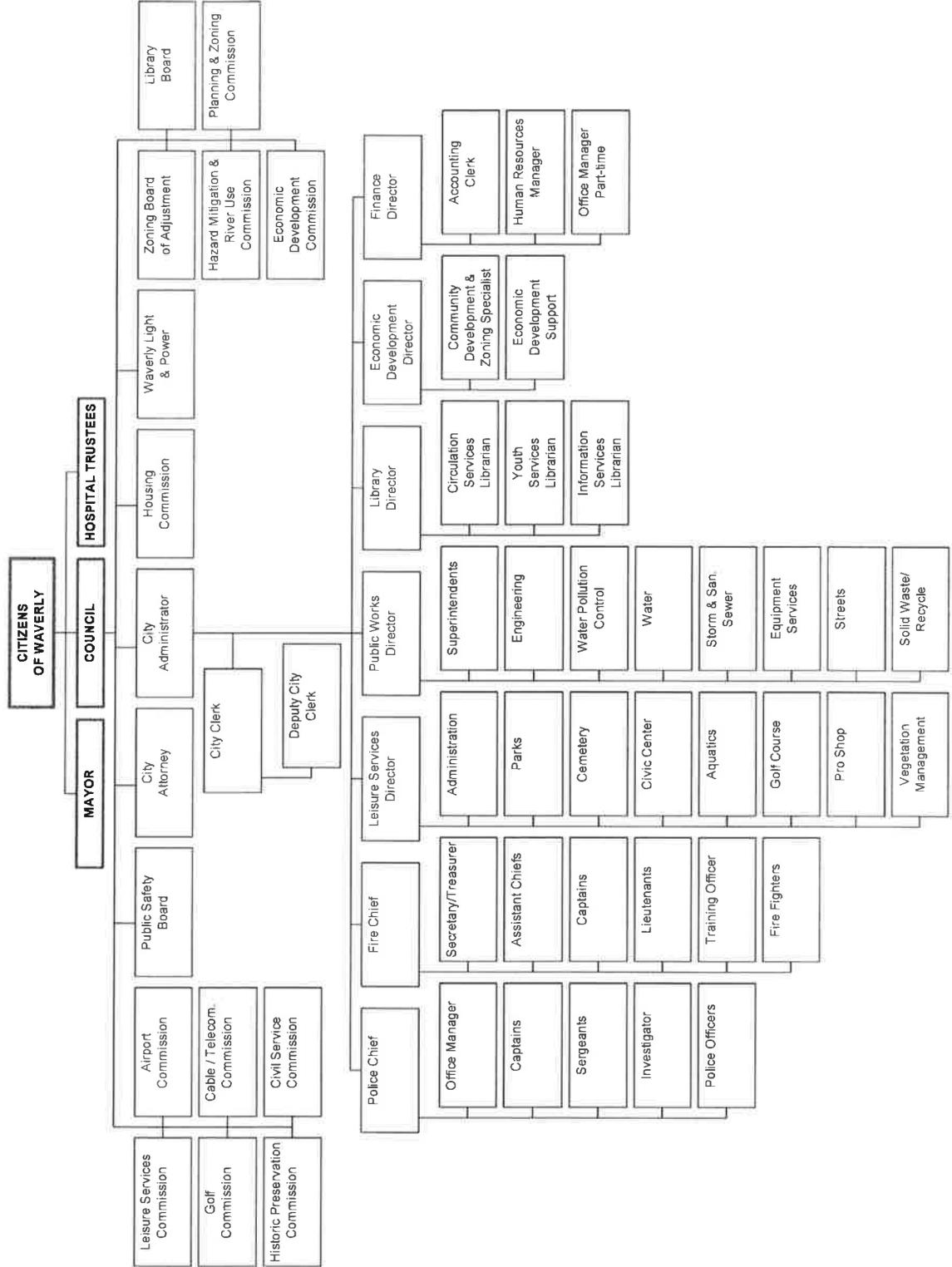
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in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

Respectfully submitted,


James W. Bronner
City Administrator


Jessica Mayer
Director of Finance

Organizational Flow Chart The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

**List of Principal Officials
June 30, 2020**

ELECTED OFFICIALS

Mayor.....Adam Hoffman
Council Member – Ward 1..... Brian Birgen
Council Member – Ward 2..... Kris Glaser
Council Member – Ward 3..... Rodney Drenkow
Council Member – Ward 4..... Heather Beaufore
Council Member – Ward 5..... Tim Kangas
Council Member – At Large..... Ann Rathe
Council Member – At Large..... Matthew Schneider

APPOINTED OFFICIALS

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



Government Finance Officers Association

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

Presented to

**City of Waverly
Iowa**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Waverly Health Center and Waverly Utilities (discretely presented component units), which statements reflect total assets of \$89,198,134 and \$61,562,560 as of June 30, 2020 and December 31, 2019, respectively, and total program revenues of \$61,531,025 and \$22,638,077 for the years then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for Waverly Health Center and Waverly Utilities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 21 to the financial statements, the employee benefit portion of accrued wages from fiscal year 2019 should have been recorded in the Employee Benefit Fund and not in the General Fund. Additionally, the health insurance portion of accrued wages was not accrued in prior year's financial statements and is corrected on the accompanying financial statements. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the City's total OPEB liability, related ratios and notes, schedule of the City's proportionate share of net pension liability, and schedule of the City's contributions on pages 11 through 20 and 73 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waverly's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waverly's internal control over financial reporting and compliance.

Willcocks & Company P.C.

Certified Public Accountants

Le Mars, Iowa
January 11, 2021

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2020 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, 2020, by \$70,159,720. Of this amount, \$3,752,332 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net position increased by \$3,273,844 during the year. Of this amount the net position of our Governmental Activities increased by \$2,689,276 and the net position of our Business Activities increased \$584,568.
- The City's long-term debt increased approximately \$2,467,000. The City issued \$5,970,000 in new bonds in 2020. The debt limit is \$38.0M. Outstanding general obligation debt totals \$31,410,000 and other note payables total \$538,465, and revenue bonds total \$3,410,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$3,766,212.

Overview of the Financial Statements

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

Reporting the City as a Whole

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

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waverly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Waverly maintains 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

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

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

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

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

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

Reporting the City's Fiduciary Responsibilities

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-72 of this report.

Government-wide Financial Analysis

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

The following comparative chart shows the changes in net position for the years ended June 30, 2020 and 2019.

	General Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current & Other Assets	\$ 26,688,189	\$ 23,297,104	\$ 4,727,892	\$ 4,541,158	\$ 31,416,081	\$ 27,838,262
Capital Assets	75,866,041	72,832,885	15,675,602	15,832,343	91,541,643	88,665,228
Total Assets	102,554,230	96,129,989	20,403,494	20,373,501	122,957,724	116,503,490
Deferred Outflows						
	1,147,660	1,287,979	167,156	211,119	1,314,816	1,499,098
Liabilities						
Other Liabilities	1,837,827	2,481,342	148,832	249,333	1,986,659	2,730,675
Noncurrent Liabilities	37,832,898	34,618,477	5,301,010	5,853,098	43,133,908	40,471,575
Total Liabilities	39,670,725	37,099,819	5,449,842	6,102,431	45,120,567	43,202,250
Deferred Inflows						
	8,888,756	7,832,741	103,497	49,446	8,992,253	7,882,187
Net Position						
Net Investment in Capital Assets	51,146,367	47,543,076	11,567,403	10,833,717	62,713,770	58,376,793
Restricted	3,009,120	3,064,822	684,498	675,094	3,693,618	3,739,916
Unrestricted	986,922	1,877,510	2,765,410	2,923,932	3,752,332	4,801,442
Total Net Position	\$ 55,142,409	\$ 52,485,408	\$ 15,017,311	\$ 14,432,743	\$ 70,159,720	\$ 66,918,151

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, \$3,693,618, represents resources that are subject to external restriction on how they may be used. Restricted net position include the amounts restricted for airport expansion of \$154,031, FEMA flood projects of \$6,248, cemetery perpetual care of \$519,488, Tax Increment Financing allowable purposes of \$218,071, Local Option Sales Tax allowable purposes of \$892,450, Road Purposes of \$725,633, Debt Service of \$684,498, other specific revenue restrictions of \$210,021, and capital expansion restrictions of \$283,178. The remaining balance of unrestricted net position of \$3,752,332 may be used to meet the government's ongoing obligations.

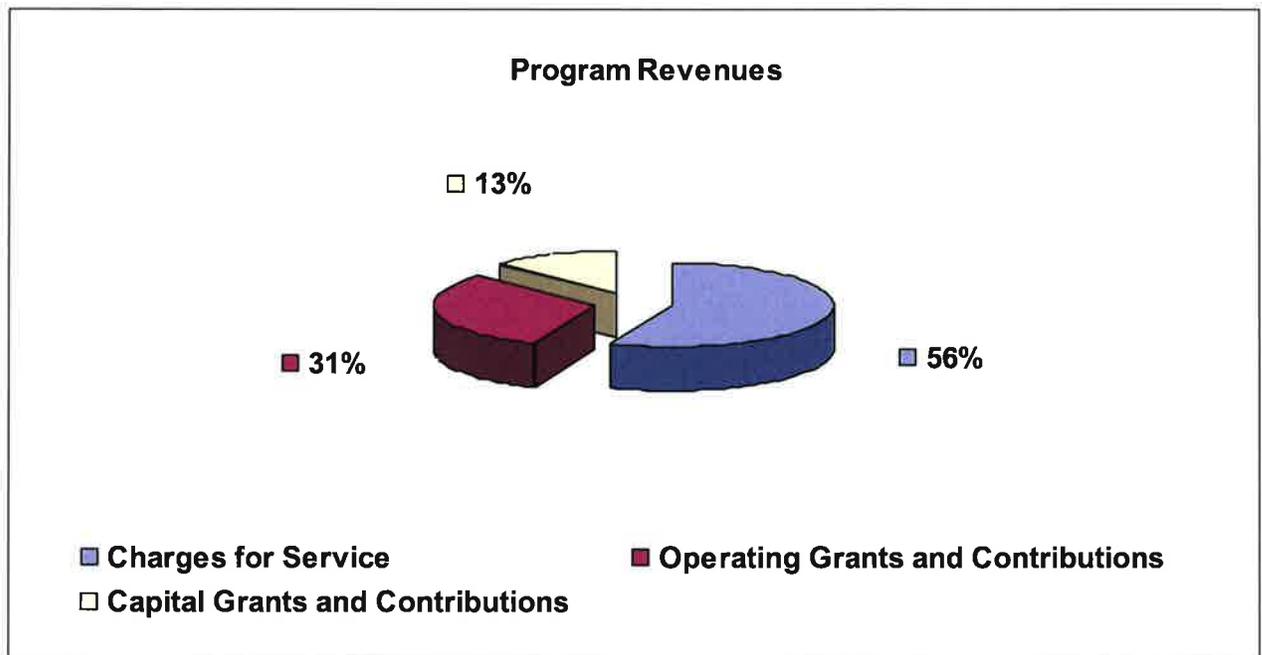
At the end of the current fiscal year, the City of Waverly is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation holds true for the prior fiscal year.

Total revenue reported in Fiscal year 2020 was \$20,961,762. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2020 and 2019.

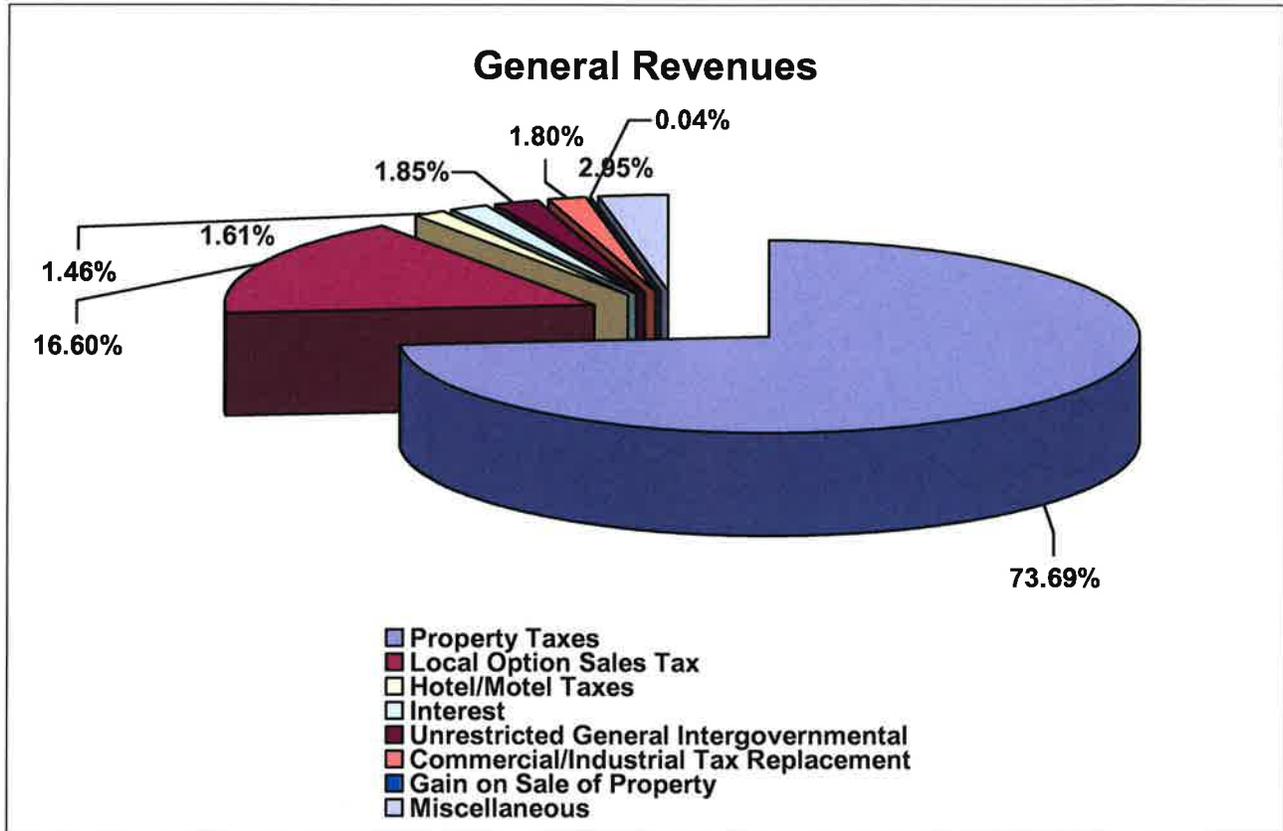
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services	\$ 888,638	\$ 936,958	\$ 5,050,164	\$ 4,797,205	\$ 5,938,802	\$ 5,734,163
Operating grants & contributions	3,296,788	2,443,545	-	-	3,296,788	2,443,545
Capital grants & contributions	1,394,149	69,412	-	109,913	1,394,149	179,325
Total Program Revenues	5,579,575	3,449,915	5,050,164	4,907,118	10,629,739	8,357,033
General Revenues and Transfers:						
Property Taxes	7,613,429	7,487,736	-	-	7,613,429	7,487,736
Local Option Sales Tax	1,714,891	1,560,866	-	-	1,714,891	1,560,866
Hotel/Motel Tax	151,341	179,842	-	-	151,341	179,842
Interest	113,639	103,701	52,278	45,229	165,917	148,930
Unrestricted General						
Intergovernmental Revenues	190,890	191,646	-	-	190,890	191,646
Commercial/Industrial Tax Replacement	185,738	193,412	-	-	185,738	193,412
Gain on Sale of Property	4,302	12,230	-	-	4,302	12,230
Miscellaneous	201,509	129,650	104,006	98,309	305,515	227,959
Total General Revenues	10,175,739	9,859,083	156,284	143,538	10,332,023	10,002,621
Interfund Transfers	52,974	1,837,271	(52,974)	(1,837,271)	-	-
Total Revenues and Interfund Transfers	\$ 15,808,288	\$ 15,146,269	\$ 5,153,474	\$ 3,213,385	\$ 20,961,762	\$ 18,359,654

Program revenues totaled \$10,629,739 for fiscal year 2020. Governmental Activities provided \$5,579,575 and Business-Type Activities provided \$5,050,164.

The city continues to develop projects to move the city forward. Property tax revenue was up slightly in fiscal year 2020. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2020 totaled \$10,332,023. Governmental Activities provided \$10,175,739 and Business-Type Activities provided \$156,284. Property Tax Revenues for fiscal year 2020 totaled \$7,613,429, accounting for 73.69% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2020 totaled \$17,687,918. Expenses for General Governmental Activities totaled \$13,119,012 accounting for 74.17% of the total expenses. Business-Type Activity expenses totaled \$4,568,906 for 25.83% of the total. There was little change from fiscal year 2019. The breakdown of expenses by activity and program are as follows:

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Public Safety	\$ 2,980,681	\$ 2,643,357	\$ -	\$ -	\$ 2,980,681	\$ 2,643,357
Public Works	4,609,339	4,724,799	-	-	4,609,339	4,724,799
Health & Social Services	9,874	9,874	-	-	9,874	9,874
Culture and Recreation	2,871,985	2,776,818	-	-	2,871,985	2,776,818
Community and Economic Development	973,361	774,466	-	-	973,361	774,466
General Government	930,649	669,502	-	-	930,649	669,502
Debt Service	743,123	761,646	-	-	743,123	761,646
Water System	-	-	1,390,408	1,502,936	1,390,408	1,502,936
Sewer System	-	-	1,853,223	1,764,687	1,853,223	1,764,687
Solid Waste	-	-	1,325,275	1,373,526	1,325,275	1,373,526
Total Expenses	\$ 13,119,012	\$ 12,360,462	\$ 4,568,906	\$ 4,641,149	\$ 17,687,918	\$ 17,001,611

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

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

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

Governmental Activities

The Statement of Activities requires some additional explanation. The format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$2,980,681 and received \$285,984 in charges for services and grants, leaving a cost to the taxpayer of \$2,694,697 to be funded by various methods including property taxes.

