

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF WAVERLY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

Prepared by the  
Finance Department  
Jack Bachhuber, Finance Director

**CITY OF WAVERLY, IOWA  
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 FOR THE YEAR ENDED JUNE 30, 2014  
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December 11, 2014

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, 2014. 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 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 mayor and council members serve

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

## **FINANCIAL INFORMATION**

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

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

The foundation of the City's financial planning and control is the annual budget. The budget process includes sessions with staff, management, and the City Council. To ensure compliance with legal budgetary controls, the City Council and management receive monthly reports comparing budgeted amounts to actual expenditures. The City Council may make additional appropriations during the year for unanticipated revenues or capital projects which were not completed in the prior year. Budget-to-actual comparisons by 9 major functions are provided in the Required Supplemental Information section of this report.

Project length budgets are prepared for the various capital project funds. A "Ten 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 present's 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 federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996 which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy.** The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small town atmosphere while being only a 25 minute drive to a large metropolitan area. The last census showed Waverly's growth at 10.1% compared to the state's increase of 4.1%. The steady sale of building permits is a good sign for Waverly. The total value is less than last year, however; the overall growth is consistent with a five average. The FY 2014 was still a strong building year with numerous projects. At times it is more important to add to the culture and livability in a community, compared to increasing valuations. The residents of Waverly got behind a Petsafe "Bark for Your Park" promotion and won a \$100,000 grant to build a dog park. With the leadership of a group of residents the city was awarded a State of Iowa RECAT grant of \$78,000 which helped build the outdoor amphitheater, "Shades of Rhythm". Finally, the city applied for and received an Iowa Flood Mitigation Project funding to implement a long-term flood mitigation project. This is funded by Sales

Increment Revenues and involves a multiple year reconstruction of the dry run which runs through the city. The project works together with the completed inflatable dam project, and saves hundreds of homes from flooding. There are plans and projects in the works for a new retail center south of town, and some undisclosed commercial development in the downtown area. Some of the continued growth is due to the increase of students in the Waverly-Shell Rock Schools District and the high marks received for the quality of education. This year the district saw an increase of 107 students making it the seventh consecutive year of increases. 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. This year the downtown benefited from the addition of several new shops and dining boutiques. This year the City received a Multi-family Rental Unit Production Grant for \$2.5M. The grant will create and enhance residential upper-floor housing in the downtown district. The project consists of six property owners and seven buildings, containing a total of 26 units.

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 515, Waverly Health Center with 436 employees, Wartburg College with 500 employees, Nestle Beverage food products with 283 employees, Terex Cranes with 350 employees, Waverly Shell-Rock Schools with 381 employees, and GMT Corporation with 310 employees.

Collected sales tax and taxable sales is one method to determine positive economic growth. Taxable sales in Waverly showed a 2.4 percent increase compared to the 2012-2013 fiscal year, however; the number of sales tax returns decreased by two percent over the same time period. This is a \$3M increase in sales and a very positive business sign for the area. Projections for next year include the construction of several new businesses along the southern & eastern business highways, along with continued emphasis on promoting business development in the downtown area. 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 \$897,222 in FY 2014, which is an increase of 2.6 percent. Future projects for these funds include additional bond payments and various street improvements.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's July 2014 unemployment rate of 3.70% compares favorably to the State's rate of 4.5 % for the same period. The tax base for the City is showing favorable increases. At an average increase of 4.04% a year since 2010, growth of the City's taxable valuation has been excellent compared to other cities of similar size. Assessed valuations for the same period increased at a rate of 1.49%, but the state's residential rollback continues to affect the taxing ability of cities. Although the state rollback affected taxable valuation again this year, the percentage improved from the prior year. The FY 2014 residential rollback was 52.8166% compared to 50.7518% in FY 2013. Detail figures are provided in the statistical section.

**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.

The certificate of deposit annual interest rate averaged 0.0439% compared to 0.0419% last year. The return of Iowa Public Agency Investment Trust averaged 0.010% which equaled last year. These are two major investment areas, and the rate of return did not affect interest revenue. The decrease in dollars of \$5,200 was due to the timing of investments and slight decrease in cash investments. At June 30, 2014 the city's investment position for

all funds totaled \$6,815,565 compared to \$6,839,658 in 2013. The decrease was due to the completion of projects and use of outstanding bond funds. The balance is healthy for the city and meets expenditure needs.

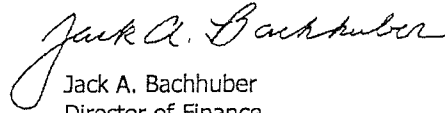
**Awards and Acknowledgments.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2013. In order to receive this award, the 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 2014 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,

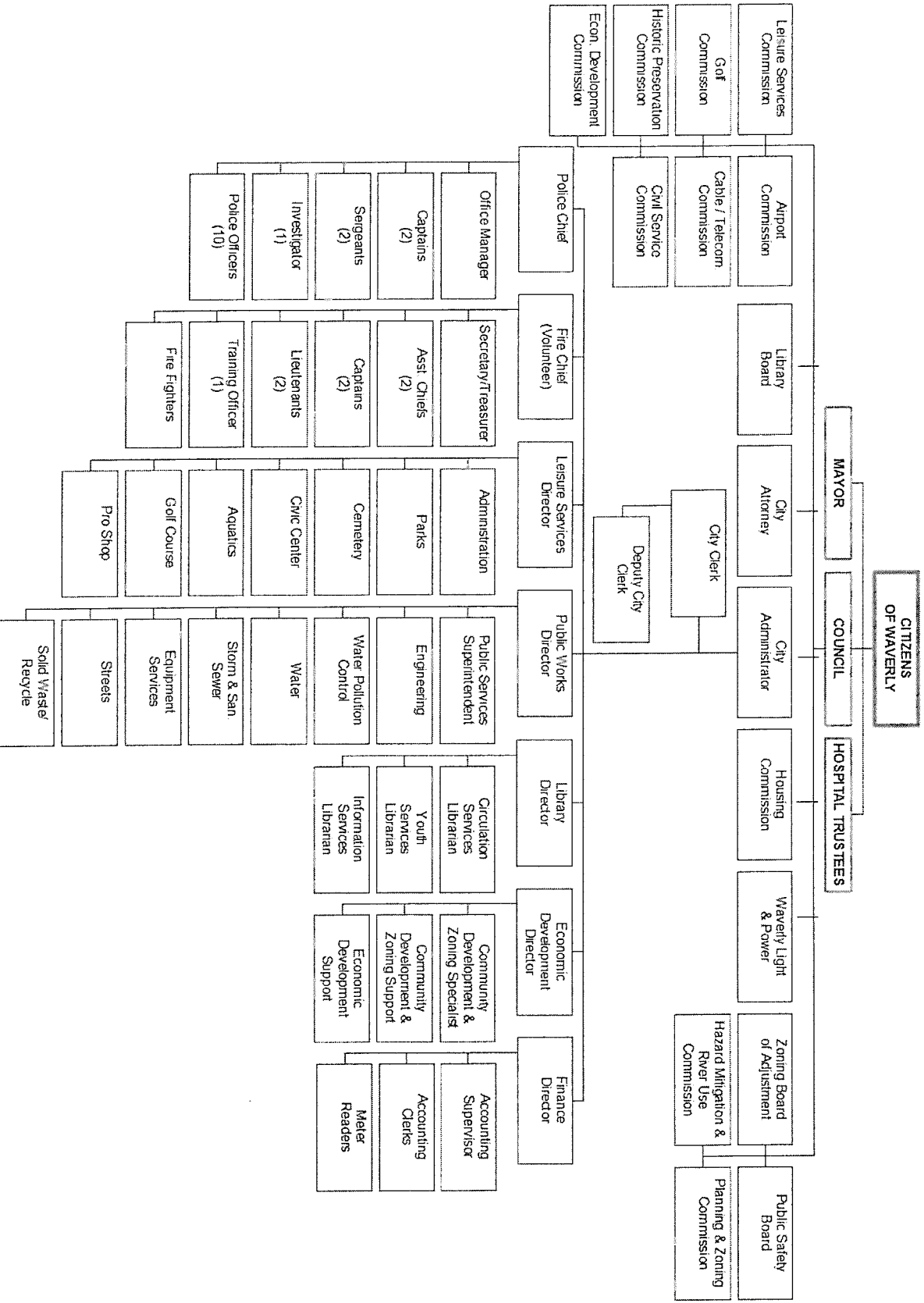


Phil Jones  
City Administrator



Jack A. Bachhuber  
Director of Finance

# Organizational Flow Chart The City Of Waverly, Iowa





CITY OF WAVERLY, IOWA

List of Principal Officials  
June 30, 2014

**ELECTED OFFICIALS**

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Mayor ..... Charles D Infelt  
Council Member – Ward 1 ..... Derrick Wygle  
Council Member – Ward 2 ..... Dan McKenzie  
Council Member – Ward 3 ..... Wes Gade  
Council Member – Ward 4 ..... Chris Neuendorf  
Council Member – Ward 5 ..... Tim Kangas  
Council Member – At Large ..... Dave Reznicek  
Council Member – At Large ..... Edith Waldstein