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

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

The net cost of governmental activities this year was \$7,539,437. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2020	2019
Governmental Activities:		
Public Safety	\$ (2,694,697)	\$ (2,567,632)
Public Works	(1,191,032)	(2,519,418)
Health & Social Services	(9,874)	(9,874)
Culture and Recreation	(1,319,875)	(1,951,750)
Community and Economic Development	(755,653)	(559,360)
General Government	(825,183)	(540,867)
Debt Service	(743,123)	(761,646)
Total Net (Expense) Governmental Activities	(7,539,437)	(8,910,547)
General Revenues	10,175,739	9,859,083
Excess of Revenues Over Expenses	2,636,302	948,536
Interfund Transfers	52,974	1,837,271
Change in Net Position	\$ 2,689,276	\$ 2,785,807

Business-Type Activities

The cost of all Proprietary Activities this year was \$4,568,906. As shown in the Statement of Activities, the amount paid by users of the systems was \$5,050,164, resulting in a total Net Revenue increase for Business-Type Activities of \$481,258. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2020	2019
Water System	\$ 125,053	\$ (4,846)
Sewer System	90,801	181,423
Solid Waste System	265,404	89,392
Total Net (Expense) Business Type Activities	481,258	265,969
General Revenues	156,284	143,538
Excess of Revenues Over Expenditures	637,542	409,507
Interfund Transfers	(52,974)	(1,837,271)
Change in Net Position	\$ 584,568	\$ (1,427,764)

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 \$15,918,100. The combined Governmental Funds fund balance increased \$3,031,750 mostly as a result of continuing capital projects and issuance of debt.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures and other financing sources in the General Fund by \$722,929 due to a large unrestricted donation to the library. The total unassigned fund balance of \$3,766,212 is 60% of expenditures, which exceeds the goal set by the city council. The Employee Benefit fund balance decreased due to a decrease in property taxes, an increase in employee benefit expenditures and it was determined the fund had sufficient fund balance, a transfer from the General Fund was not needed. The Tax Increment Financing Fund decreased due to increased transfers out for various capital projects, but still has a favorable ending balance. The Debt Service fund decreased in fiscal year 2020 due to an increase in debt payments. The 4th St. Project fund balance increased significantly during the year due to the issuance of debt to cover past, present and future project related expenditures.

Budgetary Highlights

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

<u>Expenditures</u>	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
Public Safety	\$ 2,594,465	\$ 2,789,734	\$ 195,269
Public Works	1,871,274	2,212,800	341,526
Health & Social Services	9,874	9,874	-
Culture and Recreation	2,845,148	3,018,906	173,758
Community and Economic Development	856,809	873,336	16,527
General Government	778,686	1,036,197	257,511
Capital Projects	7,142,064	12,274,665	5,132,601
Debt Service	4,302,441	4,460,489	158,048
Business Type/Enterprise	4,663,535	4,836,908	173,373
Total Disbursements	<u>\$ 25,064,296</u>	<u>\$ 31,512,909</u>	<u>\$ 6,448,613</u>

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 \$29,303,564 was amended to \$34,654,347 (an increase of \$5,350,783). The increase was mainly due to the timing of some grant revenue and bond sale.
- The City received over \$1,100,000 from the Federal government for Airport improvement and Airport land acquisition costs.
- The total original disbursement budget of \$31,379,515 was amended to \$38,947,887 (an increase of \$7,568,372).

- The above amendments to budgets were mainly related to the timing of capital projects and purchases. The largest change came with the approval of the increase in budget related to the Capital Projects function in the amount of \$4,663,912. This change is the reason for the large variance between actual and final budgeted amounts. Total actual expenditures came in below budget projections by \$5,132,601 in the Capital Projects function. 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.

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

Debt Administration

On June 30, 2020 the City had \$31,410,000 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 \$38,040,656 for the 2020 fiscal year. The outstanding General Obligation Debt applicable to this limit is \$31,556,555 for the City. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Waverly reports an average of 27 residential building projects per year in the past five years. In fiscal year 2020 the City had 11 new single-family house permits which is 8 less than last year. New commercial building permits have averaged three per year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

The COVID-19 pandemic has created additional expenses and uncertainty for the upcoming years.

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

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
ASSETS					
Cash and Cash Equivalents	\$ 15,273,041	\$ 2,260,648	\$ 17,533,689	\$ 11,657,542	\$ 11,504,069
Certificates of Deposit	492,639	400,000	892,639	-	-
Investments	952,646	449,276	1,401,922	2,583,036	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	87,408	439,769	527,177	7,690,411	2,630,233
Taxes	177,321	-	177,321	-	-
Subsequent Year Taxes	8,515,789	-	8,515,789	-	-
Accrued Interest	-	-	-	21,405	36,698
Other	-	-	-	176,029	-
Estimated third-party payor settlements	-	-	-	200,000	-
Estimated Unbilled Usage	-	234,992	234,992	-	-
Special Assessments	31,056	95,186	126,242	-	-
Due from Other Governmental Agencies	1,036,076	7,295	1,043,371	-	-
Inventories	92,658	147,096	239,754	1,624,766	1,393,132
Prepaid Assets	-	-	-	560,881	224,461
Other	-	-	-	530,390	226,180
Restricted Assets:					
Cash and Cash Equivalents	-	443,630	443,630	42,566,217	1,872,838
Certificates of Deposit	-	250,000	250,000	-	-
Investment in Joint Venture	29,555	-	29,555	-	-
Land	16,333,760	117,723	16,451,483	2,206,302	351,624
Construction in Progress	6,152,797	583,990	6,736,787	7,677,276	245,147
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	53,379,484	14,973,889	68,353,373	11,703,879	43,078,178
Total Assets	102,554,230	20,403,494	122,957,724	89,198,134	61,562,560
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	1,147,660	167,156	1,314,816	4,849,150	477,636
Total Deferred Outflows of Resources	1,147,660	167,156	1,314,816	4,849,150	477,636
LIABILITIES					
Accounts Payable	1,439,865	74,291	1,514,156	3,459,147	1,380,994
Accrued Wages	297,848	65,409	363,257	2,790,989	837,951
Cash Advance	-	-	-	754,679	-
Other Accrued Expenses	-	-	-	862,585	163,015
Refundable Advance, Provider Relief Funds	-	-	-	2,555,438	-
Paycheck Protection Program Loan	-	-	-	5,553,304	-
Medicare Advance Payments	-	-	-	5,154,339	-
Accrued Claims	36,216	-	36,216	-	-
Unearned Revenue	-	-	-	-	134,980
Accrued Interest Payable	63,898	9,132	73,030	351,445	41,715
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	495,000	495,000	-	1,614,792
General Obligation Bonds	3,760,000	310,000	4,070,000	-	-
Notes Payable	44,720	-	44,720	701,834	-
Compensated Absences and Benefits	300,647	52,603	353,250	-	-
Due in more than one year:					
Revenue Bonds Payable	-	2,980,773	2,980,773	3,500,000	16,294,280
General Obligation Bonds	28,072,952	322,426	28,395,378	-	-
Revenue Bond Anticipation Note	-	-	-	27,063,000	-
Notes Payable	46,980	446,765	493,745	1,450,080	-
Total OPEB Liability	930,135	-	930,135	-	676,332
Net Pension Liability	4,477,033	658,373	5,135,406	18,516,595	1,898,897
Compensated Absences and Benefits	200,431	35,070	235,501	-	-
Total Liabilities	39,670,725	5,449,842	45,120,567	72,713,435	23,042,956
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Taxes	8,515,789	-	8,515,789	-	-
Pension Related Deferred Inflows	372,967	103,497	476,464	2,876,136	389,850
Regulator credits - Rate Stabilization	-	-	-	-	1,475,294
Total Deferred Inflows of Resources	8,888,756	103,497	8,992,253	2,876,136	1,865,144
NET POSITION					
Net Investment in Capital Assets	51,146,367	11,567,403	62,713,770	17,239,667	27,408,060
Restricted for:					
Debt Service	-	684,498	684,498	-	384,623
Tax Increment Financing	218,071	-	218,071	-	-
Employee Benefits	124,520	-	124,520	-	-
Road Purposes	725,633	-	725,633	-	-
Local Option Sales Tax	892,450	-	892,450	-	-
Airport Expansion	154,031	-	154,031	-	-
FEMA Flood Projects	6,248	-	6,248	-	-
Cable TV	85,501	-	85,501	-	-
Capital Expansion	283,178	-	283,178	530,390	-
Nonexpendable:					
Permanent Fund	519,488	-	519,488	-	-
Unrestricted	986,922	2,765,410	3,752,332	687,656	9,339,413
Total Net Position	\$ 55,142,409	\$ 15,017,311	\$ 70,159,720	\$ 18,457,713	\$ 37,132,096

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,980,681	\$ 40,244	\$ 245,740	\$ -
Public Works	4,609,339	130,957	1,907,441	1,379,909
Health and Social Services	9,874	-	-	-
Culture and Recreation	2,871,985	587,973	949,897	14,240
Community and Economic Development	973,361	24,998	192,710	-
General Government	930,649	104,466	1,000	-
Debt Service	743,123	-	-	-
Total governmental activities	<u>13,119,012</u>	<u>888,638</u>	<u>3,296,788</u>	<u>1,394,149</u>
Business-Type Activities:				
Water System	1,390,408	1,515,461	-	-
Sewer System	1,853,223	1,944,024	-	-
Solid Waste System	1,325,275	1,590,679	-	-
Total Business-Type Activities:	<u>4,568,906</u>	<u>5,050,164</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 17,687,918</u>	<u>\$ 5,938,802</u>	<u>\$ 3,296,788</u>	<u>\$ 1,394,149</u>
Component Unit:				
Waverly Health Center	<u>\$ 61,758,672</u>	<u>\$ 57,507,907</u>	<u>\$ 3,231,259</u>	<u>\$ 791,859</u>
Waverly Utilities	<u>\$ 22,630,811</u>	<u>\$ 22,584,311</u>	<u>\$ -</u>	<u>\$ 53,766</u>

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

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Utilities
\$ (2,694,697)		\$ (2,694,697)		
(1,191,032)		(1,191,032)		
(9,874)		(9,874)		
(1,319,875)		(1,319,875)		
(755,653)		(755,653)		
(825,183)		(825,183)		
(743,123)		(743,123)		
<u>(7,539,437)</u>		<u>(7,539,437)</u>		
	\$ 125,053	125,053		
	90,801	90,801		
	<u>265,404</u>	<u>265,404</u>		
	<u>481,258</u>	<u>481,258</u>		
<u>(7,539,437)</u>	<u>481,258</u>	<u>(7,058,179)</u>		
			\$ (227,647)	
				\$ 7,266
7,613,429	-	7,613,429	-	-
1,714,891	-	1,714,891	-	-
151,341	-	151,341	-	-
113,639	52,278	165,917	862,559	292,198
190,890	-	190,890	-	-
185,738	-	185,738	-	-
4,302	-	4,302	26,365	38,141
201,509	104,006	305,515	-	-
52,974	(52,974)	-	-	-
<u>10,228,713</u>	<u>103,310</u>	<u>10,332,023</u>	<u>888,924</u>	<u>330,339</u>
2,689,276	584,568	3,273,844	661,277	337,605
52,485,408	14,432,743	66,918,151	17,796,436	36,794,491
(32,275)	-	(32,275)	-	-
<u>52,453,133</u>	<u>14,432,743</u>	<u>66,885,876</u>	<u>17,796,436</u>	<u>36,794,491</u>
<u>\$ 55,142,409</u>	<u>\$ 15,017,311</u>	<u>\$ 70,159,720</u>	<u>\$ 18,457,713</u>	<u>\$ 37,132,096</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2020

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Assets			
Cash and Cash Equivalents	\$ 2,373,075	\$ 162,647	\$ 183,149
Certificates of Deposit	27,639	-	-
Investments	952,646	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	12,891	-	-
Taxes	68,146	55,424	23,978
Subsequent Year Taxes	3,673,604	1,458,627	1,278,478
Special Assessments	-	-	-
Due from Other Funds	447,295	-	-
Due from Other Governmental Agencies	315,392	-	-
Inventories	92,658	-	-
Total Assets	<u>7,963,346</u>	<u>1,676,698</u>	<u>1,485,605</u>
Liabilities			
Accounts Payable	174,966	-	1,756
Accrued Wages	192,343	-	80,851
Due to Other Funds	-	-	-
Total Liabilities	<u>367,309</u>	<u>-</u>	<u>82,607</u>
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	3,673,604	1,458,627	1,278,478
Unavailable Revenue - delinquent property taxes	38,040	33,258	13,387
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>3,711,644</u>	<u>1,491,885</u>	<u>1,291,865</u>
Fund Balances (Deficits)			
Nonspendable:			
Inventory	92,658	-	-
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	184,813	-
Employee Benefits	-	-	111,133
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	25,158	-	-
Municipal Band	365	-	-
Capital Improvement	-	-	-
Unassigned	3,766,212	-	-
Total Fund Balances (Deficits)	<u>3,884,393</u>	<u>184,813</u>	<u>111,133</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 7,963,346</u>	<u>\$ 1,676,698</u>	<u>\$ 1,485,605</u>

See Accompanying Notes to Financial Statements

<u>Capital Projects</u>			
Debt Service	4th St Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,015,067	\$ 9,151,833	\$ 14,885,771
-	-	465,000	492,639
-	-	-	952,646
-	-	5,605	18,496
29,773	-	-	177,321
2,105,080	-	-	8,515,789
-	-	31,056	31,056
-	-	-	447,295
-	-	720,684	1,036,076
-	-	-	92,658
<u>2,134,853</u>	<u>3,015,067</u>	<u>10,374,178</u>	<u>26,649,747</u>
-	205,647	961,033	1,343,402
-	-	24,654	297,848
29,495	-	417,800	447,295
<u>29,495</u>	<u>205,647</u>	<u>1,403,487</u>	<u>2,088,545</u>
2,105,080	-	-	8,515,789
16,877	-	-	101,562
-	-	25,751	25,751
<u>2,121,957</u>	<u>-</u>	<u>25,751</u>	<u>8,643,102</u>
-	-	-	92,658
-	-	519,488	519,488
-	-	-	184,813
-	-	-	111,133
-	-	725,633	725,633
-	-	892,450	892,450
-	2,809,420	5,527,871	8,337,291
-	-	85,501	85,501
-	-	-	25,158
-	-	-	365
-	-	1,735,994	1,735,994
(16,599)	-	(541,997)	3,207,616
<u>(16,599)</u>	<u>2,809,420</u>	<u>8,944,940</u>	<u>15,918,100</u>
<u>\$ 2,134,853</u>	<u>\$ 3,015,067</u>	<u>\$ 10,374,178</u>	<u>\$ 26,649,747</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

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

Total Fund Balance - Governmental Funds (page 25)		\$15,918,100
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		75,866,041
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		29,555
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position.		(606,632)
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		127,313
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(63,898)
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	\$ 1,147,660	
Deferred inflows of resources	<u>(372,967)</u>	774,693
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)	\$ (31,832,952)	
Notes Payable	(91,700)	
Net Pension Liability	(4,477,033)	
Compensated Absences	<u>(501,078)</u>	<u>(36,902,763)</u>
Total Net Position - Governmental Activities (page 21)		<u><u>\$55,142,409</u></u>

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2020

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Revenue:			
Taxes	\$ 3,572,689	\$ 1,283,625	\$ 1,257,761
Special Assessments	-	-	-
Licenses and Permits	88,595	-	-
Intergovernmental Revenue	1,260,050	-	38,521
Charges for Services	603,064	-	-
Fines and Forfeits	41,041	-	-
Contributions	894,552	-	-
Revenue from Use of Property	68,471	-	-
Interest on Investments	47,260	6,417	-
Miscellaneous	212,970	-	-
Total Revenue	6,788,692	1,290,042	1,296,282
Expenditures:			
Current:			
Public Safety	2,178,593	-	622,370
Public Works	506,166	-	123,151
Health and Social Services	9,874	-	-
Culture and Recreation	2,344,208	-	454,896
Community and Economic Development	595,812	156,143	113,955
General Government	689,927	-	87,154
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	6,324,580	156,143	1,401,526
Excess (deficiency) of revenues over expenditures	464,112	1,133,899	(105,244)
Other financing sources (uses):			
Issuance of Debt	140,700	-	-
Premium on Bonds Issued	-	-	-
Proceeds from Sale of Capital Assets	4,302	-	-
Transfers In	193,815	-	-
Transfers Out	(80,000)	(1,204,995)	-
Total other financing sources (uses)	258,817	(1,204,995)	-
Net Change in Fund Balance	722,929	(71,096)	(105,244)
Fund balances (deficits) - beginning of year	3,133,352	255,909	276,764
Prior Period Adjustment	28,112	-	(60,387)
Fund balances (deficits)- beginning of year, as restated	3,161,464	255,909	216,377
Fund balances (deficits) - end of year	\$ 3,884,393	\$ 184,813	\$ 111,133

See Accompanying Notes to Financial Statements

Capital Projects			
Debt Service	4th St Project	Other Governmental Funds	Total Governmental Funds
\$ 1,397,792	\$ -	\$ 1,714,891	\$ 9,226,758
-	-	13,458	13,458
-	-	50,865	139,460
38,019	-	2,962,521	4,299,111
-	-	20,000	623,064
-	-	-	41,041
-	-	3,395	897,947
-	-	21,266	89,737
15,145	-	44,817	113,639
-	-	3,149	216,119
1,450,956	-	4,834,362	15,660,334
-	-	-	2,800,963
-	-	1,229,215	1,858,532
-	-	-	9,874
-	-	32,482	2,831,586
-	-	-	865,910
-	-	-	777,081
-	423,748	6,108,812	6,532,560
4,140,101	23,279	139,061	4,302,441
4,140,101	447,027	7,509,570	19,978,947
(2,689,145)	(447,027)	(2,675,208)	(4,318,613)
-	2,952,961	3,152,039	6,245,700
-	275,616	-	275,616
-	-	-	4,302
2,497,215	120,000	2,690,970	5,502,000
-	-	(3,392,260)	(4,677,255)
2,497,215	3,348,577	2,450,749	7,350,363
(191,930)	2,901,550	(224,459)	3,031,750
175,331	(92,130)	9,169,399	12,918,625
-	-	-	(32,275)
175,331	(92,130)	9,169,399	12,886,350
\$ (16,599)	\$ 2,809,420	\$ 8,944,940	\$ 15,918,100

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds (page 28) \$ 3,031,750

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 6,421,210	
Depreciation expense	<u>(3,066,971)</u>	3,354,239

Governmental fixed assets are not recorded in governmental funds. In the current year an asset was transferred from governmental activities to business type activities. The net book value of the asset was recorded as a transfer out on the Statement of Activities. (297,174)

Gain on investment in joint venture not recorded at the fund level. 5,646

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. 90,678

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. (2,139)

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. (48,443)

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. (115,298)

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 540,881

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (960,005)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount by which proceeds exceeded repayments in the current year is as follows:

Repayments of long-term debt	\$ 3,509,000	
Proceeds from Premium on issuance of long-term debt	(275,616)	
Proceeds from issuance of long-term debt	<u>(6,245,700)</u>	(3,012,316)

The governmental funds report the effect of premiums, discounts, and deferred charges on refundings when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. 101,457

Change in net position of governmental activities (page 23) \$ 2,689,276

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2020

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 79,480	\$ 1,491,976	\$ 689,192	\$ 2,260,648	\$ 387,270
Certificates of Deposit	-	400,000	-	400,000	-
Investments	449,276	-	-	449,276	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	136,897	176,465	126,407	439,769	68,912
Estimated Unbilled Usage	104,984	130,008	-	234,992	-
Special Assessments	29,873	65,313	-	95,186	-
Due from Other Governmental Agencies	288	383	6,624	7,295	-
Inventories	83,579	63,517	-	147,096	-
Restricted Assets:					
Cash and Cash Equivalents	360,630	83,000	-	443,630	-
Certificates of Deposit	-	250,000	-	250,000	-
Total Current Assets	1,245,007	2,660,662	822,223	4,727,892	456,182
Noncurrent Assets:					
Land	-	117,723	-	117,723	-
Construction in Progress	39,112	544,878	-	583,990	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,259,051	7,885,762	1,829,076	14,973,889	-
Total Noncurrent Assets	5,298,163	8,548,363	1,829,076	15,675,602	-
Total Assets	6,543,170	11,209,025	2,651,299	20,403,494	456,182
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	40,710	59,368	67,078	167,156	-
Total Deferred Outflows of Resources	40,710	59,368	67,078	167,156	-
LIABILITIES					
Current Liabilities					
Accounts Payable	20,870	23,437	29,984	74,291	96,463
Accrued Wages	15,794	22,873	26,742	65,409	-
Compensated Absences and Benefits	29,678	10,731	12,194	52,603	-
Accrued Interest Payable	5,423	3,709	-	9,132	-
Accrued Claims	-	-	-	-	36,216
Revenue Bonds	320,000	175,000	-	495,000	-
General Obligation Bonds	128,276	181,724	-	310,000	-
Total Current Liabilities	520,041	417,474	68,920	1,006,435	132,679
Noncurrent Liabilities:					
Due in more than one year:					
Notes Payable	-	446,765	-	446,765	-
Revenue Bonds	1,953,542	1,027,231	-	2,980,773	-
General Obligation Bonds	133,418	189,008	-	322,426	-
Total OPEB Liability	-	-	-	-	930,135
Net Pension Liability	162,534	234,715	261,124	658,373	-
Compensated Absences and Benefits	19,786	7,154	8,130	35,070	-
Total Noncurrent Liabilities	2,269,280	1,904,873	269,254	4,443,407	930,135
Total Liabilities	2,789,321	2,322,347	338,174	5,449,842	1,062,814
DEFERRED INFLOWS OF RESOURCES					
Pension Related Deferred Inflows	25,551	36,897	41,049	103,497	-
Total Deferred Inflows of Resources	25,551	36,897	41,049	103,497	-
NET POSITION					
Net Investment in Capital Assets	2,762,927	6,975,400	1,829,076	11,567,403	-
Restricted for:					
Debt Service	355,207	329,291	-	684,498	-
Unrestricted	650,874	1,604,458	510,078	2,765,410	(606,632)
Total Net Position	\$ 3,769,008	\$ 8,909,149	\$ 2,339,154	\$ 15,017,311	\$ (606,632)

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2020

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,460,102	\$ 1,934,355
Miscellaneous	55,359	9,669
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	<u>1,515,461</u>	<u>1,944,024</u>
Operating Expenses:		
General Government	-	-
Employee Services	353,364	499,797
Contract Services	256,763	509,562
Supplies	99,475	90,776
Repairs and Maintenance	166,005	32,897
Utilities	108,769	148,332
Miscellaneous	4,048	3,619
Depreciation	331,524	526,753
Total Operating Expenses	<u>1,319,948</u>	<u>1,811,736</u>
Operating Income (Loss)	195,513	132,288
Non-Operating Income (Expense):		
Interest Income	11,915	31,636
Revenue from Use of Property	104,006	-
Interest Expense	(70,460)	(41,487)
Total Non-Operating Income (Expenses)	<u>45,461</u>	<u>(9,851)</u>
Income (Loss) before Contributions and Transfers	240,974	122,437
Contributed Capital Revenue	29,262	742,509
Transfers (Out)	(50,000)	(624,745)
Change in Net Position	220,236	240,201
Net Position - Beginning	<u>3,548,772</u>	<u>8,668,948</u>
Net Position - Ending	<u>\$ 3,769,008</u>	<u>\$ 8,909,149</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Solid Waste	Total	Internal Service	
\$ 1,576,847	\$ 4,971,304	\$ -	
13,832	78,860	-	
-	-	1,472,199	
<u>1,590,679</u>	<u>5,050,164</u>	<u>1,472,199</u>	
-	-	1,587,497	
565,676	1,418,837	-	
406,026	1,172,351	-	
78,366	268,617	-	
128,698	327,600	-	
18,927	276,028	-	
-	7,667	-	
125,429	983,706	-	
<u>1,323,122</u>	<u>4,454,806</u>	<u>1,587,497</u>	
267,557	595,358	(115,298)	
8,727	52,278	-	
-	104,006	-	
(2,153)	(114,100)	-	
<u>6,574</u>	<u>42,184</u>	<u>-</u>	
274,131	637,542	(115,298)	
-	771,771	-	
<u>(150,000)</u>	<u>(824,745)</u>	<u>-</u>	
124,131	584,568	(115,298)	
<u>2,215,023</u>	<u>14,432,743</u>	<u>(491,334)</u>	
<u>\$ 2,339,154</u>	<u>\$ 15,017,311</u>	<u>\$ (606,632)</u>	

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2020

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,503,881	\$ 1,934,263
Cash Paid to Suppliers for Goods and Services	(719,630)	(800,714)
Cash Paid to Employees for Services	(343,085)	(503,772)
Other Nonoperating Revenue	104,006	-
Net Cash Provided by (Used for) Operating Activities	<u>545,172</u>	<u>629,777</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(17,267)	-
Proceeds from Debt Issuance	-	446,765
Principal Paid on Notes and Bonds	(446,207)	(353,793)
Interest Paid on Notes and Bonds	(75,796)	(51,951)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(539,270)</u>	<u>41,021</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers from Other Funds	(50,000)	(624,745)
Net Cash (Used for) Non-Capital Financing Activities	<u>(50,000)</u>	<u>(624,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Certificates of Deposit	-	(1,300,000)
Proceeds from Sale of Certificates of Deposit	-	1,300,000
Interest and Dividends on Investments	6,173	31,636
Net Cash Provided by Investing Activities	<u>6,173</u>	<u>31,636</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(37,925)	77,689
Cash and Cash Equivalents at Beginning of Year	<u>478,035</u>	<u>1,497,287</u>
Cash and Cash Equivalents at End of Year	<u>\$ 440,110</u>	<u>\$ 1,574,976</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Solid Waste	Total	Internal Service	
\$ 1,588,360	\$ 5,026,504	\$ 1,403,288	
(676,111)	(2,196,455)	(1,459,956)	
(559,035)	(1,405,892)	-	
-	104,006	-	
<u>353,214</u>	<u>1,528,163</u>	<u>(56,668)</u>	
(37,927)	(55,194)	-	
-	446,765	-	
(75,901)	(875,901)	-	
(2,346)	(130,093)	-	
<u>(116,174)</u>	<u>(614,423)</u>	<u>-</u>	
(150,000)	(824,745)	-	
<u>(150,000)</u>	<u>(824,745)</u>	<u>-</u>	
-	(1,300,000)	-	
-	1,300,000	-	
<u>8,727</u>	<u>46,536</u>	<u>-</u>	
<u>8,727</u>	<u>46,536</u>	<u>-</u>	
95,767	135,531	(56,668)	
<u>593,425</u>	<u>2,568,747</u>	<u>443,938</u>	
<u>\$ 689,192</u>	<u>\$ 2,704,278</u>	<u>\$ 387,270</u>	

(Continued)

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ 195,513	\$ 132,288
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Other Nonoperating Income	104,006	-
Depreciation	331,524	526,753
(Increase) Decrease in Assets:		
Accounts Receivable	(666)	11,976
Special Assessments	7,477	-
Estimated Unbilled Usage	(18,103)	(21,354)
Due from Other Governments	(288)	(383)
Inventories	(11,038)	(10,763)
Deferred Outflows of Pension Related Costs	11,379	16,130
Increase (Decrease) in Liabilities		
Accounts Payable	(73,532)	(4,765)
Accrued Wages	5,372	9,029
Accrued Compensated Absences	11,428	(1,496)
Net Pension Liability	(31,256)	(46,818)
Deferred Inflows of Pension Related Costs	13,356	19,180
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	<u>349,659</u>	<u>497,489</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 545,172</u>	<u>\$ 629,777</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions	<u>\$ 29,262</u>	<u>\$ 742,509</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 79,480	\$ 1,491,976
Restricted Cash and Cash Equivalents	360,630	83,000
	<u>\$ 440,110</u>	<u>\$ 1,574,976</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Solid		Activities
Waste	Total	Internal
		Service
\$ 267,557	\$ 595,358	\$ (115,298)
-	104,006	-
125,429	983,706	-
4,305	15,615	(68,912)
-	7,477	-
-	(39,457)	-
(6,624)	(7,295)	-
-	(21,801)	-
16,454	43,963	-
(44,094)	(122,391)	(20,143)
8,956	23,357	-
8,996	18,928	-
(49,280)	(127,354)	-
21,515	54,051	-
-	-	152,533
-	-	(4,848)
85,657	932,805	58,630
\$ 353,214	\$ 1,528,163	\$ (56,668)
\$ -	\$ 771,771	\$ -
\$ 689,192	\$ 2,260,648	\$ 387,270
-	443,630	-
\$ 689,192	\$ 2,704,278	\$ 387,270

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Funds
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents	\$	14,233
Receivables:		
Due from Other Governments		<u>353</u>
Total Assets		<u>14,586</u>

LIABILITIES

Due to Other Governments		13,412
Other Payables		<u>1,174</u>
Total Liabilities	\$	<u>14,586</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Utilities – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Utilities is financially accountable to the City. During the fiscal year ended June 30, 2020, Waverly Utilities transferred \$919,120 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, 2019.

Jointly Governed Organizations

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Fund Accounting

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

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

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

The City reports the following major governmental funds:

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted in any function.

F. Cash And Cash Equivalents And Investments

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

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Receivable

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2020 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2019. Any county collections on the 2019-2020 tax levy remitted to the City within 60 days subsequent to June 30, 2020, 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, 2020, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 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.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

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

L. Property and Equipment

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

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

M. Deferred Outflows of Resources

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

N. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

O. Long-Term Obligations

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

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

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

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

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

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

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

Q. Net Position Flow Assumption

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

R. Fund Balance Flow Assumptions

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Interfund Transactions

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

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

T. Deferred Inflows of Resources

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

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

U. Pensions

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2020, 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, 2020.

At June 30, 2020 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

City Investments	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Mutual Funds	Not Rated	\$ 104,035	1 year	Level 2
IPAIT	Not Rated	\$ 1,095,806	1 year	N/A
Community Foundation of NW Iowa	Not Rated	\$ 202,081	1 year	Level 3

Component Unit Investments	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Money Market	AAA	\$ 48,284	1 year	Level 1
Fixed income securities	AA+	\$ 54,687	1 year	Level 2
Fixed income securities	A	\$ 29,490	1 year	Level 2
Fixed income securities	BBB+	\$ 24,857	1 year	Level 2
Fixed income securities	BBB	\$ 168,229	1 year	Level 2
Fixed income securities	BBB-	\$ 51,377	1 year	Level 2
Fixed income securities	N/A	\$ 567,956	1 year	Level 2
Fixed income securities	Not Rated	\$ 30,096	1 year	Level 2
Common Stocks	Not Rated	\$ 1,608,060	1 year	Level 1

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

In addition, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,095,806 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. Investment policies are followed to maintain a constant net position value of \$1.00 per unit for the portfolio.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

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

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

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

Note 3 - RECEIVABLES

Receivables at June 30, 2020 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$11,704 at June 30, 2020. The Waverly Health Center component unit had an allowance for uncollectibles of \$5,980,000 at June 30, 2020.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2020, amounts due from other governments were as follows:

Due from the Federal Aviation Administration Grant Funding	\$ 169,869
Due from the State of Iowa for Hotel/Motel taxes	35,724
Due from the State of Iowa from the COVID-19 Local Government Relief Fund	215,155
Due from the State of Iowa for Sales Tax Increment Revenue	176,645
Due from the State of Iowa for fuel tax refund	8,504
Due from Waverly Utilities for Franchise Fees	14,196
Due from Bremer Country for Building Inspections	7,243
Due from Iowa Department of Transportation for repair reimbursement	13,200
Due from the State of Iowa for local option sales taxes	86,914
Due from the Iowa Department of Transportation for road use tax allocations	166,010
Due from the Iowa Department of Transportation for Airport Improvements	133,118
Due from other various sources	16,793
Total Due from Other Governments	<u>\$ 1,043,371</u>

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2020, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 29,495
General Fund	Non-major Governmental Fund	417,800
		<u>\$ 447,295</u>

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 15,350,436	\$ 983,324	\$ -	\$ -	\$ 16,333,760
Construction in Progress	13,011,317	4,483,157	11,044,503	(297,174)	6,152,797
Total capital assets not being depreciated	<u>28,361,753</u>	<u>5,466,481</u>	<u>11,044,503</u>	<u>(297,174)</u>	<u>22,486,557</u>
Capital assets being depreciated:					
Buildings and Improvements	12,960,707	235,831	-	-	13,196,538
Equipment	7,404,197	971,809	295,126	-	8,080,880
Infrastructure	63,228,483	10,808,672	394,089	-	73,643,066
Total capital assets being depreciated	<u>83,593,387</u>	<u>12,016,312</u>	<u>689,215</u>	<u>-</u>	<u>94,920,484</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	5,114,614	304,202	-	-	5,418,816
Equipment	4,831,697	499,141	278,046	-	5,052,792
Infrastructure	29,199,853	2,263,628	394,089	-	31,069,392
Total Accumulated Depreciation	<u>39,146,164</u>	<u>3,066,971</u>	<u>672,135</u>	<u>-</u>	<u>41,541,000</u>
Total capital assets being depreciated, net	<u>44,447,223</u>	<u>8,949,341</u>	<u>17,080</u>	<u>-</u>	<u>53,379,484</u>
Governmental activities capital assets, net	<u>\$ 72,808,976</u>	<u>\$ 14,415,822</u>	<u>\$ 11,061,583</u>	<u>\$ (297,174)</u>	<u>\$ 75,866,041</u>

Construction in progress at June 30, 2020, for the governmental activities consisted of costs associated with various street projects and airport improvements.

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 117,723	\$ -	\$ -	\$ -	\$ 117,723
Construction in Progress	204,443	474,598	392,225	297,174	583,990
Total capital assets not being depreciated	<u>322,166</u>	<u>474,598</u>	<u>392,225</u>	<u>297,174</u>	<u>701,713</u>
Capital assets being depreciated:					
Buildings and Improvements	11,147,391	-	-	-	11,147,391
Equipment	2,778,443	55,193	30,909	-	2,802,727
Lines and Structures	21,173,373	392,225	-	-	21,565,598
Total capital assets being depreciated	<u>35,099,207</u>	<u>447,418</u>	<u>30,909</u>	<u>-</u>	<u>35,515,716</u>
Less: Accumulated depreciation for:					
Buildings and Improvements	5,135,511	198,210	-	-	5,333,721
Equipment	1,337,724	173,221	30,909	-	1,480,036
Lines and Structures	13,115,795	612,275	-	-	13,728,070
Total Accumulated Depreciation	<u>19,589,030</u>	<u>983,706</u>	<u>30,909</u>	<u>-</u>	<u>20,541,827</u>
Total capital assets being depreciated, net	<u>15,510,177</u>	<u>(536,288)</u>	<u>-</u>	<u>-</u>	<u>14,973,889</u>
Business-type activities capital assets, net	<u>\$ 15,832,343</u>	<u>\$ (61,690)</u>	<u>\$ 392,225</u>	<u>\$ 297,174</u>	<u>\$ 15,675,602</u>

Construction in progress at June 30, 2020 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, 2020

Note 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

Public Safety	\$ 261,568
Public Works	2,453,242
Culture and Recreation	250,856
General Government	101,305
Total depreciation expense - governmental activities	<u>\$ 3,066,971</u>

Business-Type Activities:

Water	\$ 331,524
Sewer	526,753
Solid Waste	125,429
Total depreciation expense - business-type activities	<u>\$ 983,706</u>

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Waverly Health Center:				
Capital assets not being depreciated:				
Land	\$ 2,206,302	\$ -	\$ -	\$ 2,206,302
Construction in Progress	1,582,735	9,865,917	3,771,376	7,677,276
Total capital assets not being depreciated	<u>3,789,037</u>	<u>9,865,917</u>	<u>3,771,376</u>	<u>9,883,578</u>
Capital assets being depreciated:				
Land Improvements	2,450,705	-	-	2,450,705
Buildings & Fixed Equipment	26,806,344	16,193	-	26,822,537
Major Movable Equipment	21,059,186	3,755,183	748,764	24,065,605
Total capital assets being depreciated	<u>50,316,235</u>	<u>3,771,376</u>	<u>748,764</u>	<u>53,338,847</u>
Less: Accumulated Depreciation	40,004,999	2,297,914	667,945	41,634,968
Total capital assets being depreciated, net	10,311,236	1,473,462	80,819	11,703,879
Component unit capital assets, net	<u>\$ 14,100,273</u>	<u>\$ 11,339,379</u>	<u>\$ 3,852,195</u>	<u>\$ 21,587,457</u>

Construction in progress at June 30, 2020 for the Waverly Health Center consists of costs related to building expansion and renovation.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 6 - CAPITAL ASSETS (CONTINUED)

	Balance January 1, 2019	Additions	Deletions	Transfers	Balance December 31, 2019
Waverly Utilities:					
Capital assets not being depreciated:					
Land	\$ 351,624	\$ -	\$ -	\$ -	\$ 351,624
Construction in Progress	1,077,048	1,738,320	2,570,221	-	245,147
Total capital assets not being depreciated	<u>1,428,672</u>	<u>1,738,320</u>	<u>2,570,221</u>	<u>-</u>	<u>596,771</u>
Capital assets being depreciated:					
Improvements	51,320,598	2,332,897	68,440	2,322,059	55,907,114
Buildings	5,570,198	11,857	-	-	5,582,055
Equipment	12,118,111	301,289	204,089	(2,322,059)	9,893,252
Louisa Plant	11,127,086	213,399	25,976	-	11,314,509
WS4 Plant	5,451,356	12,068	704	-	5,462,720
Total capital assets being depreciated	<u>85,587,349</u>	<u>2,871,510</u>	<u>299,209</u>	<u>-</u>	<u>88,159,650</u>
Less: Accumulated Depreciation	41,869,572	3,472,323	260,423	-	45,081,472
Total capital assets being depreciated, net	<u>43,717,777</u>	<u>(600,813)</u>	<u>38,786</u>	<u>-</u>	<u>43,078,178</u>
Component unit capital assets, net	<u>\$ 45,146,449</u>	<u>\$ 1,137,507</u>	<u>\$ 2,609,007</u>	<u>\$ -</u>	<u>\$ 43,674,949</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Units	
			Waverly Health Center	Waverly Utilities
Land	\$ 16,333,760	\$ 117,723	\$ 2,206,302	\$ 351,624
Construction in Progress	6,152,797	583,990	7,677,276	245,147
Capital Assets (net of accumulated depreciation)	53,379,484	14,973,889	11,703,879	43,078,178
Less: General Obligation Bonds	(31,832,952)	(632,426)	-	-
Revenue Bond Anticipation Note	-	-	(27,063,000)	-
Notes Payable	(91,700)	-	(2,151,914)	-
Revenue Bonds	-	(3,475,773)	(3,500,000)	(17,909,072)
Accounts Payable associated with CIP	(688,856)	-	-	-
Add: Unspent Bond Proceeds	7,893,834	-	-	195,683
Add: Reserve from Borrowing	-	-	28,367,124	1,446,500
Net Investment in Capital Assets	<u>\$ 51,146,367</u>	<u>\$ 11,567,403</u>	<u>\$ 17,239,667</u>	<u>\$ 27,408,060</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2020, is \$38,040,656 of which \$31,556,555 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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 28,140,000	\$ 5,970,000	\$ 3,325,000	\$ 30,785,000	\$ 3,760,000
Direct Borrowings:					
Notes Payable	-	275,700	184,000	91,700	44,720
Compensated Absences	452,635	320,024	271,581	501,078	300,647
Governmental Activity					
Long-Term Liabilities	28,592,635	6,565,724	3,780,581	31,377,778	4,105,367
Business-Type Activities:					
Bonds Payable:					
General Obligation	930,000	-	305,000	625,000	310,000
Revenue Bonds	3,905,000	-	495,000	3,410,000	495,000
Direct Borrowings:					
Notes Payable	75,901	446,765	75,901	446,765	-
Compensated Absences	68,745	60,176	41,248	87,673	52,603
Business-Type Activity					
Long-Term Liabilities	\$ 4,979,646	\$ 506,941	\$ 917,149	\$ 4,569,438	\$ 857,603

The City of Waverly's general obligation and revenue bonds are shown gross of the unamortized premium of \$1,047,952 for governmental activities and \$73,199 for business-type activities between the GO Bonds and Revenue Bonds on the Statement of Net Position.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Waverly Health Center:					
Revenue Bond:					
Bond Anticipation Note	\$ 27,063,000	\$ 27,063,000	\$ 27,063,000	\$ 27,063,000	\$ -
Bond Payable	-	3,500,000	-	3,500,000	-
Direct Borrowing:					
Notes Payable	489,268	2,136,788	474,142	2,151,914	701,834
Waverly Health Center					
Long-Term Liabilities	27,552,268	32,699,788	27,537,142	32,714,914	701,834
Waverly Utilities:					
Bonds Payable:					
Revenue Bonds	19,397,543	-	1,582,321	17,815,222	1,614,792
Waverly Utilities					
Long-Term Liabilities	\$ 19,397,543	\$ -	\$ 1,582,321	\$ 17,815,222	\$ 1,614,792

The Waverly Utilities' debt is shown gross of unamortized premium of \$93,850.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Direct Borrowing and Direct Placements – Notes Payable

On May 27, 2016, the City borrowed funds from a local bank to purchase new garbage trucks in the amount of \$363,938 accruing interest at 3%. This loan was paid off in the current year.