**APPOINTED OFFICIALS**

---

City Administrator ..... Phil Jones  
City Clerk ..... JoEllen Raap  
Community Development Director/City Attorney ..... William D. Werger  
Director of Finance ..... Jack Bachhuber  
City Engineer/Director of Public Works ..... Michael Cherry  
Police Chief ..... Richard Pursell  
Leisure Services Director ..... Tabor Ray  
Fire Chief ..... Dennis Happel  
Library Director ..... Sarah Meyer-Reyerson  
Community Development and Zoning Manager ..... Ben Kohout  
Public Services Superintendent ..... Brian Sullivan



Government Finance Officers Association

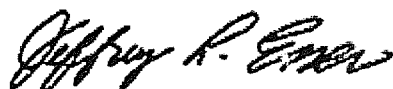
Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Waverly  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**



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, 2013. 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 AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA, as of and for the year ended June 30, 2014, 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 U.S. generally accepted accounting principles; 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Waverly Health Center and Waverly Light and Power (discretely presented component units), which statements reflect total assets of \$39,365,585 and \$54,654,308 as of June 30, 2014 and December 31, 2013, respectively, and total operating revenues of \$48,385,910 and \$17,546,314 for the years then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for Waverly Health Center and Waverly Light and Power, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 12 through 23 and 65 through 69 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waverly's internal control over financial reporting and compliance.

*William & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 11, 2014

## CITY OF WAVERLY, IOWA

### Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2014 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, as well as the audit reports of the discretely presented component units.

#### Financial Highlights

- The assets of the City of Waverly exceeded liabilities at June 30, 2014, by \$62,218,988. Of this amount, \$3,485,548 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net assets increased by \$646,527 during the year. Of this amount the assets of our Governmental Activities increased by \$822,575 and the assets of our Business Activities decreased \$176,048. The 1.7% increase of Governmental Activities is attributed to the purchase of additional land from the Dry Run Project, equipment, and infrastructure. The Dry Run Project will continue for two years. The decrease in Business Activities assets due to the final phase of the automatic meter reading project started in 2013.
- The City's long-term debt decreased approximately \$2.2M. The City did not issue any bonds, but did issue \$290,881 in notes. The City continues to pay off debt at a rate that keeps the debt limit well below the capacity of \$32M. Outstanding general obligation debt totals \$10,880,000, other notes payable total \$273,861, and revenue bonds total \$45,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$2,125,165. This represents 33.5 percent of total general fund expenditures, which is an increase over last year well above the city goal of maintaining a 25 percent fund balance.

#### 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 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. This report also contains other supplementary information in addition to the basic financial statements.

#### 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 assets* is essentially a balance sheet that combines all funds on a government-wide basis. Changes in net assets 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 assets changed during the most recent fiscal year. All changes in the net assets 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, 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 Light, & Power (*component units*), for which the City has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23-25 of this report.

### **Reporting the City's Most Significant Funds**

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

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

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

The City of Waverly maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

The basic governmental fund financial statements can be found on pages 26-31 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 32-38 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 assets* and a *statement of changes in fiduciary net assets*.

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 40-63 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets 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, 2014 and 2013.

	General Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and Other Assets	\$14,587,484	\$13,845,631	\$2,797,169	\$2,670,652	\$17,384,653	\$16,516,283
Capital Assets	54,047,590	53,352,741	13,305,014	13,973,850	67,352,604	67,326,591
Total Assets	68,635,074	67,198,372	16,102,183	16,644,502	84,737,257	83,842,874
<b>DEFERRED OUTFLOWS</b>						
	39,711	51,056	7,851	12,677	47,562	63,733
<b>LIABILITIES</b>						
Other Liabilities	3,700,044	1,131,686	128,718	148,281	3,828,762	1,279,967
Noncurrent Liabilities	8,696,889	10,507,768	3,109,131	3,460,665	11,806,020	13,968,433
Total Liabilities	12,396,993	11,639,454	3,237,849	3,608,946	15,634,842	15,248,400
<b>DEFERRED INFLOWS</b>						
	6,931,049	7,085,746	-	-	6,931,049	7,085,746
<b>NET POSITION</b>						
Invested in Capital Assets,						
Net of Related Debt	45,860,962	43,321,391	10,274,538	10,591,981	56,135,500	53,913,372
Restricted	2,509,661	2,699,291	88,279	89,468	2,597,940	2,788,759
Unrestricted	976,180	2,503,546	2,509,368	2,366,784	3,485,548	4,870,330
Total Net Position	\$49,346,803	\$48,524,228	\$12,872,185	\$13,048,233	\$62,218,988	\$61,572,461

This summary reflects a 1.7 percent increase in the governmental net assets and a 1.3 percent decrease in the business-type net assets.

By far the largest portion of the City's net assets (90%) 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 \$2,597,940 (4%) represents resources that are subject to external restriction on how they may be used. Restricted net assets include the amounts restricted for debt service of \$159,468, cemetery perpetual care of \$490,621, Tax Increment Financing allowable purposes of \$855,253, Local Option Sales Tax allowable purposes of \$563,857, Road Purposes of \$455,348 and other specific revenue restrictions of \$73,393. The remaining balance of unrestricted net assets of \$3,485,548 may be used to meet the government's ongoing obligations to citizens and creditors.

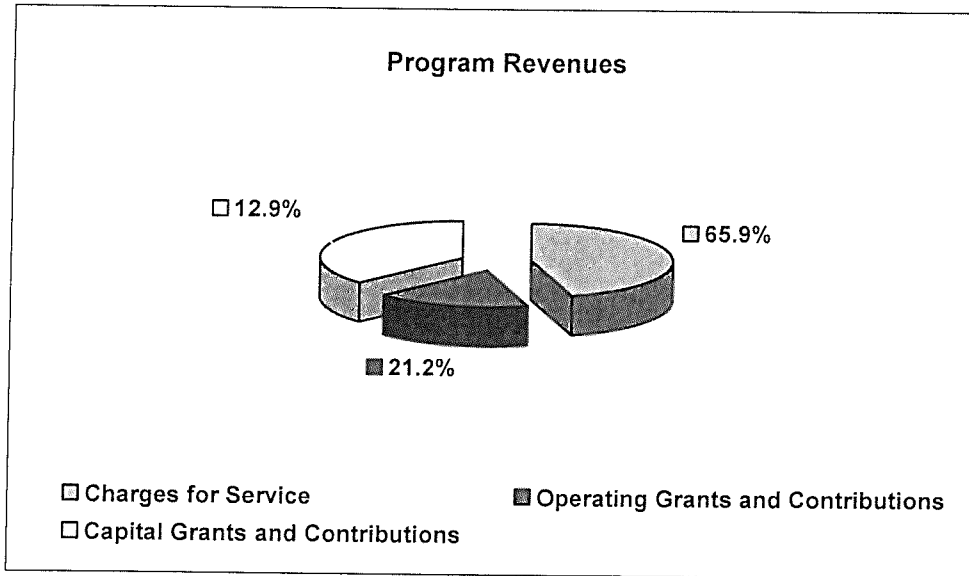
At the end of the current fiscal year, the City of Waverly is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Total revenue reported in Fiscal year 2014 was \$15,942,838. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2014 and 2013.