On October 24, 2019 the City borrowed funds from a local bank to purchase new golf equipment in the amount of \$140,700 accruing interest at 4.875% and due in annual installments of \$49,286. This loan includes a provision that in the event of default, the outstanding amounts become immediately due.

On December 16, 2019 the City borrowed funds from a local bank to purchase a piece of property for the 3rd Street SE bridge project in the amount of \$135,000 accruing interest at 3.25%. One principal payment of \$135,000 and accrued interest is due on December 16, 2020. In the current year, the City paid off this loan in full.

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 zero percent interest rate with a term of up to three years. This loan is expected to roll into the SRF Construction Loan when it is executed. 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 Health Center has note agreements to finance the purchase of certain equipment. The notes currently require monthly payments of \$59,364, including interest ranging from 0% to 4.187%, with their final payment due November 2023. The notes are collateralized by the equipment purchased by the Health Center. At June 30, 2020, the remaining balance on the notes was \$2,151,914.

The Health Center has entered into a line of credit agreement with a bank for \$650,000 expiring October 2020. The line is due on demand and requires monthly payments of interest at 3.5%. The principal balance was zero at June 30, 2020.

The Health Center entered into a Promissory Note in an aggregate principal amount of \$5,553,304, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act. The note bears interest of 1% and payments are deferred for six months. The PPP allows for the entire loan balance to be forgiven if used 60% for payroll costs during the 24-week period following distribution of the loan proceeds. The loan is expected to be forgiven in fiscal year 2021.

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, 2020, the Health Center had reported \$754,679 of cash advances secured by outstanding patient receivables.

The annual principal and interest requirements for the City and Component Unit Direct Borrowings and Direct Placement Note Payables are as follows:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	City				Component Unit	
	Governmental Direct Borrowings		Business-Type Direct Borrowings		Waverly Health Center	
	Golf Equipment		SRF Funds		Equipment	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 44,720	\$ 4,566	-	-	\$ 701,834	\$ 10,544
2022	46,980	2,306	-	-	694,124	3,374
2023	-	-	446,765	-	533,880	-
2024	-	-	-	-	222,076	-
	\$ 91,700	\$ 6,872	\$ 446,765	\$ -	\$ 2,151,914	\$ 13,918

General Obligation

General obligation bonds outstanding as of June 30, 2020 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2020
General Obligation:						
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	\$ 2,455,000	\$ 250,000
*2012C GO Bonds	2013	1-1.75%	2022	290,000-315,000	2,955,000	625,000
2014A GO Bonds	2014	2.0-3.0%	2029	205,000-725,000	7,306,200	4,800,000
2015B GO Bonds	2015	2.0-4.0%	2027	120,000-940,000	8,245,000	5,555,000
2017A GO Bonds	2017	2.00%	2026	155,000-185,000	1,500,000	1,030,000
2017B Go Bonds	2017	1.7-2.75%	2026	65,000-80,000	615,000	420,000
2018A GO Bonds	2018	3.00%	2029	970,000-1,190,000	11,000,000	9,600,000
2019 GO Bonds	2019	2.5-2.75%	2029	310,000- 390,000	3,500,000	3,160,000
2020A GO Bonds	2020	2.00%	2030	410,000- 580,000	5,270,000	5,270,000
2020B GO Bonds	2020	0.7-1.75%	2030	65,000- 75,000	700,000	700,000
Total General Obligation					\$ 43,546,200	\$ 31,410,000

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

Revenue Bonds

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

Revenue bonds outstanding as of June 30, 2020 are as follows:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2020
Revenue Bonds:						
2014B - Water	2014	0.50-2.7%	2025	160,000-190,000	\$ 1,870,000	\$ 900,000
2015 - Sewer	2015	2.0-4.0%	2026	155,000-210,000	1,990,000	1,350,000
2018B- Water	2018	3.00%	2028	150,000- 190,000	1,655,000	1,160,000
Total Revenue Bonds					5,515,000	3,410,000
Component Units:						
Waverly Health Center						
2019 Hospital Revenue Bonds	2020	3.50%	2034	0	3,500,000	3,500,000
Waverly Utilities						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	565,263
2015 Utility Rev Bonds	2015	2-4%	2030	100,000-185,000	4,980,000	4,430,000
2013 Revenue Bond	2013	4-.67%	2023	365,000-420,000	4,000,000	1,720,000
2015 Comm Utility Rev Bonds	2015	4.3%	2030	350,000-530,000	6,672,483	5,874,959
2016 Revenue Bonds	2016	2%	2029	135,000-170,000	2,860,000	2,400,000
2018 Revenue Bonds	2018	3-3.2%	2030	220,000-300,000	3,045,000	2,825,000
Total Revenue Bonds					24,383,799	17,815,222
Grand Total Revenue Bonds					\$ 29,898,799	\$ 21,225,222

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

Year Ending	General Obligation				Revenue Bond	
	Paid by Debt Service Fund		Paid by Enterprise Fund		Principal	Interest
	Principal	Interest	Principal	Interest		
June 30,						
2021	\$ 3,760,000	\$ 835,255	\$ 310,000	\$ 10,163	\$ 495,000	\$ 99,415
2022	3,645,000	747,953	315,000	5,513	515,000	86,605
2023	3,755,000	647,550	-	-	530,000	71,055
2024	3,855,000	536,350	-	-	545,000	54,605
2025	3,585,000	422,050	-	-	565,000	39,180
2026-2030	12,185,000	792,513	-	-	760,000	39,750
	\$ 30,785,000	\$ 3,981,671	\$ 625,000	\$ 15,676	\$ 3,410,000	\$ 390,610

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

Waverly Health Center					
Year Ending	Revenue Bond		Interest		
June 30,	Anticipation Note	Interest	Revenue Bond	Interest	
2021	\$ -	\$ 676,575	\$ -	\$ 122,500	
2022	-	676,575	-	122,500	
2023	27,063,000	338,288	131,612	121,544	
2024	-	-	270,224	113,586	
2025	-	-	279,836	103,975	
2026-2030	-	-	1,555,742	363,310	
2031-2034	-	-	1,262,586	80,751	
	\$ 27,063,000	\$ 1,691,438	\$ 3,500,000	\$ 1,028,166	

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

The Health Center issued bond anticipation notes totaling \$27,063,000 on December 27, 2019 to refund the Hospital Bond Anticipation Notes, Series 2018. The notes require semi-annual interest payments at a rate of 2.5%. Principal is not due on the notes until their maturity date of December 31, 2022, at which point the Health Center intends to refinance the notes through the U.S. Department of Agriculture's Community Facilities Loan Program.

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, 2020, the remaining balance on the bonds was \$3,500,000.

Waverly Utilities

Year Ending December 31,	Revenue Bond Principal	Interest	Total
2020	\$ 1,614,792	\$ 501,285	\$ 2,116,077
2021	1,658,622	461,277	2,119,899
2022	1,707,687	420,787	2,128,474
2023	1,753,096	377,385	2,130,481
2024	1,561,926	328,120	1,890,046
2025-2029	8,639,099	931,747	9,570,846
2030	880,000	28,448	908,448
	<u>\$ 17,815,222</u>	<u>\$ 3,049,049</u>	<u>\$ 20,864,271</u>

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

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	4th St Project	Nonmajor Governmental	Total Transfer Out
General Fund	\$ -	\$ -	\$ -	\$ 80,000	\$ 80,000
Tax Increment Financing	-	1,204,995	-	-	1,204,995
Nonmajor Governmental	193,815	1,292,220	120,000	1,786,225	3,392,260
Water	-	-	-	50,000	50,000
Sewer	-	-	-	624,745	624,745
Solid Waste	-	-	-	150,000	150,000
Total Transfers In	<u>\$ 193,815</u>	<u>\$ 2,497,215</u>	<u>\$ 120,000</u>	<u>\$ 2,690,970</u>	<u>\$ 5,502,000</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 8 – TRANSFERS (CONTINUED)

Transfers are used to:

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

Note 9 - PENSION PLAN

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

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

Pension Benefits

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

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

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

Disability and Death Benefits

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

Contributions

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

From July 1, 2019 to June 30, 2020, pursuant to the required rate, regular members contributed 6.29 percent of covered payroll and the City and the Health Center contributed 9.44 percent of covered payroll for a total rate of 15.73 percent. Protective occupation members contributed 6.61 percent of covered payroll and the City contributed 9.91 percent of covered payroll for a total rate of 16.52 percent. From January 1, 2019 through December 31, 2019 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, 2020 were \$356,736 and total contributions for the component units for their respective year ends, were \$2,630,590.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

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

At June 30, 2020, the City reported a liability of \$2,738,066 and the Waverly Health Center component unit reported a liability of \$18,516,595. As of December 31, 2019, Waverly Utilities reported a liability of \$1,898,897 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and its component unit's proportion of the net pension liability was based on their share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was 0.0472842 percent, which was an increase of 0.000285 percent from its proportion measured as of June 30, 2018. The component unit's collective proportion was 0.352341 percent, which was an increase of 0.003156 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City and the Waverly Health Center component unit recognized pension expense of \$501,553 and \$3,588,553 respectively and Waverly Utilities recognized pension expense of \$416,613 as of December 31, 2019. At June 30, 2020 and December 31, 2019, 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	\$ 7,705	\$ 98,550
Changes of assumption	294,593	46
Net difference between projected and actual earnings on pension plan investments	-	310,387
Changes in proportion and differences between City contributions and proportionate share of contributions	33,097	21,444
City contributions subsequent to the measurement date	356,736	-
Total	\$ 692,131	\$ 430,427
	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,655	\$ 739,560
Changes of assumption	2,256,451	2,433
Net difference between projected and actual earnings on pension plan investments	-	2,398,592
Changes in proportion and differences between Component Units contributions and proportionate share of contributions	493,454	125,401
Component Units contributions subsequent to the measurement date	2,514,226	-
Total	\$ 5,326,786	\$ 3,265,986

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

\$356,736 and \$2,514,226 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, 2021 and December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	City	Health Center	Year Ending December 31,	Waverly Utilities
2021	\$ 57,590	\$ 513,164	2020	\$ 106,020
2022	(63,425)	(385,015)	2021	(22,628)
2023	(37,331)	(242,311)	2022	(48,457)
2024	(46,157)	(289,738)	2023	(53,674)
2025	(5,709)	(18,118)	2024	(12,669)
Total	<u>\$ (95,032)</u>	<u>\$ (422,018)</u>	Total	<u>\$ (31,408)</u>

There were no non-employer contributing entities to IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on 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 arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed equity	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private Credit	3.0	3.01
Total	100.0%	

Discount rate – The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City and its component units will be made at contractually required rates, actuarially determined. Based on those assumptions, 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.

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

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
City's proportionate share of the net pension liability	\$ 4,873,406	\$ 2,738,066	\$ 946,983
Component Unit's proportionate share of the net pension liability	\$ 36,863,078	\$ 20,415,492	\$ 6,620,201

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.

Payables to the pension plan

At June 30, 2020, the Waverly Health Center reported payables to the defined benefit pension plan of approximately \$282,000 for legally required employer contributions and approximately \$187,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

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

Benefits are increased 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.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40 percent of earnable compensation for the year ended June 30, 2020.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00 percent of earnable compensation. The contribution rate was 24.41 percent for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 was \$270,655.

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 percent of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$2,397,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was 0.365489 percent which was a decrease of 0.001634 percent from its proportion measured as of June 30, 2018.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the City recognized pension expense of \$515,713. At June 30, 2020, 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	\$ 82,552	\$ 22,433
Changes of assumption	120,366	10,435
Net difference between projected and actual earnings on pension plan investments	132,084	-
Changes in proportion and differences between City contributions and proportionate share of contributions	17,028	13,169
City contributions subsequent to the measurement date	270,655	-
Total	\$ 622,685	\$ 46,037

\$270,655 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	City
2021	\$ 158,980
2022	22,634
2023	69,682
2024	51,827
2025	2,870
Total	\$ 305,993

Actuarial Assumptions The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary increases	3.75 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN (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 are summarized in the following table:

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

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

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

	1% Decrease	Discount Rate	1% Increase
	6.5%	7.5%	8.5%
City's proportionate share of the net pension liability	\$3,903,288	\$2,397,340	\$1,150,118

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.

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, 2020.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 10 - DEFICIT FUND EQUITY

The City has seven funds with deficit equity balances at June 30, 2020. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Debt Service	\$	16,599
Capital Project – 2017 Airport Runway Ext.		277,951
Capital Project – Storm Drainage Improvement.....		39,856
Capital Project – WPC Dome Demolition.....		5,568
Capital Project – WPC Improvements.....		92,544
Capital Project – Sidewalk Program.....		124,606
Capital Project – CDBG Housing Rehab.....		1,472

Note 11 - RISK MANAGEMENT

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

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

Claims payable @ June 30, 2019	\$	41,064
Claims paid		(1,459,956)
Claims incurred		1,455,108
Claims payable @ June 30, 2020		36,216

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

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

	Primary Government	Component Unit
Inactive employees/beneficiaries currently receiving benefit payments	4	2
Active employees	71	33
Total	75	35

Total OPEB Liability – The total OPEB liability of the City was \$930,135 and the component unit was \$676,332 measured as of June 30, 2020 and December 31, 2019 respectively and was determined by an actuarial valuation as of June 30, 2020 for the City and as of January 1, 2018 for the component unit.

Actuarial Assumptions – The total OPEB liability for the City and the component unit in the June 30, 2020 and January 1, 2018, respectively, actuarial valuation was determined using the following actuarial assumptions and the alternative measurement method, a simplified version of the entry age normal actuarial cost method, applied to all periods included in the measurement.

	City (effective June 30, 2020)	Component Unit (effective January 1, 2018)
Rate of inflation	3.00% per annum	3.00% per year
Rates of salary increase	3.00% per annum including inflation.	2.75% per year
Discount rate	2.21% compounded annually, including inflation	3.44% per year
Healthcare cost trend rate	5% for all years	6.50% decreasing .25% per year until 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability for the City and component unit was 2.21% and 3.44%, respectively, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2016 United States Life Tables.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

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

Changes in the Total OPEB Liability

	City	Component Unit
Total OPEB liability beginning of year	\$ 777,602	\$ 641,278
Changes for the year:		
Service cost	36,278	42,353
Interest	30,297	22,995
Differences between expected and actual experiences	47,375	-
Changes in assumptions	100,615	-
Benefit payments	(62,032)	(30,294)
Net changes	152,533	35,054
Total OPEB liability end of year	<u>\$ 930,135</u>	<u>\$ 676,332</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2019 to 2.21% in fiscal year 2020 for the City and no change for the component unit.

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

City's Total OPEB Liability			Component Unit's Total OPEB Liability		
1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
\$ 980,488	\$ 930,135	\$ 868,848	\$ 723,288	\$ 676,332	\$ 630,130

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

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

City's Total OPEB Liability			Component Unit's Total OPEB Liability		
1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)	1% Decrease (5.50% Decreasing to 4.00%)	Healthcare Cost Trend Rate (6.50% Decreasing to 5.00%)	1% Increase (7.50% Decreasing to 6.00%)
\$ 818,393	\$ 930,135	\$ 1,063,841	\$ 627,478	\$ 676,332	\$ 733,359

For the year ended June 30, 2020 and December 31, 2019, the City and its component unit recognized OPEB expense of \$214,565 and \$65,348 respectively.

Note 13 - COMMITMENTS

During the year ended June 30, 2020, and in previous years the City had entered into several construction contracts totaling \$18,008,267 of which \$12,490,126 has been expended to date. The remaining balance will be paid as work progresses.

Note 14 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2020, the City estimates that no material liabilities will result from such audits.

Note 15 - BLACK HAWK COUNTY LANDFILL CONTRACT

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began July 1, 2019. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$42.25/ton of solid waste delivered to the landfill.

Note 16 - JOINT VENTURE

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 17 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2020 was \$665,416.

Note 18 – URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$522,791.

During the year ended June 30, 2020, the City rebated \$156,142 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$376,238. The outstanding balance on the agreements at June 30, 2020 was \$146,553.

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

Note 19 - TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2020, \$66,837 of property tax was diverted from the City under the urban renewal and economic development projects.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2020

Note 19 - TAX ABATEMENTS (CONTINUED)

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Bremer County	Urban renewal and economic development projects	\$ 58,432

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

For the year ended June 30, 2020 the City abated \$68,909 of Hotel/Motel Sales tax under said agreement.

Note 20- SUBSEQUENT EVENTS

On July 10, 2020 and September 25, 2020 the City received \$60,235 and \$54,212 in additional SRF drawdowns from the Iowa Finance authority, noted in Note 7.

Note 21- PRIOR PERIOD ADJUSTMENT

It was determined in the current year the employee benefit portion of the fiscal year 2019 accrued wages should have been recorded in the Employee Benefit Fund and not in the General Fund. Additionally, the health insurance portion of the accrued wages was not accrued. A prior period adjustment was recorded on the financial statements to restate beginning accrued wages in the General Fund and the Employee Benefit Fund. The prior period adjustment increased the General Fund's beginning fund balance by \$28,112 and decreased the Employee Benefit's beginning fund balance by \$60,387, which resulted in a decrease to the beginning Governmental Activities net position of \$32,275.

Note 22- PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
Governmental Funds and Proprietary Funds
For the Year Ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Taxes	\$ 9,014,727	\$ -	\$ 9,014,727
Special Assessments	18,845	-	18,845
Licenses and Permits	129,001	-	129,001
Intergovernmental Revenue	3,784,084	-	3,784,084
Charges for Services	623,064	5,026,504	5,649,568
Fines and Forfeits	43,013	-	43,013
Contributions	897,947	-	897,947
Revenue from Use of Property	89,737	104,006	193,743
Interest on Investments	113,639	52,278	165,917
Miscellaneous	214,469	-	214,469
Total Receipts	<u>14,928,526</u>	<u>5,182,788</u>	<u>20,111,314</u>
Disbursements:			
Current:			
Public Safety	2,594,465	-	2,594,465
Public Works	1,871,274	-	1,871,274
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,845,148	-	2,845,148
Community and Economic Development	856,809	-	856,809
General Government	778,686	-	778,686
Capital Projects	7,142,064	-	7,142,064
Debt Service	4,302,441	-	4,302,441
Business Type/Enterprises	-	4,663,535	4,663,535
Total Disbursements	<u>20,400,761</u>	<u>4,663,535</u>	<u>25,064,296</u>
Excess (deficiency) of revenues over expenditures	<u>(5,472,235)</u>	<u>519,253</u>	<u>(4,952,982)</u>
Other financing sources (uses):			
Issuance of Debt	6,245,700	446,765	6,692,465
Premium on Bonds Issued	275,616	-	275,616
Proceeds from Sale of Capital Assets	4,302	-	4,302
Transfers In	5,502,000	-	5,502,000
Transfers Out	(4,677,255)	(824,745)	(5,502,000)
Total other financing sources (uses)	<u>7,350,363</u>	<u>(377,980)</u>	<u>6,972,383</u>
Net Change in Fund Balance	1,878,128	141,273	2,019,401
Balances - beginning of year	<u>14,452,928</u>	<u>3,662,281</u>	<u>18,115,209</u>
Balances - end of year	<u>\$ 16,331,056</u>	<u>\$ 3,803,554</u>	<u>\$ 20,134,610</u>
Reconciliation of Ending Fund Balance - Cash Basis:			
Cash and Cash Equivalents	\$ 14,885,771	\$ 2,260,648	\$ 17,146,419
Certificates of Deposit	492,639	400,000	892,639
Investments	952,646	449,276	1,401,922
Restricted Cash and Cash Equivalents	-	443,630	443,630
Restricted Certificates of Deposit	-	250,000	250,000
	<u>\$ 16,331,056</u>	<u>\$ 3,803,554</u>	<u>\$ 20,134,610</u>

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 9,552,391	\$ 9,561,837	\$ (547,110)
28,000	59,236	(40,391)
32,095	32,095	96,906
3,339,031	4,127,593	(343,509)
5,197,110	5,293,915	355,653
-	-	43,013
-	-	897,947
366,774	425,133	(231,390)
-	-	165,917
293,105	539,560	(325,091)
<u>18,808,506</u>	<u>20,039,369</u>	<u>71,945</u>
2,431,027	2,789,734	195,269
2,057,976	2,212,800	341,526
9,874	9,874	-
2,848,117	3,018,906	173,758
821,797	873,336	16,527
988,164	1,036,197	257,511
7,610,753	12,274,665	5,132,601
4,459,699	4,460,489	158,048
4,497,050	4,836,908	173,373
<u>25,724,457</u>	<u>31,512,909</u>	<u>6,448,613</u>
<u>(6,915,951)</u>	<u>(11,473,540)</u>	<u>6,520,558</u>
4,840,000	7,180,000	(487,535)
-	-	275,616
-	-	4,302
5,655,058	7,434,978	(1,932,978)
<u>(5,655,058)</u>	<u>(7,434,978)</u>	<u>1,932,978</u>
<u>4,840,000</u>	<u>7,180,000</u>	<u>(207,617)</u>
(2,075,951)	(4,293,540)	6,312,941
<u>18,115,209</u>	<u>18,115,209</u>	<u>-</u>
<u>\$ 16,039,258</u>	<u>\$ 13,821,669</u>	<u>\$ 6,312,941</u>

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2020

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
Revenue:			
Taxes	\$ 9,014,727	\$ 212,031	\$ 9,226,758
Special Assessments	18,845	(5,387)	13,458
Licenses and Permits	129,001	10,459	139,460
Intergovernmental Revenue	3,784,084	515,027	4,299,111
Charges for Services	5,649,568	(55,200)	5,594,368
Fines and Forfeits	43,013	(1,972)	41,041
Contributions	897,947	-	897,947
Revenue from Use of Property	193,743	-	193,743
Interest on Investments	165,917	-	165,917
Miscellaneous	214,469	80,510	294,979
Total Revenue	<u>20,111,314</u>	<u>755,468</u>	<u>20,866,782</u>
Expenditures/Expenses:			
Current:			
Public Safety	2,594,465	206,498	2,800,963
Public Works	1,871,274	(12,742)	1,858,532
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,845,148	(13,562)	2,831,586
Community and Economic Development	856,809	9,101	865,910
General Government	778,686	(1,605)	777,081
Capital Projects	7,142,064	(609,504)	6,532,560
Debt Service	4,302,441	-	4,302,441
Business Type/Enterprises	4,663,535	(94,629)	4,568,906
Total Expenditures/Expenses	<u>25,064,296</u>	<u>(516,443)</u>	<u>24,547,853</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(4,952,982)</u>	<u>1,271,911</u>	<u>(3,681,071)</u>
Other financing sources (uses):			
Issuance of Debt	6,692,465	(446,765)	6,245,700
Premium on Bonds Issued	275,616	-	275,616
Contributed Capital Revenue	-	771,771	771,771
Proceeds from Sale of Capital Assets	4,302	-	4,302
Transfers In	5,502,000	-	5,502,000
Transfers Out	(5,502,000)	-	(5,502,000)
Total other financing sources (uses)	<u>6,972,383</u>	<u>325,006</u>	<u>7,297,389</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	2,019,401	1,596,917	3,616,318
Fund Balance/Retained Earnings - beginning of year	<u>18,115,209</u>	<u>9,203,884</u>	<u>27,319,093</u>
Fund Balance/Retained Earnings - end of year	<u>\$20,134,610</u>	<u>\$ 10,800,801</u>	<u>\$ 30,935,411</u>

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
June 30, 2020

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$7,568,372. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements did not exceed budgeted amounts in any functions.

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

CITY OF WAVERLY, IOWA
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Year Ended June 30, 2020
Required Supplementary Information

	2020		2019		2018
	City	Component Unit	City	Component Unit	City
Service Cost	\$ 36,278	\$ 42,353	\$ 35,221	\$ 41,220	\$ 28,192
Interest Cost	30,297	22,995	30,544	21,800	28,740
Difference between expected and actual experiences	47,375	-	-	-	40,096
Changes in Assumptions	100,615	-	-	-	99,682
Benefit payments	(62,032)	(30,294)	(84,395)	(28,444)	(21,868)
Net Change in total OPEB liability	152,533	35,054	(18,630)	34,576	174,842
Total OPEB liability beginning of year	777,602	641,278	796,232	606,702	621,390
Total OPEB liability end of year	\$ 930,135	\$ 676,332	\$ 777,602	\$ 641,278	\$ 796,232
Covered-employee payroll	\$ 4,260,515	\$ 2,511,424	\$ 4,063,125	\$ 2,444,208	\$ 3,944,782
Total OPEB liability as a percentage of covered-employee payroll	21.83%	26.93%	19.14%	26.24%	20.18%

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

City	
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

Component Unit	
Year ended December 31, 2019	3.44%
Year ended December 31, 2018	3.44%

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL SIX YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	City 2018	2017	2016	2015
Proportion of the net pension liability	0.0472842%	0.046991%	0.0456473%	0.0461738%	0.047006%	0.0486613%
Proportionate share of the net pension liability	\$ 2,738	\$ 2,974	\$ 3,041	\$ 2,906	\$ 2,337	\$ 1,930
Covered payroll	\$ 3,617	\$ 3,550	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180
Proportionate share of the net pension liability as a percentage of its covered payroll	75.70%	83.77%	88.74%	87.74%	72.22%	60.69%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	84.61%

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

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

	2020	2019	Component Units 2018	2017	2016	2015
Proportion of the net pension liability	0.352341%	0.349185%	0.3127917%	0.3418%	0.334315%	0.313143%
Proportionate share of the net pension liability	\$ 20,415	\$ 22,097	\$ 22,919	\$ 21,492	\$ 16,521	\$ 12,419
Covered payroll	\$ 27,972	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310
Proportionate share of the net pension liability as a percentage of its covered payroll	72.98%	75.80%	90.48%	88.65%	69.12%	53.28%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	84.61%

See accompanying independent auditors' report

**CITY OF WAVERLY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL SIX YEARS * (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.365489%	0.367123%	0.363855%	0.365764%	0.360469%	0.364687%
City's proportionate share of the net pension liability	\$ 2,397	\$ 2,186	\$ 2,134	\$ 2,287	\$ 1,694	\$ 1,322
City's covered payroll	\$ 1,106	\$ 1,053	\$ 1,030	\$ 991	\$ 945	\$ 930
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.73%	207.60%	200.07%	230.78%	179.26%	142.15%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

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

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

**CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

City	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 357	\$ 342	\$ 317	\$ 306	\$ 297
Contributions in relation to the statutorily required contribution	(357)	(342)	(317)	(306)	(297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,778	\$ 3,617	\$ 3,550	\$ 3,427	\$ 3,312
Contributions as a percentage of covered payroll	9.45%	9.44%	8.93%	8.93%	8.93%

City	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 289	\$ 284	\$ 266	\$ 273	\$ 207
Contributions in relation to the statutorily required contribution	(289)	(284)	(266)	(273)	(207)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,236	\$ 3,180	\$ 3,068	\$ 3,383	\$ 2,978
Contributions as a percentage of covered payroll	8.93%	8.93%	8.67%	8.07%	6.95%

Component Unit	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,631	\$ 2,518	\$ 2,432	\$ 2,262	\$ 2,165
Contributions in relation to the statutorily required contribution	(2,631)	(2,518)	(2,432)	(2,262)	(2,165)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered payroll	\$ 29,737	\$ 27,972	\$ 29,151	\$ 25,330	\$ 24,244
Contributions as a percentage of covered payroll	8.85%	9.00%	8.34%	8.93%	8.93%

Component Unit	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 1,981	\$ 1,929	\$ 1,835	\$ 1,674	\$ 1,367
Contributions in relation to the statutorily required contribution	(1,981)	(1,929)	(1,835)	(1,674)	(1,367)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered payroll	\$ 23,902	\$ 23,310	\$ 22,829	\$ 22,475	\$ 20,550
Contributions as a percentage of covered payroll	8.3%	8.3%	8.0%	7.5%	6.7%

See accompanying independent auditors' report

**CITY OF WAVERLY
SCHEDULE OF THE CITY CONTRIBUTIONS
MUNICIPAL FIRE AND RETIREMENT SYSTEM OF IOWA
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 271	\$ 288	\$ 274	\$ 267	\$ 275
Contributions in relation to the statutorily required contribution	(271)	(288)	(274)	(267)	(275)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,109	\$ 1,106	\$ 1,053	\$ 1,030	\$ 991
Contributions as a percentage of covered payroll	24.44%	26.04%	26.02%	25.92%	27.77%
	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 287	\$ 280	\$ 232	\$ 215	\$ 171
Contributions in relation to the statutorily required contribution	(287)	(280)	(232)	(215)	(171)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 945	\$ 930	\$ 888	\$ 868	\$ 859
Contributions as a percentage of covered payroll	30.41%	30.12%	26.12%	24.77%	19.90%

See accompanying independent auditors' report

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Iowa Public Employees' Retirement System

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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

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

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

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

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Municipal Fire & Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2020

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund
Assets			
Cash and Cash Equivalents	\$ 648,193	\$ 279,497	\$ 349,394
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	166,010	86,914	176,645
Total Assets	814,203	366,411	526,039
Liabilities			
Accounts Payable	63,916	-	-
Accrued Wages	24,654	-	-
Due to Other Funds	-	-	-
Total Liabilities	88,570	-	-
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	725,633	-	-
Local Option Sales Tax	-	366,411	526,039
Capital Expenditures	-	-	-
Cable TV	-	-	-
Capital Improvement	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	725,633	366,411	526,039
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 814,203	\$ 366,411	\$ 526,039

Special Revenue	Capital Project Funds				
	2017 Airport Runway Ext	Sidewalk Program	Fair/Ball Diamond Project	2017 Bituminous Seal Coat	Capital Improvement Fund
Cable TV					
\$ 72,798	\$ -	\$ -	\$ 7,265	\$ 63,150	\$ 162,656
-	-	-	-	-	-
5,605	-	-	-	-	-
-	-	7,094	-	-	-
7,098	88,632	-	-	-	-
85,501	88,632	7,094	7,265	63,150	162,656
-	293,453	249	-	-	24,916
-	-	-	-	-	-
-	73,130	126,622	-	-	-
-	366,583	126,871	-	-	24,916
-	-	4,829	-	-	-
-	-	4,829	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
85,501	-	-	-	-	-
-	-	-	7,265	63,150	137,740
-	(277,951)	(124,606)	-	-	-
85,501	(277,951)	(124,606)	7,265	63,150	137,740
\$ 85,501	\$ 88,632	\$ 7,094	\$ 7,265	\$ 63,150	\$ 162,656

**CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2020**

	Capital Project Funds		
	South Riverside Park	Trail Projects	WPC Improvements
Assets			
Cash and Pooled Investments	\$ -	\$ 3,468	\$ -
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	-	3,468	-
Liabilities			
Accounts Payable	-	-	25,987
Accrued Wages	-	-	-
Due to Other Funds	-	-	66,557
Total Liabilities	-	-	92,544
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Capital Improvement	-	3,468	-
Unassigned	-	-	(92,544)
Total Fund Balances (Deficits)	-	3,468	(92,544)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ -	\$ 3,468	\$ -

Capital Project Funds					
Adams Parkway Bridge Deck	Storm Drainage Improvement	Bremer Ave Hwy 3 Reconstruction	Sanitary Sewer Improvement	10th St SW Improvements	
\$ -	\$ -	\$ 1,146,505	\$ 96	\$ 688,847	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	23,962	-	-	-
-	-	-	-	-	-
-	-	1,170,467	96	688,847	
-	-	4,533	-	119,149	
-	-	-	-	-	-
-	39,856	-	-	-	-
-	39,856	4,533	-	119,149	
-	-	20,922	-	-	-
-	-	20,922	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,145,012	-	569,698	
-	-	-	-	-	-
-	-	-	96	-	-
-	(39,856)	-	-	-	-
-	(39,856)	1,145,012	96	569,698	
\$ -	\$ -	\$ 1,170,467	\$ 96	\$ 688,847	

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2020

	Capital Project Funds		
	Various Projects 2019 Bonds	S Riverside PK 2019	Various Small Projects
Assets			
Cash and Pooled Investments	\$ 311,246	\$ 536,635	\$ -
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	311,246	536,635	-
Liabilities			
Accounts Payable	28,068	5,680	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	28,068	5,680	-
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	283,178	530,955	-
Cable TV	-	-	-
Capital Improvement	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	283,178	530,955	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 311,246	\$ 536,635	\$ -

Capital Project Funds						
20th St NW RR X-Road	Public Services Facility	South Industrial Park	FEMA Flood Projects	3rd Street Bridge Project	Airport Land Acquisition	
\$ 277,047	\$ 702,443	\$ 736,468	\$ 6,248	\$ 933,463	\$ 94,954	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	59,077
277,047	702,443	736,468	6,248	933,463	154,031	
-	50,536	-	-	3,709	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	50,536	-	-	3,709	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
277,047	-	-	6,248	929,754	154,031	-
-	651,907	736,468	-	-	-	-
-	-	-	-	-	-	-
277,047	651,907	736,468	6,248	929,754	154,031	
\$ 277,047	\$ 702,443	\$ 736,468	\$ 6,248	\$ 933,463	\$ 154,031	

**CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2020**

	Capital Project Funds		
	Alley Reconstruction Project	Cedar Lane 2nd Ave NE	Water Main Replacements
Assets			
Cash and Pooled Investments	\$ 69,146	\$ 39,711	\$ -
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	69,146	39,711	-
Liabilities			
Accounts Payable	6,941	-	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	6,941	-	-
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	39,711	-
Cable TV	-	-	-
Capital Improvement	62,205	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	62,205	39,711	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 69,146	\$ 39,711	\$ -

Capital Project Funds					
2017					
Cedar River Parkway	1st Street NW Reconstruction	Airport Obstruction Removal	Youth Ball Diamond	10th Ave SW Trail Extension	
\$ 48,626	\$ 108,934	\$ -	\$ 590,510	\$ 114,411	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	133,233	-	-	-
48,626	108,934	133,233	590,510	114,411	
-	433	-	129,587	453	
-	-	-	-	-	-
-	-	108,164	-	-	-
-	433	108,164	129,587	453	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	108,501	-	460,923	113,958	
-	-	-	-	-	-
48,626	-	25,069	-	-	-
-	-	-	-	-	-
48,626	108,501	25,069	460,923	113,958	
\$ 48,626	\$ 108,934	\$ 133,233	\$ 590,510	\$ 114,411	

**CITY OF WAVERLY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2020**

	Capital Project Funds	
	WPC Dome Demolition	CDBG Housing Rehab
Assets		
Cash and Pooled Investments	\$ -	\$ -
Certificates of Deposit	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	-	-
Special Assessments	-	-
Due from Other Governmental Agencies	-	3,075
Total Assets	<u>-</u>	<u>3,075</u>
Liabilities		
Accounts Payable	5,174	1,470
Accrued Wages	-	-
Due to Other Funds	394	3,077
Total Liabilities	<u>5,568</u>	<u>4,547</u>
Deferred Inflows of Resources		
Unavailable Revenue - special assessments	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Fund Balances (Deficits)		
Nonspendable:		
Perpetual Care	-	-
Restricted for:		
Road Purposes	-	-
Local Option Sales Tax	-	-
Capital Expenditures	-	-
Cable TV	-	-
Capital Improvement	-	-
Unassigned	(5,568)	(1,472)
Total Fund Balances (Deficits)	<u>(5,568)</u>	<u>(1,472)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 3,075</u>