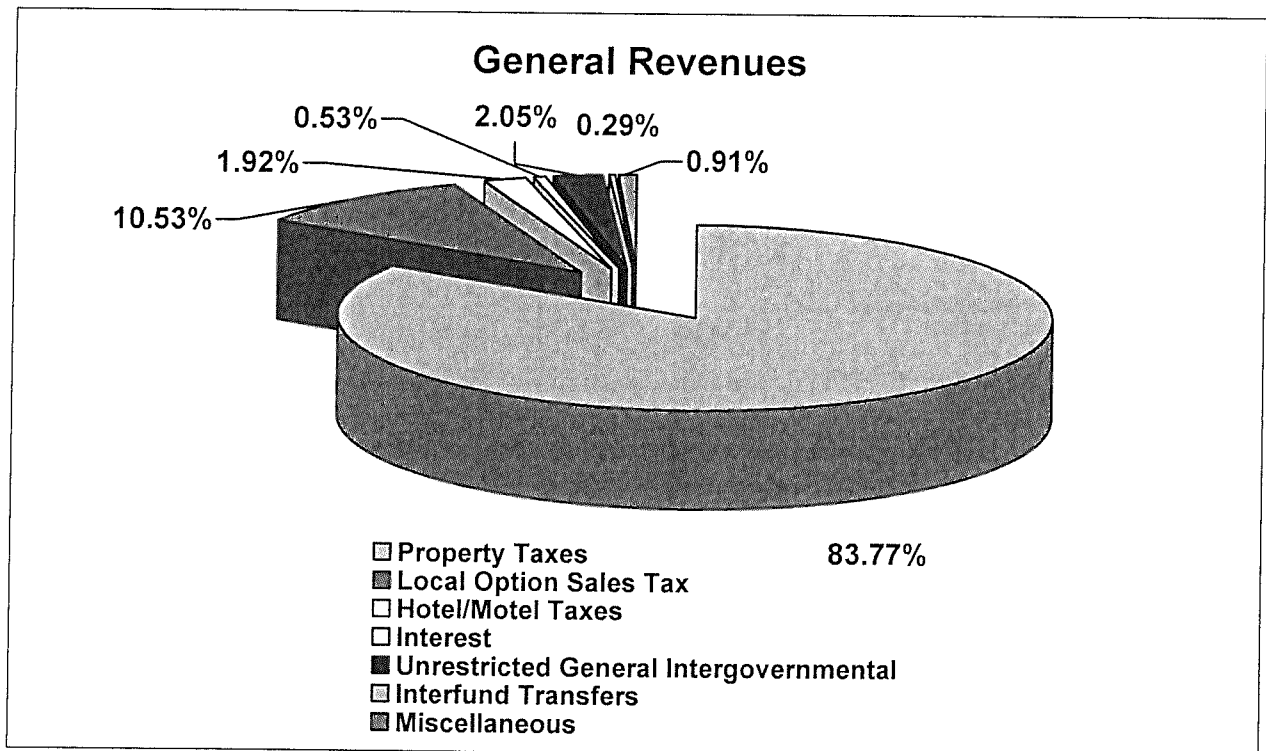
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Program Revenues:</b>						
Charges for Services	\$1,009,871	\$ 993,976	\$4,021,924	\$ 3,842,376	\$5,031,795	\$ 4,836,352
Operating Grants and Contributions	1,922,408	1,556,417	-	-	1,922,408	1,556,417
Capital Grants and Contributions	414,555	945,531	-	-	414,555	945,531
<b>Total Program Revenues</b>	<b>3,346,834</b>	<b>3,495,924</b>	<b>4,021,924</b>	<b>3,842,376</b>	<b>7,368,758</b>	<b>7,338,300</b>
<b>General Revenues and Transfers:</b>						
Property Taxes	7,133,869	6,745,028	-	-	7,133,869	6,745,028
Local Option Sales Tax	896,970	871,022	-	-	896,970	871,022
Hotel / Motel Taxes	163,599	150,172	-	-	163,599	150,172
Interest	44,973	43,479	7,606	5,031	52,579	48,510
Unrestricted General Intergovernmental Revenues	173,778	153,540	-	-	173,778	153,540
Gain on Sale of Property	-	11,186	-	-	-	11,186
Miscellaneous	77,764	40,697	75,521	76,040	153,285	116,737
Interfund Transfers	25,000	-	(25,000)	-	-	-
<b>Total General Revenues and Transfers</b>	<b>8,515,953</b>	<b>8,015,124</b>	<b>58,127</b>	<b>81,071</b>	<b>8,574,080</b>	<b>8,096,195</b>
<b>Total Revenues and Transfers</b>	<b>\$11,862,787</b>	<b>\$11,511,048</b>	<b>\$4,080,051</b>	<b>\$ 3,923,447</b>	<b>\$15,942,838</b>	<b>\$ 15,695,221</b>

Program revenues totaled \$7,368,758 for fiscal year 2014. Governmental Activities provided \$3,346,834 and Business-Type Activities provided \$4,021,924. Revenue collected for Charges for Services during fiscal year 2014 was \$5,031,795 accounting for 68.3% of the total program revenues. This is an increase of 4% from last year due to an increase in utility rates.

The City continues to close out many of the 2008 Flood projects so capital grants this year showed a \$531,000 decrease. Operating grants showed a 23% increase for fiscal year 2014 as the city continues to develop projects to move the city forward. Property tax revenue was up in fiscal year 2014 due primarily to increased TIF and Employee Benefit tax receipts. Solid growth in valuation and development allows the city to hold the tax rate steady while collecting more revenue. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2014 totaled \$8,574,080. Governmental Activities provided \$8,515,953 and Business-Type Activities provided \$58,127. Property Tax Revenues for fiscal year 2014 totaled \$7,133,869, accounting for 83.77% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2014 totaled \$15,296,311. Expenses for Governmental Activities totaled \$11,040,212 accounting for 72.2% of the total expenses. Business-Type Activity expenses totaled \$4,256,099 for 27.8% of the total. There was very little change from FY 2013. The breakdown of expenses by activity and program are as follows:

Program Level	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Public Safety	\$2,344,143	\$ 2,313,898	\$ -	\$ -	\$2,344,143	\$ 2,313,898
Public Works	4,007,339	3,455,969	-	-	4,007,339	3,455,969
Health & Social Services	161,194	159,562	-	-	161,194	159,562
Culture and Recreation	2,962,684	2,908,768	-	-	2,962,684	2,908,768
Community and Economic Development	551,508	522,593	-	-	551,508	522,593
General Government	819,124	854,130	-	-	819,124	854,130
Debt Service	194,220	306,030	-	-	194,220	306,030
Water System	-	-	1,357,585	1,239,221	1,357,585	1,239,221
Sewer System	-	-	1,700,847	1,793,911	1,700,847	1,793,911
Solid Waste	-	-	1,197,667	1,069,970	1,197,667	1,069,970
Total Expenses	11,040,212	10,520,950	4,256,099	4,103,102	15,296,311	14,624,052
Change in Net Position	\$822,575	\$ 990,098	(\$176,048)	(\$ 179,655)	\$646,527	\$ 810,443

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 and again included additional contract services for the auto meter reading project. This is the final year for that project. Other programs are in line with last year.

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

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

### Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the

functions place on the taxpayers. For example, for Public Safety, the City spent \$2,344,143 and received \$86,834 in charges for services and grants, leaving a cost to the taxpayer of \$2,257,309 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The total cost of governmental activities this year was \$11,040,212. Of these costs, \$1,009,871 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$2,336,963, leaving a net cost of \$7,693,378 for Governmental Activities. 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	
	2014	2013
<b>Governmental Activities:</b>		
Public Safety	\$(2,257,309)	\$ (2,234,149)
Public Works	(2,077,957)	(1,209,456)
Health & Social Services	(161,194)	(158,826)
Culture and Recreation	(1,963,871)	(2,055,096)
Community and Economic Development	(461,317)	(432,323)
General Government	(577,510)	(629,146)
Debt Service	(194,220)	(306,030)
<b>Total Net (Expense) Revenue</b>		
Governmental Activities	(7,693,378)	(7,025,026)
General Revenues	8,515,953	8,015,124
<b>Change in Net Assets</b>	<b>\$822,575</b>	<b>\$ 990,098</b>

Total resources available during this year to finance governmental operations were \$60,387,015, consisting of Net Assets at July 1, 2013 of \$48,524,228, Program Revenues of \$3,346,834, and General Revenues of \$8,515,953. Total Governmental Activities during the year expended \$11,040,212 thus; Net Assets were increased by \$822,575, to \$49,346,803.

**Business-Type Activities**

Business-Type Activities decreased the City’s net assets by \$176,048, which is similar to last year’s decrease. Both year-end decreases were due to the auto meter reading project which is complete.

The cost of all Proprietary Activities this year was \$4,256,099. As shown in the Statement of Activities, the amount paid by users of the systems was \$4,021,924, resulting in a total Net Revenue decrease for Business-Type Activities of \$234,175. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2014	2013
Water System	(\$ 129,573 )	(\$ 43,804)
Sewer System	(60,661)	(220,911)
Solid Waste System	(43,941)	3,989
<b>Total Net (Expense) Revenue</b>		
Business-Type Activities	(234,175)	(260,726)
General Revenues & Interfund Transfers	58,127	81,071
<b>Change in Net Assets</b>	<b><u>(\$176,048)</u></b>	<b><u>(\$179,655)</u></b>

Total resources available during the year to finance Proprietary Fund activities were \$17,128,284, consisting of restated Net Assets at July 1, 2013 of \$13,048,233; program Revenues of \$4,021,924, General Revenues of \$58,127, Total Proprietary Fund Activities during the year expended \$4,256,099; thus Net Assets were decreased by \$176,048, to \$12,872,185.

**Financial Analysis of the City’s Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year. The City’s Governmental Funds reported combined ending fund balances of \$3,736,256. The combined Governmental Funds balance decreased \$1,433,075, as a result of the debt service balance draw down, Local Option Sales Tax balance decrease and use of Capital Improvement funds for various small projects.

The General Fund is the primary operating fund of the City. During the year, revenue and other financing sources exceeded expenditures in the General Fund by \$535,780. The total fund balance of \$2,210,643 less the restricted amount is 34% of expenditures, which exceeds the goal set by the city council. The Employee Benefit fund saw very minimal changes during the year maintaining a fund balance consistent with recent years. The Debt Service fund decreased significantly due to a transfer. The Tax Increment Financing Fund increased due to the timing of some TIF projects in 2014.

## **Budgetary Highlights**

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

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 2,124,805	\$ 1,968,758	\$ 156,047
Public Works	2,274,653	1,812,662	461,991
Health & Social Services	164,150	161,194	2,956
Culture and Recreation	2,907,569	2,877,205	30,364
Community and Economic Development	560,290	528,431	31,859
General Government	898,245	824,680	73,565
Debt Service	2,606,724	2,086,920	519,804
Capital Projects	4,774,732	2,753,313	2,021,419
Business Type/Enterprise	3,146,324	4,041,214	(894,890)
<b>Total Expenditures</b>	<b>\$ 19,457,492</b>	<b>\$ 17,054,377</b>	<b>\$ 2,403,115</b>

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 \$21,823,886 was amended to \$28,395,869 (an increase of \$6,571,983). The increase was mainly due to the timing of a large bond sale.
- The City sold \$7.38M of GO bonds on July 1, 2014 for various projects. The city planned to sell in 2014 but the closing took place in 2014-15.
- The total original expenditure budget of \$21,253,152 was amended to \$24,410,539 (an increase of \$3,157,387).
- The above amendments to budgets were mainly related to the timing of the Dry Run and Cedar River Parkway capital projects, additional expense in the Road Use Tax Fund due to the severe winter, and some unforeseen repairs. Total actual expenditures came in below budget projections by \$2,931,932. The City did very well this year controlling expenses based on original budget projections. The Business Type/Enterprise program exceeded amended budget amounts.

## **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. The investment in capital assets as of June 30, 2014 was \$54,047,590 (net of accumulated depreciation and outstanding financings). This is an increase of \$694,849 from fiscal 2013. The gross additions to capital assets for Fiscal 2013 and 2014 are as follows:



	General Governmental Activities		Business Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 288,297	\$ 1,068,825	\$ -	\$ 9,580	\$288,297	\$ 1,078,405
Construction in Progress	2,153,734	1,192,022	15,652	1,891,407	2,169,386	3,083,429
Buildings and Improvements	-	-	-	-	-	-
Equipment	576,779	802,316	232,049	83,106	808,828	885,422
Infrastructure	4,869,572	953,158	-	2,395,308	4,869,572	3,348,466
	<u>\$7,888,382</u>	<u>\$ 4,016,321</u>	<u>\$ 247,701</u>	<u>\$4,379,401</u>	<u>\$8,136,083</u>	<u>\$ 8,395,722</u>

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, 2014 the City had \$11,198,861 of debt outstanding. The total outstanding debt decreased by \$2,203,332. This was a result of no bond issues and the rapid payoff of existing debt. This shows Waverly's commitment to pay down and control overall debt.

Debt administration is an important aspect of the City's financial obligation to its citizens. Any new debt is amortized over no more than fifteen years. At the end of the fiscal year the City's schedule showed that 86% of the existing general obligation debt would be paid off in five 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 \$31,968,258 at the end of the 2014 fiscal year. With outstanding General Obligation Debt applicable to this limit less amounts available for repayment of \$10,793,655 the City is at 34% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

### **Economic Factors**

The City of Waverly continues to report above average residential and commercial building projects. In FY 2014 the City had 25 new single family house permits which is ten less than last year, nonetheless still a strong number. New commercial building permits have averaged between two and eight a year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

This steady growth has allowed the City to maintain its high level of service. The City has approved a balanced budget in General Fund for two years, but has actually increased the balance the previous two years. The unassigned General Fund Balance continues to remain solid at 35% of expenditures, which is above the percentage set by city council of 25%.

### **Requests for Information**

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

CITY OF WAVERLY, IOWA  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Light and Power
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,896,982	\$ 1,583,448	\$ 5,480,430	\$ 8,607,253	\$ 15,775,945
Investments	815,515	429,620	1,245,135	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	52,088	334,602	386,690	8,281,507	2,308,608
Taxes	15,632	-	15,632	-	-
Subsequent Year Taxes	6,931,049	-	6,931,049	-	-
Accrued Interest	155	375	530	2,123	-
Other	-	4,050	4,050	144,033	-
Estimated Unbilled Usage	-	108,237	108,237	-	-
Special Assessments	31,335	65,464	96,799	-	-
Internal Balances	-	-	-	-	-
Due from Other Governmental Agencies	666,657	-	666,657	-	-
Inventories	74,062	152,916	226,978	1,302,897	1,390,228
Prepaid Assets	62,760	28,457	91,217	399,465	220,379
Other	-	-	-	232,315	791,928
Restricted Assets:					
Cash and Cash Equivalents	-	90,000	90,000	1,027,994	1,070,376
Investments	-	-	-	-	95,332
Investment in Joint Venture	30,221	-	30,221	-	-
Land	12,088,845	117,723	12,206,568	2,206,302	357,124
Construction in Progress	4,413,801	15,652	4,429,453	288,390	769,352
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	37,544,944	13,171,639	50,716,583	16,873,306	31,875,036
<b>Total Assets</b>	<b>66,624,046</b>	<b>16,102,183</b>	<b>82,726,229</b>	<b>39,365,585</b>	<b>54,654,308</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	39,711	7,851	47,562	234,350	-
<b>Total Deferred Outflows of Resources</b>	<b>39,711</b>	<b>7,851</b>	<b>47,562</b>	<b>234,350</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts Payable	1,464,387	43,858	1,508,245	2,268,366	874,225
Accrued Wages	108,957	18,137	127,094	1,907,187	2,013,947
Line of Credit	-	-	-	598,659	-
Other Accrued Expenses	-	-	-	313,942	172,994
Customer Deposits	-	36,071	36,071	-	-
Due to Other Funds	-	-	-	-	-
Deposit on Future Bond Issue	73,800	-	73,800	-	-
Accrued Claims	26,716	-	26,716	-	-
Unearned Revenue	-	24,528	24,528	-	-
Accrued Interest Payable	15,156	6,124	21,280	10,494	6,791
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	45,000	45,000	1,590,000	1,023,421
General Obligation Bonds	1,960,000	370,000	2,330,000	-	-
Notes Payable	32,578	50,000	82,578	265,396	-
Compensated Absences and Benefits	212,560	42,482	255,042	-	-
Due in more than one year:					
Revenue Bonds Payable	-	-	-	5,100,000	5,612,369
General Obligation Bonds	6,200,133	2,415,672	8,615,805	-	-
Notes Payable	33,628	157,655	191,283	687,410	-
OPEB Liability	116,283	-	116,283	-	148,137
Compensated Absences and Benefits	141,707	28,322	170,029	-	-
<b>Total Liabilities</b>	<b>10,385,905</b>	<b>3,237,849</b>	<b>13,623,754</b>	<b>12,741,454</b>	<b>9,851,884</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Subsequent Year Taxes	6,931,049	-	6,931,049	-	-
<b>Total Deferred Outflows of Resources</b>	<b>6,931,049</b>	<b>-</b>	<b>6,931,049</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	45,860,962	10,274,538	56,135,500	11,959,542	27,189,354
Restricted for:					
Debt Service	71,189	88,279	159,468	-	335,285
Tax Increment Financing	855,253	-	855,253	-	-
Employee Benefits	53,191	-	53,191	-	-
Road Purposes	455,348	-	455,348	-	-
Local Option Sales Tax	563,857	-	563,857	-	-
Cable TV	20,202	-	20,202	-	-
Endowments:					
Nonexpendable	490,621	-	490,621	-	-
Unrestricted	976,180	2,509,368	3,485,548	14,898,939	17,277,785
<b>Total Net Position</b>	<b>\$ 49,346,803</b>	<b>\$ 12,872,185</b>	<b>\$ 62,218,988</b>	<b>\$ 26,858,481</b>	<b>\$ 44,802,424</b>

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 2,344,143	\$ 53,708	\$ 33,126	\$ -
Public Works	4,007,339	25,914	1,611,484	291,984
Health and Social Services	161,194	-	-	-
Culture and Recreation	2,962,684	676,297	199,945	122,571
Community and Economic Development	551,508	12,338	77,853	-
General Government	819,124	241,614	-	-
Debt Service	194,220	-	-	-
Total governmental activities	<u>11,040,212</u>	<u>1,009,871</u>	<u>1,922,408</u>	<u>414,555</u>
<b>Business-Type Activities:</b>				
Water System	1,357,585	1,228,012	-	-
Sewer System	1,700,847	1,640,186	-	-
Solid Waste System	1,197,667	1,153,726	-	-
Total Business-Type Activities:	<u>4,256,099</u>	<u>4,021,924</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 15,296,311</u>	<u>\$ 5,031,795</u>	<u>\$ 1,922,408</u>	<u>\$ 414,555</u>
<b>Component Unit:</b>				
Waverly Health Center	<u>\$ 48,462,108</u>	<u>\$ 48,095,529</u>	<u>\$ 290,381</u>	<u>\$ -</u>
Waverly Light and Power	<u>\$ 17,200,856</u>	<u>\$ 17,546,314</u>	<u>\$ -</u>	<u>\$ -</u>