Capital Project Funds		Permanent		Governmental	
Business Hwy 218 Improvement	20th St NW Improvement 2020	Perpetual Care	Perpetual Care	Nonmajor Funds	Nonmajor Funds
\$ 410,071	\$ 695,563	\$ 54,488	\$ 54,488	\$ 9,151,833	\$ 9,151,833
-	-	465,000	465,000	465,000	465,000
-	-	-	-	5,605	5,605
-	-	-	-	31,056	31,056
-	-	-	-	720,684	720,684
410,071	695,563	519,488	519,488	10,374,178	10,374,178
19	196,760	-	-	961,033	961,033
-	-	-	-	24,654	24,654
-	-	-	-	417,800	417,800
19	196,760	-	-	1,403,487	1,403,487
-	-	-	-	25,751	25,751
-	-	-	-	25,751	25,751
-	-	519,488	519,488	519,488	519,488
-	-	-	-	725,633	725,633
-	-	-	-	892,450	892,450
410,052	498,803	-	-	5,527,871	5,527,871
-	-	-	-	85,501	85,501
-	-	-	-	1,735,994	1,735,994
-	-	-	-	(541,997)	(541,997)
410,052	498,803	519,488	519,488	8,944,940	8,944,940
\$ 410,071	\$ 695,563	\$ 519,488	\$ 519,488	\$ 10,374,178	\$ 10,374,178

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2020

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund
Revenue:			
Taxes	\$ -	\$ 1,135,358	\$ 579,533
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	1,333,271	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	5,995	2,400
Miscellaneous	200	-	-
Total Revenue	<u>1,333,471</u>	<u>1,141,353</u>	<u>581,933</u>
Expenditures:			
Current:			
Public Works	1,229,215	-	-
Culture and Recreation	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>1,229,215</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>104,256</u>	<u>1,141,353</u>	<u>581,933</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Transfers In	-	-	-
Transfers Out	(138,750)	(1,061,351)	(571,900)
Total other financing sources (uses)	<u>(138,750)</u>	<u>(1,061,351)</u>	<u>(571,900)</u>
Net Change in Fund Balance	(34,494)	80,002	10,033
Fund balances (deficits) - beginning of year	<u>760,127</u>	<u>286,409</u>	<u>516,006</u>
Fund balances (deficits) - end of year	<u>\$ 725,633</u>	<u>\$ 366,411</u>	<u>\$ 526,039</u>

Special Revenue	Capital Project Funds				
	2017 Airport Runway Ext	Sidewalk Program	Fair/Ball Diamond Project	2017 Bituminous Seal Coat	Capital Improvement Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	7,238	-	-	-
50,865	-	-	-	-	-
-	814,863	-	-	-	272,196
-	-	-	-	-	-
-	-	-	17,400	-	-
-	-	-	-	-	3,224
-	-	-	-	-	-
50,865	814,863	7,238	17,400	-	275,420
-	-	-	-	-	-
32,482	-	-	-	-	-
-	1,096,563	16,172	533,985	54,625	214,545
-	-	-	-	-	-
32,482	1,096,563	16,172	533,985	54,625	214,545
18,383	(281,700)	(8,934)	(516,585)	(54,625)	60,875
-	-	-	-	-	-
-	24,119	-	158,935	225,000	50,000
-	-	-	-	-	(203,935)
-	24,119	-	158,935	225,000	(153,935)
18,383	(257,581)	(8,934)	(357,650)	170,375	(93,060)
67,118	(20,370)	(115,672)	364,915	(107,225)	230,800
\$ 85,501	\$ (277,951)	\$ (124,606)	\$ 7,265	\$ 63,150	\$ 137,740

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2020

	Capital Project Funds		
	South Riverside Park	Trail Projects	WPC Improvements
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	55,511	-	268,448
Debt Service	-	-	-
Total Expenditures	<u>55,511</u>	<u>-</u>	<u>268,448</u>
Excess (deficiency) of revenues over expenditures	<u>(55,511)</u>	<u>-</u>	<u>(268,448)</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Transfers In	-	-	446,765
Transfers Out	(51,660)	-	-
Total other financing sources (uses)	<u>(51,660)</u>	<u>-</u>	<u>446,765</u>
Net Change in Fund Balance	(107,171)	-	178,317
Fund balances (deficits) - beginning of year	<u>107,171</u>	<u>3,468</u>	<u>(270,861)</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ 3,468</u>	<u>\$ (92,544)</u>

Capital Project Funds				
Adams Parkway Bridge Deck	Storm Drainage Improvement	Bremer Ave Hwy 3 Reconstruction	Sanitary Sewer Improvement	10th St SW Improvements
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	6,220	-	-
-	-	-	-	-
-	-	-	20,000	-
-	-	-	-	-
977	-	-	-	-
977	-	6,220	20,000	-
-	-	-	-	-
-	-	-	-	-
8,405	13,928	19,678	197,884	186,579
-	-	-	-	-
8,405	13,928	19,678	197,884	186,579
(7,428)	(13,928)	(13,458)	(177,884)	(186,579)
-	-	1,150,674	-	-
101,103	25,000	-	177,980	760,783
-	-	-	-	-
101,103	25,000	1,150,674	177,980	760,783
93,675	11,072	1,137,216	96	574,204
(93,675)	(50,928)	7,796	-	(4,506)
\$ -	\$ (39,856)	\$ 1,145,012	\$ 96	\$ 569,698

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2020

	Capital Project Funds		
	Various Projects 2019 Bonds	S Riverside PK 2019	Small Projects
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	2,161	-
Miscellaneous	-	-	-
Total Revenue	-	2,161	-
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	226,209	11,218	-
Debt Service	-	-	-
Total Expenditures	226,209	11,218	-
Excess (deficiency) of revenues over expenditures	(226,209)	(9,057)	-
Other financing sources (uses):			
Issuance of Debt	-	-	-
Transfers In	-	208,912	-
Transfers Out	-	-	(35,137)
Total other financing sources (uses)	-	208,912	(35,137)
Net Change in Fund Balance	(226,209)	199,855	(35,137)
Fund balances (deficits) - beginning of year	509,387	331,100	35,137
Fund balances (deficits) - end of year	\$ 283,178	\$ 530,955	\$ -

Capital Project Funds					
20th St NW RR X-Road	Public Services Facility	South Industrial Park	FEMA Flood Projects	3rd Street Bridge Project	Airport Land Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	401,350
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,866	-
4,985	585	7,069	-	-	-
-	-	-	-	79	-
4,985	585	7,069	-	3,945	401,350
-	-	-	-	-	-
-	-	-	-	-	-
231,350	97,469	9,559	-	145,609	437,518
-	-	-	-	135,561	-
231,350	97,469	9,559	-	281,170	437,518
(226,365)	(96,884)	(2,490)	-	(277,225)	(36,168)
-	-	-	-	1,076,461	-
-	200,000	-	-	156,000	-
-	-	-	-	-	(75,492)
-	200,000	-	-	1,232,461	(75,492)
(226,365)	103,116	(2,490)	-	955,236	(111,660)
503,412	548,791	738,958	6,248	(25,482)	265,691
\$ 277,047	\$ 651,907	\$ 736,468	\$ 6,248	\$ 929,754	\$ 154,031

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2020

	Capital Project Funds		
	Alley Reconstruction Project	Cedar Lane 2nd Ave NE	Water Main Replacements
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	78,166	902,136	2,949
Debt Service	-	-	-
Total Expenditures	<u>78,166</u>	<u>902,136</u>	<u>2,949</u>
Excess (deficiency) of revenues over expenditures	<u>(78,166)</u>	<u>(902,136)</u>	<u>(2,949)</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Transfers In	75,000	-	-
Transfers Out	-	(87,252)	(880,783)
Total other financing sources (uses)	<u>75,000</u>	<u>(87,252)</u>	<u>(880,783)</u>
Net Change in Fund Balance	(3,166)	(989,388)	(883,732)
Fund balances (deficits) - beginning of year	<u>65,371</u>	<u>1,029,099</u>	<u>883,732</u>
Fund balances (deficits) - end of year	<u>\$ 62,205</u>	<u>\$ 39,711</u>	<u>\$ -</u>

Capital Project Funds					
2017		Airport			
Cedar River Parkway	1st Street NW Reconstruction	Obstruction Removal	Youth Ball Diamond	10th Ave SW Trail Extension	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	133,233	-	-	-
-	-	885	-	-	-
-	-	-	-	-	-
10,274	-	-	-	-	-
2,870	-	-	-	-	-
13,144	-	134,118	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
572,899	1,336	160,422	265,577	1,109	-
-	-	-	3,500	-	-
572,899	1,336	160,422	269,077	1,109	-
(559,755)	(1,336)	(26,304)	(269,077)	(1,109)	-
-	109,837	-	700,000	115,067	-
-	-	51,373	30,000	-	-
(286,000)	-	-	-	-	-
(286,000)	109,837	51,373	730,000	115,067	-
(845,755)	108,501	25,069	460,923	113,958	-
894,381	-	-	-	-	-
\$ 48,626	\$ 108,501	\$ 25,069	\$ 460,923	\$ 113,958	

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2020

	Capital Project Funds	
	WPC Dome Demolition	CDBG Housing Rehab
Revenue:		
Taxes	\$ -	\$ -
Special Assessments	-	-
Licenses and Permits	-	-
Intergovernmental Revenue	-	7,608
Charges for Services	-	-
Contributions	-	-
Rental Income	-	-
Interest	-	-
Miscellaneous	-	-
Total Revenue	-	7,608
Expenditures:		
Current:		
Public Works	-	-
Culture and Recreation	-	-
Capital Projects	5,568	9,080
Debt Service	-	-
Total Expenditures	5,568	9,080
Excess (deficiency) of revenues over expenditures	(5,568)	(1,472)
Other financing sources (uses):		
Issuance of Debt	-	-
Transfers In	-	-
Transfers Out	-	-
Total other financing sources (uses)	-	-
Net Change in Fund Balance	(5,568)	(1,472)
Fund balances (deficits) - beginning of year	-	-
Fund balances (deficits) - end of year	\$ (5,568)	\$ (1,472)

Capital Project Funds		Permanent	Governmental	
Business Hwy 218 Improvement	20th St NW Improvement 2020	Perpetual Care	Nonmajor Funds	
\$ -	\$ -	\$ -	\$	1,714,891
-	-	-	-	13,458
-	-	-	-	50,865
-	-	-	-	2,962,521
-	-	-	-	20,000
-	-	2,510	-	3,395
-	-	-	-	21,266
2,660	4,487	-	-	44,817
-	-	-	-	3,149
2,660	4,487	2,510	-	4,834,362
-	-	-	-	1,229,215
-	-	-	-	32,482
49,632	234,683	-	-	6,108,812
-	-	-	-	139,061
49,632	234,683	-	-	7,509,570
(46,972)	(230,196)	2,510	-	(2,675,208)
-	-	-	-	3,152,039
-	-	-	-	2,690,970
-	-	-	-	(3,392,260)
-	-	-	-	2,450,749
(46,972)	(230,196)	2,510	-	(224,459)
457,024	728,999	516,978	-	9,169,399
\$ 410,052	\$ 498,803	\$ 519,488	\$	8,944,940

CITY OF WAVERLY, IOWA
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Sales Tax</u>				
<u>Assets</u>				
Cash in Bank	\$ 3,614	\$ 19,694	\$ 22,487	\$ 821
Due from Other Governments	111	353	111	353
Total Assets	<u>3,725</u>	<u>20,047</u>	<u>22,598</u>	<u>1,174</u>
<u>Liabilities</u>				
Due to Other Governments	-	534	534	-
Other Payables	3,725	19,513	22,064	1,174
Total Liabilities	<u>3,725</u>	<u>20,047</u>	<u>22,598</u>	<u>1,174</u>
 <u>Wartburg-Waverly Wellness Center</u>				
<u>Assets</u>				
Cash in Bank	17,880	860,826	865,294	13,412
Total Assets	<u>17,880</u>	<u>860,826</u>	<u>865,294</u>	<u>13,412</u>
<u>Liabilities</u>				
Due to Other Governments	17,880	860,826	865,294	13,412
Total Liabilities	<u>17,880</u>	<u>860,826</u>	<u>865,294</u>	<u>13,412</u>
 <u>Totals</u>				
<u>Assets</u>				
Cash in Bank	21,494	880,520	887,781	14,233
Due from Other Governments	111	353	111	353
Total Assets	<u>21,605</u>	<u>880,873</u>	<u>887,892</u>	<u>14,586</u>
<u>Liabilities</u>				
Due to Other Governments	17,880	861,360	865,828	13,412
Other Payables	3,725	19,513	22,064	1,174
Total Liabilities	<u>\$ 21,605</u>	<u>\$ 880,873</u>	<u>\$ 887,892</u>	<u>\$ 14,586</u>

**CITY OF WAVERLY
STATISTICAL SECTION**

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

Contents:	Pages
Financial Trends	105 – 115
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	116 – 119
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	120 – 128
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.	
Demographic and Economic Information	129 - 130
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	131 - 135
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.	

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

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

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net Investment in Capital Assets	\$38,301,899	\$42,386,586	\$43,321,391	\$45,860,962
Restricted	2,828,214	2,369,707	2,699,291	2,509,661
Unrestricted	<u>2,727,228</u>	<u>3,004,997</u>	<u>2,503,546</u>	<u>976,180</u>
Total Governmental Activities Net Position	<u>\$43,857,341</u>	<u>\$47,761,290</u>	<u>\$48,524,228</u>	<u>\$49,346,803</u>
Business-type Activities				
Net Investment in Capital Assets	\$11,417,580	\$11,902,943	\$10,591,981	\$10,274,538
Restricted	475,584	89,088	89,468	88,279
Unrestricted	<u>1,127,573</u>	<u>1,253,202</u>	<u>2,366,784</u>	<u>2,509,368</u>
Total Business-type Activities Net Position	<u>\$13,020,737</u>	<u>\$13,245,233</u>	<u>\$13,048,233</u>	<u>\$12,872,185</u>
Primary Government				
Net Investment in Capital Assets	\$49,719,479	\$54,289,529	\$53,913,372	\$56,135,500
Restricted	3,303,798	2,458,795	2,788,759	2,597,940
Unrestricted	<u>3,854,801</u>	<u>4,258,199</u>	<u>4,870,330</u>	<u>3,485,548</u>
Total Primary Government Activities Net Position	<u>\$56,878,078</u>	<u>\$61,006,523</u>	<u>\$61,572,461</u>	<u>\$62,218,988</u>

Notes:

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

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$44,889,601	\$45,139,066	\$46,400,267	\$48,702,502	\$47,543,076	\$51,146,367
2,043,840	2,706,371	3,236,491	2,893,954	3,064,822	3,009,120
149,599	1,638,015	(113,581)	(2,095,449)	1,877,510	986,922
<u>\$47,083,040</u>	<u>\$49,483,452</u>	<u>\$49,523,177</u>	<u>\$49,501,007</u>	<u>\$52,485,408</u>	<u>\$55,142,409</u>
\$ 8,167,297	\$10,659,431	\$11,615,461	\$12,439,840	\$10,833,717	\$11,567,403
-	22,734	103,401	94,493	675,094	684,498
4,581,247	2,892,703	3,178,122	3,326,174	2,923,932	2,765,410
<u>\$12,748,544</u>	<u>\$13,574,868</u>	<u>\$14,896,984</u>	<u>\$15,860,507</u>	<u>\$14,432,743</u>	<u>\$15,017,311</u>
\$53,056,894	\$55,798,497	\$58,015,728	\$61,142,342	\$58,376,793	\$62,713,770
2,043,840	2,729,105	3,339,892	2,988,447	3,739,916	3,693,618
4,730,846	4,530,718	3,064,541	1,230,725	4,801,442	3,752,332
<u>\$59,831,580</u>	<u>\$63,058,320</u>	<u>\$64,420,161</u>	<u>\$65,361,514</u>	<u>\$66,918,151</u>	<u>\$70,159,720</u>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental Activities:					
General Government	\$ 842,098	\$ 819,187	\$ 854,130	\$ 819,124	\$ 964,181
Public Safety	2,174,059	2,176,921	2,313,898	2,344,143	2,187,109
Public Works	2,910,741	3,423,797	3,455,969	4,007,339	4,063,154
Health and Social Services	185,670	183,493	159,562	161,194	184,325
Community & Economic Development	1,024,662	1,063,706	1,122,593	1,151,508	1,557,169
Culture and Recreation	2,322,625	2,364,603	2,308,768	2,362,684	2,364,058
Debt Service	360,531	374,287	306,030	194,220	477,628
Total Governmental Activities Expenses	<u>9,820,386</u>	<u>10,405,994</u>	<u>10,520,950</u>	<u>11,040,212</u>	<u>11,797,624</u>
Business-type Activities					
Water	987,418	1,045,903	1,239,221	1,357,585	1,129,752
Sewer	1,426,007	1,391,096	1,793,911	1,700,847	1,524,393
Solid waste	1,010,520	1,056,793	1,069,970	1,197,667	1,206,111
Total Business-type Activities Expenses	<u>3,423,945</u>	<u>3,493,792</u>	<u>4,103,102</u>	<u>4,256,099</u>	<u>3,860,256</u>
Total Primary Government Expenses	<u>13,244,331</u>	<u>13,899,786</u>	<u>14,624,052</u>	<u>15,296,311</u>	<u>15,657,880</u>
Program Revenues (2)					
Governmental Activities:					
Charges for Services					
General Government	242,245	234,040	224,984	241,614	268,368
Public Safety	69,828	72,235	60,096	53,708	41,530
Public Works	60,305	54,485	82,504	25,914	27,995
Community & Economic Development	19,988	9,941	12,347	12,338	20,266
Culture and Recreation	626,784	628,104	614,045	676,297	667,345
Operating Grants and Contributions	2,044,044	1,594,594	1,556,417	1,922,408	1,803,342
Capital Grants and Contributions	7,153,867	3,862,415	945,531	414,555	1,507,147
Total Governmental Activities Program Revenues	<u>10,217,061</u>	<u>6,455,814</u>	<u>3,495,924</u>	<u>3,346,834</u>	<u>4,335,993</u>
Business-type Activities:					
Charges for services:					
Water	1,086,039	1,169,370	1,195,417	1,228,012	1,236,098
Sewer	1,412,172	1,562,986	1,573,000	1,640,186	1,643,939
Solid waste	1,036,883	1,076,238	1,073,959	1,153,726	1,271,353
Capital Grants and Contributions	-	12,293	-	-	169,235
Total Business-Type Activities Program Revenues	<u>3,535,094</u>	<u>3,820,887</u>	<u>3,842,376</u>	<u>4,021,924</u>	<u>4,320,625</u>
Total Primary Government Program Revenues	<u>\$13,752,155</u>	<u>\$10,276,701</u>	<u>\$ 7,338,300</u>	<u>\$ 7,368,758</u>	<u>\$ 8,656,618</u>