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

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Light and Power
\$ (2,257,309)		\$ (2,257,309)		
(2,077,957)		(2,077,957)		
(161,194)		(161,194)		
(1,963,871)		(1,963,871)		
(461,317)		(461,317)		
(577,510)		(577,510)		
(194,220)		(194,220)		
<u>(7,693,378)</u>		<u>(7,693,378)</u>		
	\$ (129,573)	(129,573)		
	(60,661)	(60,661)		
	<u>(43,941)</u>	<u>(43,941)</u>		
	<u>(234,175)</u>	<u>(234,175)</u>		
<u>(7,693,378)</u>	<u>(234,175)</u>	<u>(7,927,553)</u>		
			\$ (76,198)	
				\$ 345,458
7,133,869	-	7,133,869	-	-
896,970	-	896,970	-	-
163,599	-	163,599	-	-
44,973	7,606	52,579	68,394	67,839
173,778	-	173,778	-	-
77,764	75,521	153,285	-	-
25,000	(25,000)	-	-	-
<u>8,515,953</u>	<u>58,127</u>	<u>8,574,080</u>	<u>68,394</u>	<u>67,839</u>
822,575	(176,048)	646,527	(7,804)	413,297
48,524,228	13,048,233	61,572,461	26,866,285	44,389,127
<u>\$ 49,346,803</u>	<u>\$ 12,872,185</u>	<u>\$ 62,218,988</u>	<u>\$ 26,858,481</u>	<u>\$ 44,802,424</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2014**

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,178,122	\$ 649,055	\$ 52,668
Investments	815,515	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	42,691	-	-
Taxes	6,651	2,866	2,919
Subsequent Year Taxes	3,150,330	1,545,630	1,260,789
Accrued Interest	155	-	-
Special Assessments	-	-	-
Due from Other Funds	830,281	-	-
Due from Other Governmental Agencies	49,099	-	-
Inventories	74,062	-	-
Total Assets	<u>6,146,906</u>	<u>2,197,551</u>	<u>1,316,376</u>
<b>Liabilities</b>			
Accounts Payable	689,347	1,410	2,396
Accrued Wages	96,586	-	-
Deposit on Future Bond Issue	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>785,933</u>	<u>1,410</u>	<u>2,396</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	3,150,330	1,545,630	1,260,789
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>3,150,330</u>	<u>1,545,630</u>	<u>1,260,789</u>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Inventory	74,062	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	650,511	-
Employee Benefits	-	-	53,191
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	10,549	-	-
Municipal Band	867	-	-
Capital Improvement	-	-	-
Unassigned	2,125,165	-	-
Total Fund Balances (Deficits)	<u>2,210,643</u>	<u>650,511</u>	<u>53,191</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 6,146,906</u>	<u>\$ 2,197,551</u>	<u>\$ 1,316,376</u>

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 81,336	\$ 1,740,082	\$ 3,701,263
-	-	815,515
-	9,397	52,088
1,489	1,707	15,632
967,757	6,543	6,931,049
-	-	155
3,520	27,815	31,335
-	1,180,747	2,011,028
-	617,558	666,657
-	-	74,062
1,054,102	3,583,849	14,298,784
-	726,694	1,419,847
-	12,371	108,957
-	73,800	73,800
-	2,011,028	2,011,028
-	2,823,893	3,613,632
967,757	6,543	6,931,049
-	17,847	17,847
967,757	24,390	6,948,896
-	-	74,062
-	490,621	490,621
86,345	-	86,345
-	204,742	855,253
-	-	53,191
-	455,348	455,348
-	563,857	563,857
-	20,202	20,202
-	-	10,549
-	-	867
-	1,263,823	1,263,823
-	(2,263,027)	(137,862)
86,345	735,566	3,736,256
\$ 1,054,102	\$ 3,583,849	\$ 14,298,784

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, 2014**

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

Total Fund Balance - Governmental Funds (page 27)		\$ 3,736,256
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		54,047,590
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		30,221
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.		8,180
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		17,847
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		62,760
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(15,156)
Deferred charges on refundings are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		39,711
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)	(8,160,133)	
Notes Payable	(66,206)	
Compensated Absences	<u>(354,267)</u>	(8,580,606)
		<hr/>
Total Net Position - Governmental Activities (page 23)		<u><u>\$ 49,346,803</u></u>



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**CITY OF WAVERLY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Revenue:			
Taxes	\$ 3,084,934	\$ 1,795,542	\$ 1,289,069
Special Assessments	-	-	-
Licenses and Permits	65,823	-	-
Intergovernmental Revenue	702,099	-	-
Charges for Services	816,638	-	-
Fines and Forfeits	64,414	-	-
Contributions	25,633	-	-
Revenue from Use of Property	59,736	-	-
Interest on Investments	34,580	4,370	-
Miscellaneous	55,986	-	-
Total Revenue	<u>4,909,843</u>	<u>1,799,912</u>	<u>1,289,069</u>
Expenditures:			
Public Safety	1,662,425	-	280,508
Public Works	590,613	-	-
Health and Social Services	161,194	-	-
Culture and Recreation	2,813,560	-	18,957
Community and Economic Development	292,902	109,318	-
General Government	815,808	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>6,336,502</u>	<u>109,318</u>	<u>299,465</u>
Excess (deficiency) of revenues over expenditures	<u>(1,426,659)</u>	<u>1,690,594</u>	<u>989,604</u>
Other financing sources (uses):			
Issuance of Debt	83,226	-	-
Proceeds from Sale of Capital Assets	4,170	-	-
Transfers In	1,875,043	-	-
Transfers Out	-	(1,349,974)	(977,055)
Total other financing sources (uses)	<u>1,962,439</u>	<u>(1,349,974)</u>	<u>(977,055)</u>
Net Change in Fund Balance	535,780	340,620	12,549
Fund balances (deficits) - beginning of year	<u>1,674,863</u>	<u>309,891</u>	<u>40,642</u>
Fund balances (deficits) - end of year	<u>\$ 2,210,643</u>	<u>\$ 650,511</u>	<u>\$ 53,191</u>

See Accompanying Notes to Financial Statements

	Debt Service	Other Governmental Funds	Total Governmental Funds
\$	799,799	\$	1,222,950
	5,731		15,213
	-		25,492
	-		1,559,955
	-		42,681
	-		-
	-		119,431
	-		15,322
	910		4,088
	-		9,309
	806,440		3,014,441
			11,819,705
	-		25,247
	-		1,233,438
	-		-
	-		22,019
	-		127,892
	-		-
	-		3,202,963
	2,086,920		-
	2,086,920		4,611,559
			13,443,764
	(1,280,480)		(1,597,118)
			(1,624,059)
	-		-
	-		83,226
	899,045		4,170
	-		903,523
	-		(1,246,994)
	899,045		(3,574,023)
			190,984
	(381,435)		(1,940,589)
			(1,433,075)
	467,780		2,676,155
			5,169,331
\$	86,345	\$	735,566
			3,736,256

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, 2014**

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

Net change in fund balances - total governmental funds (page 30) \$ (1,433,075)

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

Expenditures for capital assets	\$ 3,018,810	
Depreciation expense	<u>(2,318,866)</u>	699,944

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities. (5,095)

The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources. (128,452)

Governmental funds report special assessments and notes receivable as revenue when it becomes available, but the statement of activities includes as revenue when levied. 12,875

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. 3,965

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. (15,224)

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. (157,085)

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	1,934,213	
Proceeds from issuance of long-term debt	<u>(83,226)</u>	1,850,987

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. (6,265)

Change in net position of governmental activities (page 25) \$ 822,575

CITY OF WAVERLY, IOWA  
STATEMENT OF NET POSITION  
Proprietary Funds  
JUNE 30, 2014