Fiscal Year

2016	2017	2018	2019	2020
\$ 812,686	\$ 1,149,474	\$ 1,149,385	\$ 669,502	\$ 930,649
2,247,521	2,478,198	2,701,599	2,643,357	2,980,681
5,275,053	4,374,264	5,104,045	4,724,799	4,609,339
64,184	9,874	9,874	9,874	9,874
515,249	1,292,607	729,567	774,466	973,361
2,574,145	2,505,856	2,605,857	2,776,818	2,871,985
536,149	437,831	445,257	761,646	743,123
<u>12,024,987</u>	<u>12,248,104</u>	<u>12,745,584</u>	<u>12,360,462</u>	<u>13,119,012</u>
1,125,154	1,225,589	1,211,683	1,502,936	1,390,408
1,700,848	1,780,570	1,698,567	1,764,687	1,853,223
1,048,675	1,218,735	1,219,573	1,373,526	1,325,275
<u>3,874,677</u>	<u>4,224,894</u>	<u>4,129,823</u>	<u>4,641,149</u>	<u>4,568,906</u>
<u>15,899,664</u>	<u>16,472,998</u>	<u>16,875,407</u>	<u>17,001,611</u>	<u>17,687,918</u>
241,010	271,525	251,725	127,635	104,466
42,533	51,089	47,839	53,175	40,244
44,526	57,264	87,868	105,935	130,957
23,303	22,734	9,334	19,612	24,998
638,946	625,840	592,286	630,601	587,973
2,159,919	2,217,432	2,157,667	2,443,545	3,296,788
2,007,771	330,201	681,523	69,412	1,394,149
<u>5,158,008</u>	<u>3,576,085</u>	<u>3,828,242</u>	<u>3,449,915</u>	<u>5,579,575</u>
1,246,479	1,308,725	1,335,896	1,496,978	1,515,461
1,792,574	1,666,757	1,695,866	1,837,309	1,944,024
1,340,891	1,424,910	1,458,395	1,462,918	1,590,679
269,205	2,348	359,703	109,913	-
<u>4,649,149</u>	<u>4,402,740</u>	<u>4,849,860</u>	<u>4,907,118</u>	<u>5,050,164</u>
<u>\$ 9,807,157</u>	<u>\$ 7,978,825</u>	<u>\$ 8,678,102</u>	<u>\$ 8,357,033</u>	<u>\$10,629,739</u>

(continued on next page)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense)/Revenue ¹					
Governmental Activities:	\$ 396,675	\$ (3,950,180)	\$ (7,025,026)	\$ (7,693,378)	\$ (7,461,631)
Business-type Activities	111,149	327,095	(260,726)	(234,175)	460,369
Total Primary Government Net Expense	<u>507,824</u>	<u>(3,623,085)</u>	<u>(7,285,752)</u>	<u>(7,927,553)</u>	<u>(7,001,262)</u>
General Revenues					
Governmental Activities:					
Property Taxes	6,010,599	6,318,501	6,745,028	7,133,869	7,000,472
Local Option Sales Tax	790,374	882,114	871,022	896,970	996,545
Hotel/Motel Taxes	154,851	153,154	150,172	163,599	154,137
Interest	55,902	31,481	43,479	44,973	34,653
General Intergovernmental Revenues	193,778	168,924	153,540	173,778	148,034
Commercial/Industrial Tax replacement	-	-	-	-	113,678
Gain on Sale of Assets	-	21,192	11,186	-	4,500
Miscellaneous	66,833	98,233	40,697	77,764	22,198
Transfers	298,650	180,530	-	25,000	57,166
Total Governmental Activities	<u>7,570,987</u>	<u>7,854,129</u>	<u>8,015,124</u>	<u>8,515,953</u>	<u>8,531,383</u>
Business-type Activities:					
Investment Earnings	5,881	4,855	5,031	7,606	12,624
Gain on Sale of Assets	-	-	-	-	-
Miscellaneous	69,427	73,076	76,040	75,521	91,809
Transfers	(298,650)	(180,530)	-	(25,000)	(57,166)
Total Business-type Activities	<u>(223,342)</u>	<u>(102,599)</u>	<u>81,071</u>	<u>58,127</u>	<u>47,267</u>
Total Primary Government	<u>7,347,645</u>	<u>7,751,530</u>	<u>8,096,195</u>	<u>8,574,080</u>	<u>8,578,650</u>
Change in Net Position					
Governmental Activities	7,967,662	3,903,949	990,098	822,575	1,069,752
Business-type Activities	(112,193)	224,496	(179,655)	(176,048)	507,636
Total Primary Government	<u>\$ 7,855,469</u>	<u>\$ 4,128,445</u>	<u>\$ 810,443</u>	<u>\$ 646,527</u>	<u>\$ 1,577,388</u>

Notes:

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ (6,866,979)	\$ (8,672,019)	\$ (8,917,342)	\$ (8,910,547)	\$ (7,539,437)
<u>774,472</u>	<u>177,846</u>	<u>720,037</u>	<u>265,969</u>	<u>481,258</u>
<u>(6,092,507)</u>	<u>(8,494,173)</u>	<u>(8,197,305)</u>	<u>(8,644,578)</u>	<u>(7,058,179)</u>
7,086,413	7,504,828	7,287,523	7,487,736	7,613,429
1,128,998	1,502,733	1,222,010	1,560,866	1,714,891
175,269	232,582	188,106	179,842	151,341
46,697	50,928	45,347	103,701	113,639
191,934	192,114	197,245	191,646	190,890
233,203	208,008	202,647	193,412	185,738
-	30,735	-	12,230	4,302
96,217	8,280	224,921	129,650	201,509
<u>60,474</u>	<u>(1,018,464)</u>	<u>(108,102)</u>	<u>1,837,271</u>	<u>52,974</u>
<u>9,019,205</u>	<u>8,711,744</u>	<u>9,259,697</u>	<u>11,696,354</u>	<u>10,228,713</u>
19,508	17,637	35,407	45,229	52,278
-	10,726	1,500	-	-
92,824	97,443	98,477	98,309	104,006
<u>(60,474)</u>	<u>1,018,464</u>	<u>108,102</u>	<u>(1,837,271)</u>	<u>(52,974)</u>
<u>51,858</u>	<u>1,144,270</u>	<u>243,486</u>	<u>(1,693,733)</u>	<u>103,310</u>
<u>9,071,063</u>	<u>9,856,014</u>	<u>9,503,183</u>	<u>10,002,621</u>	<u>10,332,023</u>
2,152,226	39,725	342,355	2,785,807	2,689,276
<u>826,330</u>	<u>1,322,116</u>	<u>963,523</u>	<u>(1,427,764)</u>	<u>584,568</u>
<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>

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

Fiscal Year	General Property Tax	Local Option Sales Tax	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax	Total Taxes
2011	\$ 4,460,164	\$ 790,374	\$ 1,550,435	\$ 50,836	\$ 154,851	\$ 7,006,660
2012	4,667,731	881,166	1,649,930	51,360	150,148	7,400,335
2013	4,830,132	874,064	1,915,351	51,384	148,736	7,819,667
2014	5,173,802	897,221	2,121,270	57,632	163,599	8,413,524
2015	5,418,739	983,208	1,584,732	50,150	154,137	8,190,966
2016	5,081,839	908,243	2,050,061	51,810	175,269	8,267,222
2017	5,565,696	1,372,762	1,933,728	56,752	180,074	9,109,012
2018	6,088,658	1,402,341	1,203,728	61,708	188,196	8,944,631
2019	6,153,187	1,743,644	1,319,322	94,107	170,017	9,480,277
2020	\$ 6,189,238	\$ 1,536,181	\$ 1,289,307	\$ 102,544	\$ 177,861	\$ 9,295,131
Percentage Change In Dollars Over 10 Years	38.77%	94.36%	-16.84%	101.72%	14.86%	32.66%

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

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 55,058	\$ 55,817	\$ 58,623	\$ 74,062
Restricted	-	367,798	-	-
Assigned	16,431	22,206	26,025	11,416
Unassigned	1,492,201	1,562,142	1,590,215	2,125,165
Total General Fund	<u>\$ 1,563,690</u>	<u>\$ 2,007,963</u>	<u>\$ 1,674,863</u>	<u>\$ 2,210,643</u>
All Other Governmental Funds				
Nonspendable	\$ 476,204	\$ 478,808	\$ 485,084	\$ 490,621
Restricted	3,471,095	4,879,176	2,228,356	2,034,196
Assigned	1,218,091	1,559,378	1,529,851	1,263,823
Unassigned	(422,145)	(660,019)	(748,823)	(2,263,027)
Total All Other Governmental Funds ¹	<u>\$ 4,743,245</u>	<u>\$ 6,257,343</u>	<u>\$ 3,494,468</u>	<u>\$ 1,525,613</u>
Total Governmental Funds				
Nonspendable	\$ 531,262	\$ 534,625	\$ 543,707	\$ 564,683
Restricted	3,471,095	5,246,974	2,228,356	2,034,196
Assigned	1,234,522	1,581,584	1,555,876	1,275,239
Unassigned	1,070,056	902,123	841,392	(137,862)
Total Governmental Funds	<u>\$ 6,306,935</u>	<u>\$ 8,265,306</u>	<u>\$ 5,169,331</u>	<u>\$ 3,736,256</u>

Notes:

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

1

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 75,689	\$ 74,377	\$ 88,789	\$ 87,795	\$ 233,783	\$ 92,658
-	-	-	-	-	-
20,874	24,627	22,810	23,549	26,506	25,523
<u>2,271,397</u>	<u>2,657,093</u>	<u>2,704,255</u>	<u>3,126,763</u>	<u>2,873,063</u>	<u>3,766,212</u>
<u>\$ 2,367,960</u>	<u>\$ 2,756,097</u>	<u>\$ 2,815,854</u>	<u>\$ 3,238,107</u>	<u>\$ 3,133,352</u>	<u>\$ 3,884,393</u>
\$ 496,551	\$ 767,461	\$ 507,588	\$ 513,603	\$ 516,978	\$ 519,488
1,564,753	1,714,074	2,727,209	2,420,088	2,609,603	10,336,821
9,011,683	3,079,501	1,242,751	1,755,210	7,439,541	1,735,994
(230,217)	(706,489)	(743,199)	(2,983,470)	(780,849)	(558,596)
<u>\$ 10,842,770</u>	<u>\$ 4,854,547</u>	<u>\$ 3,734,349</u>	<u>\$ 1,705,431</u>	<u>\$ 9,785,273</u>	<u>\$ 12,033,707</u>
\$ 572,240	\$ 841,838	\$ 596,377	\$ 601,398	\$ 750,761	\$ 612,146
1,564,753	2,203,990	2,727,209	2,420,088	2,609,603	10,336,821
9,032,557	2,614,212	1,265,561	1,778,759	7,466,047	1,761,517
2,041,180	1,950,604	1,961,056	143,293	2,092,214	3,207,616
<u>\$ 13,210,730</u>	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>	<u>\$ 4,943,538</u>	<u>\$ 12,918,625</u>	<u>\$ 15,918,100</u>

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

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes	\$ 6,955,824	\$ 7,351,217	\$ 7,766,222	\$ 8,192,294
Special Assessments	11,746	9,619	6,215	20,944
Licenses and Permits	74,274	76,835	77,482	91,315
Intergovernmental	9,302,604	5,343,456	2,592,220	2,262,054
Charges for Services	789,360	782,155	775,303	859,319
Fines and Forfeits	81,432	82,890	70,244	64,414
Investment Earnings	53,322	31,481	42,180	43,948
Rental Income	56,533	56,924	70,947	75,058
Contributions	86,594	42,529	43,424	145,064
Refunds/Reimbursements	-	240,984	21,505	-
Miscellaneous	102,756	98,079	40,697	65,295
Total Revenues	\$ 17,514,445	\$ 14,116,169	\$ 11,506,439	\$ 11,819,705
Expenditures				
Current:				
Public Safety	1,944,423	2,062,017	2,390,307	1,968,180
Public Works	1,648,157	2,030,615	1,596,015	1,824,051
Health and Social Services	160,670	158,493	159,562	161,194
Culture and Recreation	2,280,472	2,208,790	2,104,902	2,254,536
Community and Economic Development	1,133,362	1,059,750	1,115,555	1,130,112
General Government	727,688	753,230	795,178	815,808
Debt Service:				
Principal	1,637,393	1,879,524	1,796,882	1,895,000
Interest	381,360	413,974	304,063	191,920
Capital Projects	8,678,411	5,866,802	2,930,055	3,202,963
Total Expenditures	\$ 18,591,936	\$ 16,433,195	\$ 13,192,519	\$ 13,443,764
Excess (Deficiency) of Revenues over (under) Expenditures	(1,077,491)	(2,317,026)	(1,686,080)	(1,624,059)
Other Financing Sources (Uses)				
Issuance of Bonds, Notes, and Leases	2,534,318	4,690,000	700,000	83,226
Premiums on Bonds Issued	50,796	1,079	-	-
Transfers In	3,480,232	3,850,901	4,753,789	3,677,611
Transfers Out	(3,181,582)	(3,670,371)	(4,753,789)	(3,574,023)
Sale of Fixed Assets	-	48,788	25,105	4,170
Total Other Financing Sources (Uses)	\$ 2,883,764	\$ 4,275,397	\$ (1,409,895)	\$ 190,984
Net change in fund balances	\$ 1,806,273	\$ 1,958,371	\$ (3,095,975)	\$ (1,433,075)
Debt service as a percentage of non-capital expenditures	20.36%	21.71%	20.47%	20.38%

Fiscal Year

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	8,151,154	\$ 8,215,412	\$ 9,007,561	\$ 8,510,566	\$ 9,048,602	\$ 9,226,758
	4,600	11,304	40,566	-	13,167	13,458
	83,939	87,653	113,545	78,885	142,033	139,460
	3,377,252	4,558,349	3,000,504	3,119,322	2,960,743	4,299,111
	842,155	814,866	822,666	793,572	587,526	623,064
	52,559	54,191	57,489	54,876	43,750	41,041
	32,623	44,609	49,191	45,347	103,701	113,639
	120,581	67,106	65,945	96,742	105,662	89,737
	110,751	84,473	53,203	37,681	109,620	897,947
	-	-	-	-	-	-
	22,198	184,174	21,980	247,841	143,709	216,119
	<u>\$ 12,797,812</u>	<u>\$ 14,122,137</u>	<u>\$ 13,232,650</u>	<u>\$ 12,984,832</u>	<u>\$ 13,258,513</u>	<u>\$ 15,660,334</u>
	2,096,232	2,329,272	2,101,970	2,253,573	2,594,111	2,800,963
	1,495,735	1,436,058	1,769,481	1,855,470	1,841,712	1,858,532
	184,325	64,184	9,874	9,874	9,874	9,874
	2,355,850	2,462,074	2,528,258	2,414,847	2,642,004	2,831,586
	1,657,349	489,769	1,310,800	721,972	774,460	865,910
	871,927	837,847	935,697	1,023,626	632,951	777,081
	2,085,000	2,235,000	2,210,000	2,710,000	2,985,000	3,509,000
	490,171	585,738	546,634	684,914	864,294	793,441
	9,269,704	9,591,741	3,123,039	5,185,465	9,835,274	6,532,560
	<u>\$ 20,506,293</u>	<u>\$ 20,031,683</u>	<u>\$ 14,535,753</u>	<u>\$ 16,859,741</u>	<u>\$ 22,179,680</u>	<u>\$ 19,978,947</u>
	(7,708,481)	(5,909,546)	(1,303,103)	(3,874,909)	(8,921,167)	(4,318,613)
	15,804,500	-	111,927	2,115,000	14,500,000	6,245,700
	767,487	-	-	31,141	348,159	275,616
	5,137,112	4,044,527	3,858,815	3,164,804	5,953,992	5,502,000
	(5,079,946)	(3,984,053)	(3,758,815)	(3,056,704)	(4,116,721)	(4,677,255)
	4,500	800	30,735	-	12,230	4,302
	<u>\$ 16,633,653</u>	<u>\$ 61,274</u>	<u>\$ 242,662</u>	<u>\$ 2,254,241</u>	<u>\$ 16,697,660</u>	<u>\$ 7,350,363</u>
	<u>\$ 8,925,172</u>	<u>\$ (5,848,272)</u>	<u>\$ (1,060,441)</u>	<u>\$ (1,620,668)</u>	<u>\$ 7,776,493</u>	<u>\$ 3,031,750</u>
	22.92%	24.01%	24.24%	27.52%	31.59%	31.73%

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

Fiscal Year	Real Property		Utilities ³		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value ²	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2011	\$ 591,931,845	\$ 345,447,343	\$ 9,051,046	\$ 5,764,139	\$ 600,982,891	\$ 351,211,482	14.504	58.44%
2012	600,246,807	359,088,087	9,218,277	5,874,314	609,465,084	364,962,401	14.604	59.88%
2013	621,511,271	382,279,300	9,330,400	6,096,518	630,841,671	388,375,818	14.254	61.56%
2014	630,243,149	410,744,591	9,122,016	5,939,377	639,365,165	416,683,968	14.247	65.17%
2015	602,476,470	422,655,243	7,091,567	5,850,431	609,568,037	428,505,674	14.149	70.30%
2016	605,883,951	363,660,524	6,689,149	5,365,197	612,573,100	369,025,721	14.048	60.24%
2017	645,945,496	382,489,321	6,611,615	4,827,675	652,557,111	387,316,996	14.027	59.35%
2018	681,955,724	420,026,282	4,661,743	2,858,190	686,617,467	422,884,472	14.179	61.59%
2019	686,944,235	413,216,491	4,501,684	2,727,564	691,445,919	415,944,055	14.449	60.16%
2020	\$ 701,709,206	\$ 428,766,383	\$ 4,566,808	\$ 2,604,893	\$ 706,276,014	\$ 431,371,276	14.372	61.08%

Source: Bremer County, Iowa; County Auditor

Notes: The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For FY 2020 this percentage is 56.4094% for Residential

¹ Taxable Value does not include the Tax Increment Levy

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

³ Utilities includes Railroads, Utilities, and Gas & Electric

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

Fiscal Year	City of Waverly				Overlapping Rates				
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	Total Direct and Overlapping
2011	\$ 8.579	\$ 3.553	\$ 2.371	\$ 14.503	\$ 13.691	\$ 6.114	\$ 0.997	\$ 20.802	\$ 35.305
2012	8.583	3.734	2.286	14.604	14.451	5.698	0.961	21.110	35.714
2013	8.564	3.657	2.033	14.254	14.058	5.616	0.961	20.635	34.889
2014	8.544	3.777	1.927	14.247	15.816	5.609	0.952	22.377	36.624
2015	8.478	3.401	2.271	14.149	15.782	5.881	0.951	22.614	36.763
2016	8.494	3.187	2.367	14.048	15.783	5.847	0.951	22.581	36.629
2017	8.440	3.181	2.406	14.027	15.184	5.703	0.951	21.838	35.865
2018	8.449	3.000	2.730	14.179	12.722	5.059	0.971	18.752	32.931
2019	8.453	3.241	2.755	14.449	12.778	4.999	1.017	18.794	33.243
2020	\$ 8.449	\$ 2.981	\$ 2.942	\$ 14.372	\$ 12.694	\$ 4.974	\$ 1.118	\$ 18.786	\$ 33.158