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Activities Internal Service
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 324,795	\$ 1,098,605	\$ 160,048	\$ 1,583,448	\$ 195,719
Investments	429,620	-	-	429,620	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	109,603	129,593	95,406	334,602	-
Accrued Interest	-	375	-	375	-
Other	712	294	3,044	4,050	-
Estimated Unbilled Usage	39,378	68,859	-	108,237	-
Special Assessments	-	65,464	-	65,464	-
Inventories	89,023	63,893	-	152,916	-
Prepaid Assets	10,348	10,348	7,761	28,457	-
Restricted Assets:					
Cash and Cash Equivalents	-	90,000	-	90,000	-
Total Current Assets	<u>1,003,479</u>	<u>1,527,431</u>	<u>266,259</u>	<u>2,797,169</u>	<u>195,719</u>
<b>Noncurrent Assets:</b>					
Land	-	117,723	-	117,723	-
Construction in Progress	15,652	-	-	15,652	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>4,595,366</u>	<u>7,977,119</u>	<u>599,154</u>	<u>13,171,639</u>	<u>-</u>
Total Noncurrent Assets	<u>4,611,018</u>	<u>8,094,842</u>	<u>599,154</u>	<u>13,305,014</u>	<u>-</u>
<b>Total Assets</b>	<u>5,614,497</u>	<u>9,622,273</u>	<u>865,413</u>	<u>16,102,183</u>	<u>195,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	<u>4,476</u>	<u>3,375</u>	<u>-</u>	<u>7,851</u>	<u>-</u>
<b>Total Deferred Outflows of Resources</b>	<u>4,476</u>	<u>3,375</u>	<u>-</u>	<u>7,851</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	18,914	5,073	19,871	43,858	44,540
Accrued Wages	4,691	6,354	7,092	18,137	-
Compensated Absences and Benefits	9,770	17,671	15,041	42,482	-
Customer Deposits	36,071	-	-	36,071	-
Unearned Revenue	-	-	24,528	24,528	-
Accrued Interest Payable	2,363	1,721	2,040	6,124	-
Accrued Claims	-	-	-	-	26,716
Notes Payable	-	-	50,000	50,000	-
Revenue Bonds	-	45,000	-	45,000	-
General Obligation Bonds	202,931	167,069	-	370,000	-
Total Current Liabilities	<u>274,740</u>	<u>242,888</u>	<u>118,572</u>	<u>636,200</u>	<u>71,256</u>
<b>Noncurrent Liabilities:</b>					
Due in more than one year:					
Notes Payable	-	-	157,655	157,655	-
General Obligation Bonds	1,163,727	1,251,945	-	2,415,672	-
OPEB Liability	-	-	-	-	116,283
Compensated Absences and Benefits	6,513	11,781	10,028	28,322	-
Total Noncurrent Liabilities	<u>1,170,240</u>	<u>1,263,726</u>	<u>167,683</u>	<u>2,601,649</u>	<u>116,283</u>
<b>Total Liabilities</b>	<u>1,444,980</u>	<u>1,506,614</u>	<u>286,255</u>	<u>3,237,849</u>	<u>187,539</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	3,248,836	6,634,203	391,499	10,274,538	-
Restricted for:					
Debt Service	-	88,279	-	88,279	-
Unrestricted	925,157	1,396,552	187,659	2,509,368	8,180
<b>Total Net Position</b>	<u>\$4,173,993</u>	<u>\$8,119,034</u>	<u>\$ 579,158</u>	<u>\$ 12,872,185</u>	<u>\$ 8,180</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,216,601	\$ 1,632,269
Miscellaneous	11,411	7,917
Reimbursement from Employees/Insurance	-	-
<b>Total Operating Revenues</b>	<u>1,228,012</u>	<u>1,640,186</u>
<b>Operating Expenses:</b>		
General Government	-	-
Employee Services	321,400	441,165
Contract Services	254,089	320,408
Supplies	281,596	184,636
Repairs and Maintenance	63,987	57,423
Utilities	96,079	138,253
Miscellaneous	3,396	6,532
Depreciation	305,013	523,946
Amortization	1,143	3,682
<b>Total Operating Expenses</b>	<u>1,326,703</u>	<u>1,676,045</u>
<b>Operating Income (Loss)</b>	(98,691)	(35,859)
<b>Non-Operating Income (Expense):</b>		
Interest Income	1,656	5,246
Revenue from Use of Property	75,521	-
Interest Expense	(30,882)	(24,802)
<b>Total Non-Operating Income (Expenses)</b>	<u>46,295</u>	<u>(19,556)</u>
<b>Income (Loss) before Contributions and Transfers</b>	(52,396)	(55,415)
Transfers (Out)	-	(25,000)
<b>Change in Net Assets</b>	(52,396)	(80,415)
<b>Net Position - Beginning</b>	<u>4,226,389</u>	<u>8,199,449</u>
<b>Net Position - Ending</b>	<u>\$ 4,173,993</u>	<u>\$ 8,119,034</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 1,152,218	\$ 4,001,088	\$ -
1,508	20,836	-
-	-	241,653
<u>1,153,726</u>	<u>4,021,924</u>	<u>241,653</u>
-	-	321,187
499,675	1,262,240	-
263,289	837,786	-
281,353	747,585	-
52,422	173,832	-
9,093	243,425	-
2,217	12,145	-
87,578	916,537	-
-	4,825	-
<u>1,195,627</u>	<u>4,198,375</u>	<u>321,187</u>
(41,901)	(176,451)	(79,534)
704	7,606	1,037
-	75,521	-
(2,040)	(57,724)	-
<u>(1,336)</u>	<u>25,403</u>	<u>1,037</u>
(43,237)	(151,048)	(78,497)
-	(25,000)	(78,588)
(43,237)	(176,048)	(157,085)
<u>622,395</u>	<u>13,048,233</u>	<u>165,265</u>
<u>\$ 579,158</u>	<u>\$ 12,872,185</u>	<u>\$ 8,180</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<u>Business Type Activities</u>	
	<u>Water System</u>	<u>Sewer System</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,227,431	\$ 1,637,044
Cash Paid to Suppliers for Goods and Services	(629,092)	(709,011)
Cash Paid to Employees for Services	(321,402)	(442,428)
Other Nonoperating Income	75,521	-
Net Cash Provided (Used) by Operating Activities	<u>352,458</u>	<u>485,605</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(15,652)	(24,493)
Proceeds from Debt Issuance	-	-
Principal Paid on Notes and Bonds	(262,931)	(297,069)
Interest Paid on Notes and Bonds	(32,581)	(27,602)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(311,164)</u>	<u>(349,164)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers to Other Funds	-	(25,000)
Net Cash (Used) for Non-Capital Financing Activities	<u>-</u>	<u>(25,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Income Reinvested	(43)	-
Interest and Dividends on Investments	1,656	5,243
Net Cash Provided for Investing Activities	<u>1,613</u>	<u>5,243</u>
Net Increase (Decrease) in Cash and Cash Equivalents	42,907	116,684
Cash and Cash Equivalents at Beginning of Year	<u>281,888</u>	<u>1,071,921</u>
Cash and Cash Equivalents at End of Year	<u>\$ 324,795</u>	<u>\$ 1,188,605</u>

See Accompanying Notes to Financial Statements



<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 1,141,100	\$ 4,005,575	\$ 241,653
(567,827)	(1,905,930)	(251,444)
(503,571)	(1,267,401)	-
-	75,521	-
<u>69,702</u>	<u>907,765</u>	<u>(9,791)</u>
(207,555)	(247,700)	-
207,655	207,655	-
-	(560,000)	-
-	(60,183)	-
<u>100</u>	<u>(660,228)</u>	<u>-</u>
-	(25,000)	(78,588)
<u>-</u>	<u>(25,000)</u>	<u>(78,588)</u>
-	(43)	1,037
<u>704</u>	<u>7,603</u>	<u>-</u>
<u>704</u>	<u>7,560</u>	<u>1,037</u>
70,506	230,097	(87,342)
<u>89,542</u>	<u>1,443,351</u>	<u>283,061</u>
<u>\$ 160,048</u>	<u>\$ 1,673,448</u>	<u>\$ 195,719</u>

(Continued)

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating (Loss)	\$ (98,691)	\$ (35,859)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	305,013	523,946
Amortization	1,143	3,682
Miscellaneous Non-Operating Income	75,521	-
(Increase) Decrease in Assets:		
Accounts Receivable	(4,313)	(4,578)
Estimated Unbilled Usage	614	1,730
Other Receivables	(714)	(294)
Prepaid Expenses	9,982	14,844
Inventories	63,043	(2,712)
Increase (Decrease) in Liabilities		
Accounts Payable	(2,970)	(13,891)
Accrued Wages	403	1,240
Accrued Compensated Absences	(405)	(2,503)
Unearned Revenue	-	-
Customer Deposits	3,832	-
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	<u>451,149</u>	<u>521,464</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 352,458</u>	<u>\$ 485,605</u>

**Reconciliation of Cash and Cash Equivalents to the Balance Sheet:**

Cash and Cash Equivalents	\$ 324,795	\$ 1,098,605
Restricted Cash and Cash Equivalents	-	90,000
	<u>\$ 324,795</u>	<u>\$ 1,188,605</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ (41,901)	\$ (176,451)	\$ (79,534)
87,578	916,537	-
-	4,825	-
-	75,521	-
(11,810)	(20,701)	-
-	2,344	-
(3,044)	(4,052)	-
40,876	65,702	-
-	60,331	-
(329)	(17,190)	39,568
(656)	987	-
(3,240)	(6,148)	-
2,228	2,228	-
-	3,832	-
-	-	29,964
-	-	211
111,603	1,084,216	69,743
<u>\$ 69,702</u>	<u>\$ 907,765</u>	<u>\$ (9,791)</u>
\$ 160,048	\$ 1,583,448	\$ 195,719
-	90,000	-
<u>\$ 160,048</u>	<u>\$ 1,673,448</u>	<u>\$ 195,719</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Funds**  
**JUNE 30, 2014**

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**ASSETS**

Cash and Cash Equivalents	\$	625,470
Receivables:		
Accounts Receivable		1,201,387
Other		18,858
		<hr/>
<b>Total Assets</b>		<b>1,845,715</b>

**LIABILITIES**

Due to Other Governments		1,804,920
Other Payables		40,795
		<hr/>
<b>Total Liabilities</b>		<b>1,845,715</b>

**NET POSITION**

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**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 U.S. generally accepted accounting principles (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, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Waverly Light and Power – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Light and Power is financially accountable to the City. During the fiscal year ended June 30, 2014, Waverly Light and Power transferred \$1,102,571 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, 2013.

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 unit. 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, and capital project, and permanent funds are classified as governmental activities. The City's health insurance internal service fund is classified as a governmental activity.

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

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

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

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

**C. Fund Accounting**

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

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

The City reports the following major governmental funds:

**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 following is a description of the major governmental funds of the City:

- 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, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- 2) Special Revenue Funds – The Employee Benefit Fund is used to account for the collection of a property tax levy to be used for employee benefit expenses. The TIF (Tax Incremental Financing Fund) 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.
- 3) 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.

**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, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fiduciary Fund Types** – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's Electric Utility Agency Fund is used to account for collecting receipts on behalf of Waverly Light and Power. The City's Wartburg-Waverly Wellness Center Agency Fund is to account for the activity recorded on behalf of the Wartburg-Waverly Wellness Center.

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**E. Budgets**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the business-type/enterprises function.

**F. Cash And Cash Equivalents And Investments**

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

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

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

<u>City</u>	<u>Type</u>	<u>Method</u>
	Nonnegotiable Certificates of Deposit	Cost
	Iowa Public Agency Investment Trust	Fair Value Determined by Current Share Prices
	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	Fair Value Determined By Current Share Prices
 Debt Securities		
	U.S. Government Securities	
	Maturity of one year or less when purchased	Amortized Cost
	Maturity of more than one year when purchased	Fair Value Based on Quoted Market Price

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2014

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**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, 2014 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2013. Any county collections on the 2013-2014 tax levy remitted to the City within 60 days subsequent to June 30, 2014, 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, 2014, 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, 2014 are recorded as prepaid items.

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2014

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**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 reported at their fair value as of the date received. 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. 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, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

**N. 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, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. 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.

**P. 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.

**Q. 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, 2014

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. 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.

**S. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the proprietary fund financial statements and in the governmental activities of the government-wide financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds financial statements and in the governmental activities of the government-wide financial statements. The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes. The governmental funds report unavailable revenues from subsequent year property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2014, 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 differences in investments held during the year from those at June 30, 2014.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

At June 30, 2014 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	Credit Risk	Fair Value	Maturity
Mutual Funds	N/A	\$ 171,571	N/A
IPAIT	AAA	\$1,047,864	N/A

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7. The City also held \$25,700 of nonnegotiable certificates of deposit with various original maturities of less than 365 days.

	Credit Risk	Fair Value	Maturity
Component Unit – Waverly Light and Power: IPAIT	AAA	\$ 95,332	N/A

**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) in 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 uses 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, 2014 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$6,642 at June 30, 2014. The Waverly Health Center component unit had an allowance for uncollectibles of \$3,326,000 at June 30, 2014.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2014, amounts due from other governments were as follows:

Due from the Iowa Homeland Security for the Emergency Demolition Grant Funding	\$ 47,216
Due from the State of Iowa for local option sales taxes	142,965
Due from the State of Iowa for hotel and motel sales taxes	42,799
Due from the Iowa Department of Transportation for road use tax allocations	76,181
Due from the Iowa Homeland Security for the flood home demolition project	238,031
Due from the Iowa Homeland Security for a historical study	92,765
Due from the State of Iowa for State Highway Maintenance	6,300
Due from the Iowa Department of Transportation for the GMT Rail Spur project	20,400
Total Due from Other Governments	\$ 666,657

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2014, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 830,281
Nonmajor Governmental	Nonmajor Governmental	1,180,747
		\$ 2,011,028

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

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 11,800,548	\$ 288,297	\$ -	\$ 12,088,845
Construction in Progress	7,129,639	2,153,734	4,869,572	4,413,801
Total capital assets not being depreciated	18,930,187	2,442,031	4,869,572	16,502,646
Capital assets being depreciated:				
Buildings and Improvements	12,156,020	-	-	12,156,020
Equipment	6,375,598	576,779	134,638	6,817,739
Infrastructure	40,223,360	4,869,572	-	45,092,932
Total capital assets being depreciated	58,754,978	5,446,351	134,638	64,066,691
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,452,328	276,684	-	3,729,012
Equipment	3,354,162	458,176	129,543	3,682,795
Infrastructure	17,525,934	1,584,006	-	19,109,940
Total Accumulated Depreciation	24,332,424	2,318,866	129,543	26,521,747
Total capital assets being depreciated, net	34,422,554	3,127,485	5,095	37,544,944
Governmental activities capital assets, net	\$ 53,352,741	\$ 5,569,516	\$ 4,874,667	\$ 54,047,590

Construction in progress at June 30, 2014, for the governmental activities consisted of costs associated with the Cedar River Parkway Improvements, Public Services Center, demolition of flood buyout properties, GMT Rail Spur project, Performance Amphitheater and various other street projects.



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS (CONTINUED)**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 117,723	\$ -	\$ -	\$ 117,723
Construction in Progress	-	15,652	-	15,652
Total capital assets not being depreciated	<u>117,723</u>	<u>15,652</u>	<u>-</u>	<u>133,375</u>
Capital assets being depreciated:				
Buildings and Improvements	6,109,870	-	-	6,109,870
Equipment	2,439,408	232,049	54,487	2,616,970
Lines and Structures	20,192,851	-	-	20,192,851
Total capital assets being depreciated	<u>28,742,129</u>	<u>232,049</u>	<u>54,487</u>	<u>28,919,691</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,051,238	112,570	-	4,163,808
Equipment	1,489,509	155,109	54,487	1,590,131
Lines and Structures	9,345,255	648,858	-	9,994,113
Total Accumulated Depreciation	<u>14,886,002</u>	<u>916,537</u>	<u>54,487</u>	<u>15,748,052</u>
Total capital assets being depreciated, net	<u>13,856,127</u>	<u>(684,488)</u>	<u>-</u>	<u>13,171,639</u>
Business-type activities capital assets, net	<u>\$ 13,973,850</u>	<u>\$ (668,836)</u>	<u>\$ -</u>	<u>\$ 13,305,014</u>

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

<b>Governmental Activities:</b>	
Public Safety	\$ 295,704
Public Works	1,798,016
Culture and Recreation	174,404
General Government	<u>50,742</u>
Total depreciation expense – governmental activities	<u>\$ 2,318,866</u>
<b>Business-Type Activities:</b>	
Water	\$ 305,013
Sewer	523,946
Solid Waste	<u>87,578</u>
Total depreciation expense – business-type activities	<u>\$ 916,537</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS (CONTINUED)**

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Waverly Health Center:</b>				
Capital assets not being depreciated:				
Land	\$ 2,206,302	\$ -	\$ -	\$ 2,206,302
Construction in Progress	351,037	294,540	357,187	288,390
Total capital assets not being depreciated	2,557,339	294,540	357,187	2,494,692
Capital assets being depreciated:				
Land Improvements	2,434,288	5,485	-	2,439,773
Buildings and Fixed Equipment	24,937,282	797,879	-	25,735,161
Major Movable Equipment	15,608,149	1,482,602	13,215	17,077,536
Total capital assets being depreciated	42,979,719	2,285,966	13,215	45,252,470
Less: Accumulated Depreciation	25,504,831	2,887,548	13,215	28,379,164
Total capital assets being depreciated, net	17,474,888	(601,582)	-	16,873,306
Component unit capital assets, net	\$ 20,032,227	\$ (302,042)	\$ 357,187	\$ 19,367,998

Construction in progress at June 30, 2014 for the Waverly Health Center consists of costs related to equipment deposits and equipment installations in progress.

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2013
<b>Waverly Light and Power:</b>				
Capital assets not being depreciated:				
Land	\$ 357,124	\$ -	\$ -	\$ 357,124
Construction in Progress	18,167	2,466,036	1,714,851	769,352
Total capital assets not being depreciated	375,291	2,466,036	1,714,851	1,126,476
Capital assets being depreciated:				
Improvements	35,170,976	1,713,289	555,773	36,328,492
Buildings	3,899,531	12,521	-	3,912,052
Equipment	6,528,659	60,025	64,499	6,524,185
Louisa Plant	10,084,768	68,250	33,558	10,119,460
WS4 Plant	5,308,960	37,694	667	5,345,987
Total capital assets being depreciated	60,992,894	1,891,779	654,497	62,230,176
Less: Accumulated Depreciation	28,965,351	2,010,500	620,711	30,355,140
Total capital assets being depreciated, net	32,027,543	(118,721)	33,786	31,875,036
Component unit capital assets, net	\$ 32,402,834	\$ 2,347,315	\$ 1,748,637	\$ 33,001,512

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - CAPITAL ASSETS (CONTINUED)**

Reconciliation of Net Investment in Capital Assets:	Governmental Activities	Business-type Activities	Component Units	
			Waverly Health Center	Waverly Light & Power
Land	\$ 12,088,845	\$ 117,723	\$ 2,206,302	\$ 357,124
Construction in Progress	4,413,801	15,652	288,390	769,352
Capital Assets (net of accumulated depreciation)	37,544,944	13,171,639	16,873,306	31,875,036
Less: General Obligation Bonds Payable	8,160,133	2,785,672	-	-
Notes Payable	66,206	207,655	952,806	-
Revenue Bonds	-	45,000	6,690,000	6,635,790
Add: Deferred Loss on Refunding	39,711	7,851	234,350	-
Reserve from Borrowing	-	-	-	823,632
Net Investment in Capital Assets	<u>\$ 45,860,962</u>	<u>\$ 10,274,538</u>	<u>\$ 11,959,542</u>	<u>\$ 27,189,354</u>