Source: Bremer County Iowa: County Auditor-Accounting Department

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2020 and 2011

<u>Taxpayer</u>	<u>2020</u>			<u>2011</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Wal-Mart	\$ 9,219,710	1	2.14%	\$ 7,613,500	2	2.17%
CUNA Mutual Life Insurance	8,920,000	2	2.07%	9,654,280	1	2.75%
Birdworks LLC	6,816,100	3	1.58%	6,788,040	4	1.93%
Echo Development Group, LLC	5,913,440	4	1.37%	-	-	0.00%
Neste Beverage Company	4,860,420	5	1.13%	7,319,110	3	2.08%
GMT LLC	4,763,110	6	1.10%	3,326,290	6	0.95%
First National Bank of Waverly	4,672,310	7	1.08%	4,216,250	5	1.20%
Graening-Knights II, LC	4,023,570	8	0.93%	-	-	0.00%
Waverly Hotel Group LLC	3,617,720	9	0.84%	-	-	0.00%
Village Sq Plaza Ltd Ptnrs	3,521,520	10	0.82%	2,864,320	9	0.82%
MDM Partnership	-	-	0.00%	3,279,670	7	0.93%
Terex Cranes Inc - Waverly	-	-	0.00%	3,080,190	8	0.88%
State Bank & Trust Co	-	-	0.00%	2,568,540	10	0.73%
Total Principal Taxpayers	<u>56,327,900</u>		<u>13.06%</u>	<u>50,710,190</u>		<u>14.44%</u>
All Other Taxpayers	<u>375,043,376</u>		<u>86.94%</u>	<u>300,501,292</u>		<u>85.56%</u>
Total Assessed Valuation	<u>\$431,371,276</u>		<u>100.00%</u>	<u>\$ 351,211,482</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

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

Fiscal Year	Total Tax Levy	Current Tax Collections (2)	Percent of Levy Collected	Collections in Subsequent Years (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	\$ 4,460,591	\$ 4,469,070	100.19%	N/A	\$ 4,469,070	100.19%
2012	4,657,939	4,667,731	100.21%	N/A	4,667,731	100.21%
2013	4,780,652	4,830,133	101.04%	N/A	4,830,133	101.04%
2014	4,952,345	5,007,343	101.11%	N/A	5,007,343	101.11%
2015	5,329,955	5,362,269	100.61%	N/A	5,362,269	100.61%
2016	5,264,349	5,257,108	99.86%	N/A	5,257,108	99.86%
2017	5,529,788	5,748,010	103.95%	N/A	5,748,010	103.95%
2018	6,061,652	6,088,658	100.45%	N/A	6,088,658	100.45%
2019	6,095,525	6,144,867	100.81%	N/A	6,144,867	100.81%
2020	\$ 6,287,382	\$ 6,189,238	98.44%	N/A	\$ 6,189,238	98.44%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

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

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Note Payable			
2011	\$ 10,966,575	\$ 184,900	\$ 877,095	\$ 906,156	\$ -	\$ 12,934,726	5.31%	\$ 1,310
2012	13,229,978	46,268	648,238	294,260	-	14,218,744	5.84%	1,440
2013	10,060,213	22,193	3,219,546	175,000	-	13,476,952	5.53%	1,334
2014	8,160,133	66,206	2,785,672	45,000	207,655	11,264,666	4.30%	1,115
2015	22,445,768	193,602	2,396,089	3,800,331	157,655	28,993,445	10.73%	2,869
2016	20,145,924	145,490	2,014,486	3,482,780	372,711	26,161,391	8.68%	2,589
2017	17,871,080	207,281	1,639,050	3,130,265	221,529	23,069,205	9.47%	2,286
2018	17,239,411	39,002	1,245,174	2,797,587	149,806	21,470,980	6.84%	2,120
2019	29,013,793	-	941,300	3,981,425	75,901	34,012,419	10.83%	2,120
2020	\$ 31,832,952	\$ 91,700	\$ 632,426	\$ 3,475,773	\$ 446,765	\$ 36,479,616	12.25%	\$ 3,564

Notes:

- 1 Population data used was the estimated census from the year 2020 of 10,235.
- 2 See the Schedule of Demographic and Economic Statistics on page 129 for personal income data.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual ¹ Taxable Value of Property</u>	<u>Per Capita ²</u>
2011	\$ 11,843,670	\$ 72,430	\$ 11,771,240	3.23%	\$ 1,233
2012	13,878,216	2,168,236	11,709,980	3.35%	1,192
2013	13,279,759	467,780	12,811,979	3.21%	1,186
2014	10,945,805	86,345	10,859,460	3.30%	1,277
2015	24,841,857	87,198	24,754,659	2.61%	1,078
2016	22,160,410	-	22,160,410	5.78%	2,450
2017	19,510,130	9,413.00	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

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

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

² Population data used was the estimated census from the year 2020 of 10,235.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2020

Name of Governmental Unit	GO Debt Outstanding	Percentage ⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 31,832,952	100%	\$ 31,832,952
Overlapping:			
Bremer County ¹	1,022,389	18%	184,030
Waverly-Shell Rock School District ²	<u>5,570,000</u>	44%	<u>2,450,800</u>
Total Overlapping Debt	<u>6,592,389</u>		<u>2,634,830</u>
Total Direct and Overlapping Debt	<u>\$ 38,425,341</u>		<u>\$ 34,467,782</u>

Sources:

¹ Finance Dept, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

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

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 30,049,145	\$ 30,473,254	\$ 31,542,084	\$ 31,968,258
Total Net Debt Applicable to Limit	<u>11,977,470</u>	<u>11,802,800</u>	<u>12,759,413</u>	<u>10,793,655</u>
Legal Debt Margin	\$ 18,457,370	\$ 18,071,675	\$ 18,670,454	\$ 18,782,671
Total Net Debt Applicable to the Limit as a percentage of debt limit	39.86%	38.73%	40.45%	33.76%

Legal Debt Margin Calculation for Fiscal Year 2020

<u>Assessed Value</u>		
Real and Personal Property Within the City		<u>\$ 760,813,110</u>
 DEBT LIMIT - 5% of ESTIMATED VALUATION		 38,040,656
 <u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable	36,479,616	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,160,000	
Sewer Revenue Bonds Premium	46,584	
Water Revenue Bonds	2,250,000	
Water Revenue Bonds Premium	26,615	
Governmental Activities GO Bond Premium	1,047,952	
Solid Waste Notes	446,765	
Golf Course Notes	91,700	
Add:		
Urban Renewal Development Agreements	<u>146,555</u>	
 Debt Applicable to Debt Limit		 <u>31,556,555</u>
 Legal Debt Margin		 <u><u>\$ 6,484,101</u></u>

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 32,971,505	\$ 33,601,567	\$ 35,847,307	\$ 36,810,958	\$ 37,339,744	\$ 38,040,656
<u>23,955,208</u>	<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>
\$ 21,174,603	\$ 9,016,297	\$ 12,166,567	\$ 16,057,383	\$ 8,263,081	\$ 6,484,101
72.65%	63.79%	55.21%	52.17%	77.87%	82.95%

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal
2011	\$ 1,086,039	\$ 948,144	\$ 263,983	\$ 137,895	\$ 271,364
2012	1,169,370	1,015,071	263,293	154,299	280,000
2013	1,195,417	1,197,792	283,418	(2,375)	260,862
2014	1,228,012	1,326,703	305,013	(98,691)	262,931
2015	1,236,098	1,076,601	306,766	159,497	357,931
2016	1,246,479	1,071,839	306,376	174,640	370,000
2017	1,308,725	1,179,598	340,505	129,127	375,000
2018	1,335,896	1,171,119	328,522	164,777	377,069
2019	1,496,978	1,411,717	330,319	85,261	444,139
2020	\$ 1,515,461	\$ 1,319,948	\$ 331,524	\$ 195,513	\$ 446,207

Notes

¹ GAAP Basis

Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
\$ 39,274	\$ 310,638	0.44	\$ 401,878	1.29
30,832	310,832	0.50	417,592	1.34
41,429	302,291	(0.01)	281,043	0.93
30,882	293,813	(0.34)	206,322	0.70
51,721	409,652	0.39	466,263	1.14
53,761	423,761	0.41	481,016	1.14
47,337	422,337	0.31	469,632	1.11
41,721	418,790	0.39	493,299	1.18
92,146	536,285	0.16	415,580	0.77
\$ 75,796	\$ 522,003	0.37	\$ 527,037	1.01

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
2011	\$ 1,412,172	\$ 1,394,145	\$ 481,193	\$ 18,027	\$ 260,000	\$ 31,862
2012	1,562,986	1,369,322	452,542	193,664	275,000	21,774
2013	1,573,000	1,756,675	489,997	(183,675)	294,138	37,236
2014	1,640,186	1,676,045	523,946	(35,859)	297,069	24,802
2015	1,643,939	1,470,986	524,675	172,953	212,069	44,238
2016	1,792,574	1,623,141	526,562	169,433	325,000	80,548
2017	1,666,757	1,726,341	567,804	(59,584)	335,000	68,622
2018	1,695,866	1,645,111	515,526	50,755	337,931	63,896
2019	1,837,309	1,717,150	522,519	120,159	345,861	57,989
2020	\$ 1,944,024	\$ 1,811,736	\$ 526,753	\$ 132,288	\$ 353,793	\$ 51,951

Notes

¹ GAAP Basis

Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
\$ 291,862	0.06	\$ 499,220	1.71
296,774	0.65	646,206	2.18
331,374	(0.55)	306,322	0.92
321,871	(0.11)	488,087	1.52
256,307	0.67	697,628	2.72
405,548	0.42	695,995	1.72
403,622	(0.15)	508,220	1.26
401,827	0.13	566,281	1.41
403,850	0.30	642,678	1.59
\$ 405,744	0.33	\$ 659,041	1.62

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income ²</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2020	10,235 (3)	\$ 297,756,620	\$ 29,092 (4)	35.4 (5)	4,012 (6)	2,268 (7)	3.75% (8)

Sources: U.S. Census Bureau

Notes:

1. Accurate statistical figures are only available every ten years.
2. Computation of per capita personal income multiplied by population.
3. Population 2020 estimate from worldpopulationreview.com
4. Taken from quickfacts.census.gov
5. Estimate from worldpopulationreview.com
6. Estimate from census.gov
7. WSR school enrollment for 19-20
8. Waverly Economic Development

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

Employer	2020		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	521	1	3.83%
Waverly Health Center	502	2	3.69%
Wartburg College	500	3	3.68%
Waverly Shell Rock Schools	424	4	3.12%
Bartels Lutheran Retirement Comm	240	5	1.76%
GMT Corporation	212	6	1.56%
Nestle USA	196	7	1.44%
Walmart	191	8	1.40%
Bremer County	182	9	1.34%
Life Line Emergency Vehicles	182	10	1.34%
Total Employees of Principal Employers	3,150		23.16%
Other Employees	10,450		76.84%
Adjusted Labor Force ²	13,600		100.00%

Source:
Waverly Economic Development

Note:

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

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	14.5	13.5	13.5	13.5	13	13	13	15.5	13	14.35
Library	10.5	10.5	10.5	10.5	11	11	10	10.6	10.6	10.6
Public Safety										
Police										
Officers	16	16	16	16	16	16	16	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	8	8	8	8	8	8	9	9	9	9
Volunteers	29	29	29	29	29	29	28	28	28	28
Highways and Streets										
Public Works Admin/Engineering	4.75	6	6	6	6	6	6	6	5.5	5.2
Zoning/Economic	3	3	3	4	5	5	5	5	5	4
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	6.75	8	7.78
Sanitation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.7	9	9
Culture and Recreation	18	18	18	18	18	18	18	18	19	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.75	3.75	3.25	3.25
Sewer	5.5	5.5	5.5	5.5	3.5	3.5	5.75	5.75	5.25	5.25
	<u>131.25</u>	<u>131.5</u>	<u>131.5</u>	<u>132.5</u>	<u>131.5</u>	<u>131.5</u>	<u>133</u>	<u>136.05</u>	<u>134.6</u>	<u>133.43</u>

Source: City of Waverly Accounting Department

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

Function	Fiscal Year			
	2011	2012	2013	2014
Police				
Physical Arrests	456	324	299	340
Parking Violations	881	570	599	728
Traffic Violations	1,174	1,175	950	847
Fire				
Number of Calls Answered	118	110	111	76
Highways and Streets				
Street Maintenance (Blocks)	92	92	97	95
Street Reconstruction (Blocks)	22	-	36	10
Building Permits				
Number	455	432	423	388
Value	\$ 16,635,779	\$ 20,192,166	\$ 19,816,016	\$ 15,692,981
Permit Fees	\$ 89,506	\$ 94,305	\$ 111,018	\$ 139,127
Sanitation				
Solid Waste Collected (tons)	4,111	3,910	3,653	3,910
Recyclables Collected (pounds)	1,974,000	1,911,020	1,956,116	1,840,308
Water				
Water Pumped (in thousands of gallons)	327,325	329,465	328,942	327,477
Water Billed (in thousands of gallons)	273,135	259,173	266,859	270,427
Percent Accountable	83%	79%	81%	83%

Source: Annual reports from each department.

Fiscal Year

2015	2016	2017	2018	2019	2020
504	623	465	451	400	291
528	548	579	602	514	399
818	754	649	706	646	526
112	106	110	123	111	117
88	78	100	125	60	90
10	6	-	36	40	15
422	440	428	370	396	349
\$ 35,672,014	\$ 27,773,351	\$ 23,430,006	\$ 21,702,076	\$ 25,493,654	\$ 45,975,454
\$ 139,265	\$ 126,235	\$ 123,002	\$ 111,581	\$ 120,598	\$ 158,347
3,995	4,239	4,464	4,472	4,635	4,663
1,397,998	2,276,000	2,064,840	2,766,960	2,393,008	2,051,650
375,445	352,702	356,489	358,615	341,884	349,624
260,622	254,403	247,064	250,852	243,332	250,099
69%	72%	69%	70%	71%	72%

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

Function	Fiscal Year			
	2011	2012	2013	2014
Police:				
Stations	1	1	1	1
Patrol Units	8	8	8	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	4	4	4	4
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	67	67	67	67
State Highway (miles)	7	7	7	7
Culture and Recreation				
Parks Acreage	140	140	140	140
Parks	25	25	25	25
Miles of Recreational Trails	15	15	15	15
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	1	1	1	1
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemetery (acres)	47	47	47	47
Water				
Water Mains (miles)	73	73	73	74
Number of Service Connections	3,518	3,539	3,591	3,664
Daily Ave. Consumption in Gallons	909,236	932,625	996,948	1,059,384
Fire Hydrants	679	679	679	690
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	62	62	62	63
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,461	3,477	3,527	3,595
Daily Ave. Treatments in Gallons	1,370,000	942,167	1,240,333	1,202,904
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
	1	1	1	1	1	1
	8	8	8	8	8	8
	1	1	1	1	1	1
	4	4	4	4	4	4
	1	1	1	1	1	1
	67	67	69	69.6	69.6	70.7
	7	7	7	7	7	7
	140	146	175	175	175	175
	25	25	25	25	25	25
	15	15	15	15	15	20
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	2	2	2	2	2	2
	1	1	1	1	1	1
	1	1	1	1	1	1
	47	47	47	47	47	47
	71	74	76	74	74	76
	3,674	3,966	4,059	4,099	4,231	4,333
	1,028,616	966,307	976,682	976,583	936,583	955,333
	690	692	693	639	639	709
	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,632,000
	61	63	60	60	60	61.4
	1	1	1	1	1	1
	3,620	3,675	3,688	3,745	3,760	4,000
	1,102,000	1,020,000	1,588,904	1,154,000	2,064,000	1,404,000
	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

CITY OF WAVERLY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended June 30, 2020

Federal Grantor Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,900
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0096-009-2018	7,001
Airport Improvement Program		3-19-0096-010-2019	729,615
Airport Improvement Program		3-19-0096-011-2019	342,274
Airport Improvement Program		3-19-0096-012-2020	59,077
COVID-19 Airport Improvement Program		3-19-0096-013-2020	<u>22,160</u>
			1,160,127
Indirect:			
U.S. Department of Housing and Urban Development			
Passed through the Iowa Department of Economic Development			
Community Development Block Grant	14.228	19-HSG-023	7,608
National Endowment for the Humanities			
Passed through the Library of Iowa			
Grants to States	45.310	002620	2,700
Total expenditures of federal awards			<u>\$ 1,174,335</u>

Note 1 - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Waverly, Iowa under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waverly, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waverly.

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



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

Honorable Members of the City Council
City of Waverly, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of and for the year ended June 30, 2020 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 11, 2021. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Utilities, as described in our report on the City of Waverly's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waverly's internal control over financial reporting (internal control) 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 of Waverly's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waverly's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Waverly's Response to Findings

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

Purpose of this Report

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

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

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

Willens & Company P.C.
Certified Public Accountants

Le Mars, Iowa
January 11, 2021

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

Honorable Members of the City Council
Waverly, Iowa

Report on Compliance for the Major Federal Program

We have audited the City of Waverly, Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Waverly, Iowa's major federal program for the year ended June 30, 2020. The City of Waverly, Iowa's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City of Waverly's basic financial statements include the operations of Waverly Utilities and Waverly Health Center which received no federal awards. Our audit, described below, did not include the operations of Waverly Utilities and Waverly Health Center because these financial statements were audited by other auditors.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City of Waverly, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa

January 11, 2021

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Part I: Summary of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Material Weakness:

2020-001 Financial Reporting

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

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

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

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

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

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Part III: Findings Related to Federal Awards

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-20 - Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.
- IV-B-20 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- IV-C-20 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-20 - Business Transactions – No business transactions between the City and City officials or employees were noted.
- IV-E-20 - 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.
- IV-F-20 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- IV-G-20 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- IV-H-20 - 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.
- IV-I-20 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- IV-J-20 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.



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CITY OF WAVERLY, IOWA
Schedule of Prior Findings and Questioned Costs
For the Year Ended June 30, 2020

Part V: Prior Year Audit Findings – Year Ended June 30, 2019

2019-001 - **Financial Reporting**

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

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

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

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

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



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**City of Waverly, Iowa
Corrective Action Plan
June 30, 2020**

The City of Waverly, Iowa respectfully submits the following corrective action plan for the year ended June 30, 2020.

The audit was performed by Williams & Company, P.C., 21 1st Avenue NW, Le Mars, Iowa, for the fiscal year ended June 30, 2020.

The finding from the June 30, 2020 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

MATERIAL WEAKNESS:

2020-001 Condition and Criteria – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

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

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

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

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions. The City will attempt to implement these processes for the 2021 annual report.

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

Sincerely yours,

City of Waverly, Iowa

A handwritten signature in blue ink that reads "James W. Bronner". The signature is fluid and cursive, written over the printed name and title.

James W. Bronner, City Administrator