**Note 7 - LONG-TERM LIABILITIES**

The City's computed legal debt limit as of June 30, 2014, is \$31,968,258 of which \$10,793,655 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2014:

	Governmental	Business Type			Total
	Activities	Activities			
	General Obligation				
	Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Revenue Bonds	Notes Payable	
<i>Primary Government:</i>					
Bonds payable					
July 1, 2013	\$ 10,042,193	\$ 3,185,000	\$ 175,000	\$ -	\$ 13,402,193
Plus: Issued	83,226	-	-	207,655	290,881
Less: Payments	1,934,213	430,000	130,000	-	2,494,213
Bonds Payable					
June 30, 2014	<u>\$ 8,191,206</u>	<u>\$ 2,755,000</u>	<u>\$ 45,000</u>	<u>\$ 207,655</u>	<u>\$ 11,198,861</u>
Due within one year	<u>\$ 1,960,000</u>	<u>\$ 370,000</u>	<u>\$ 45,000</u>	<u>\$ 50,000</u>	<u>\$ 2,425,000</u>

The City of Waverly's general obligation bonds are shown gross of the unamortized premium of \$35,133 for governmental activities and \$30,672 for business-type activities on the Statement of Net Position.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM LIABILITIES (CONTINUED)**

<i>Component Unit:</i>	Waverly Health Center	Waverly Light And Power	Total Component Units
Bonds Payable / Notes Payable- June 30,2013/December 31, 2012	\$ 8,545,695	\$ 3,294,211	\$ 11,839,906
Plus: Issued	844,153	4,000,000	4,844,153
Less: Retired	1,747,042	658,421	2,405,463
Bonds Payable / Notes Payable- June 30, 2014 / December 31, 2013	\$ 7,642,806	\$ 6,635,790	\$ 14,278,596
Due within one year	\$ 1,855,396	\$ 1,023,421	\$ 2,878,817

**General Obligation Bonds**

In August 2013 the City borrowed funds from the local bank as follows:

Solid Waste Fund	\$ 207,655
General Fund	83,226
	<u>\$ 290,881</u>

The notes bear interest at 3.5% is and payable on August 15, 2015. The solid waste fund purchased a new garbage truck and the general fund purchased golf course equipment.

Current Maturities					
	Governmental	Interest	Business-type	Interest	Total
2015	\$ 32,578	\$ 2,349	\$ 50,000	\$ -	\$ 84,927
2016	33,628	1,193	76,198	8,159	119,178
2017	-	-	81,457	2,899	84,356
	<u>\$ 66,206</u>	<u>\$ 3,542</u>	<u>\$ 207,655</u>	<u>\$ 11,058</u>	<u>\$ 288,461</u>

On June 1, 2014, the City received \$73,800 as a good faith deposit on general obligation bonds dated July 1, 2014 in the amount of \$7,380,000.

General obligation bonds outstanding as of June 30, 2014 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2014
<b>General Obligation:</b>						
*2008 GO Refunding	2008	3.2-3.65%	2018	150,000-205,000	\$ 2,270,000	\$ 635,000
2009 GO Refunding	2009	2.5-3.65%	2019	255,000-555,000	4,360,000	1,900,000
2010A GO Refunding	2010	2.0-2.85%	2017	80,000-90,000	670,000	265,000
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	2,455,000	1,775,000
2012A GO Bonds	2012	.6-1.5%	2017	450,000-630,000	2,495,000	1,375,000
*2012B GO LOSST Bonds	2012	.65-1.5%	2019	355,000-380,000	2,195,000	1,840,000
*2012C GO Bonds	2013	1-1.75%	2022	285,000-315,000	2,955,000	2,390,000
2013A GO Bonds	2013	.7-1.7%	2020	100,000-190,000	700,000	700,000
Total General Obligation					<u>\$ 18,100,000</u>	<u>\$ 10,880,000</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM LIABILITIES (CONTINUED)**

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

**Revenue Bonds**

The City also has issued revenue bonds where the City pledges income derived from the acquired constructed asset to pay debt service.

The City issued no new revenue bonds during the fiscal year.

Revenue bonds outstanding as of June 30, 2014 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2014
<b>Revenue Bonds:</b>						
2008 – Sewer	2008	3.6-3.8%	2015	45,000-130,000	\$ 770,000	\$ 45,000
Total Revenue Bonds					<u>770,000</u>	<u>45,000</u>
<b>Component Units:</b>						
<b>Waverly Health Center:</b>						
2013 Hospital Revenue Refunding Bonds	2013	1.2-2.35%	2018	1,570,000-1,855,000	9,685,000	6,690,000
					<u>9,685,000</u>	<u>6,690,000</u>
<b>Waverly Light and Power</b>						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	1,695,790
2012 Utility Rev. Rfdg. Bonds	2012	.4-.67%	2015	470,000	1,410,000	940,000
2013 Revenue Bond	2013	.4-.67%	2023	365,000-390,000	4,000,000	4,000,000
					<u>8,236,316</u>	<u>6,635,790</u>
Grand Total Revenue Bonds					<u>\$ 18,691,316</u>	<u>\$ 13,370,790</u>

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

Year Ending <u>June 30,</u>	<u>General Obligation</u>		<u>Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,330,000	\$ 203,329	\$ 45,000	\$ 1,710
2016	2,290,000	165,529	-	-
2017	2,015,000	123,730	-	-
2018	1,425,000	87,701	-	-
2019	1,295,000	57,194	-	-
2020-2022	1,525,000	53,198	-	-
	<u>\$ 10,880,000</u>	<u>\$ 690,681</u>	<u>\$ 45,000</u>	<u>\$ 1,710</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 7 - LONG-TERM LIABILITIES (CONTINUED)**

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

**Waverly Health Center**

Year Ending June 30,	Revenue Refunding Bonds	Notes Payable	Total Principal	Interest	Total
2015	\$ 1,590,000	\$ 265,396	\$ 1,855,396	\$ 149,800	\$ 2,005,196
2016	1,610,000	241,629	1,851,629	119,174	1,970,803
2017	1,635,000	170,096	1,805,096	86,313	1,891,409
2018	1,855,000	161,865	2,016,865	49,088	2,065,953
2019	-	113,820	113,820	1,250	115,070
	<u>\$ 6,690,000</u>	<u>\$ 952,806</u>	<u>\$ 7,642,806</u>	<u>\$ 405,625</u>	<u>\$ 8,043,431</u>

**Waverly Light and Power**

Year Ending December 31	Revenue Bond Principal	Interest	Total
2014	\$ 1,023,421	\$ 81,851	\$ 1,105,272
2015	1,028,421	76,989	1,105,410
2016	563,421	70,300	633,721
2017	568,421	65,982	634,403
2018	578,421	60,483	638,904
2019-2023	2,873,685	170,999	3,044,684
	<u>\$ 6,635,790</u>	<u>\$ 526,604</u>	<u>\$ 7,162,394</u>

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

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2014.

	July 1, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 339,043	\$ 218,650	\$ 203,426	\$ 354,267	\$ 212,560
OPEB Liability	86,319	29,964	-	116,283	-
Equipment Note	22,193	83,226	39,213	66,206	32,578
	<u>\$ 447,555</u>	<u>\$ 331,840</u>	<u>\$ 242,639</u>	<u>\$ 536,756</u>	<u>\$ 245,138</u>
Business-Type Activities:					
Compensated Absences	\$ 76,952	\$ 40,023	\$ 46,171	\$ 70,804	\$ 42,482

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 8 – TRANSFERS**

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Total Transfers Out
Sewer	\$ -	\$ -	\$ 250,000	\$ 25,000
Internal Service	78,588	-	-	78,588
Tax Increment Financing	670,000	429,974	-	1,349,974
Employee Benefit	977,055	-	250,000	977,055
Nonmajor				
Governmental	149,400	469,071	628,523	1,246,994
<b>Total Transfers In</b>	<b>\$ 1,875,043</b>	<b>\$ 899,045</b>	<b>\$ 903,523</b>	<b>\$ 367,611</b>

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 AND RETIREMENT**

**Iowa Public Employees Retirement System** - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Law enforcement employees are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$284,347, \$265,750 and \$273,002, respectively, equal to the required contributions for each year.

**Municipal Fire and Police Retirement System of Iowa** – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information.

The report may be obtained by writing to MFPRSI, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266. Plan members are required to contribute 9.4% of earnable compensation, and the City's contribution rate, based upon an actuarially determined normal contribution rate, is 30.12% of earnable compensation. Contribution rates are established by state statute. The City's contribution

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 9 - PENSION AND RETIREMENT (CONTINUED)**

to MFPRSI for the years ended June 30, 2014, 2013 and 2012 were \$280,508, \$ 232,270 and \$215,075, respectively, which met the required minimum contribution for each year.

**Note 10 - DEFICIT FUND EQUITY**

The City has sixteen funds with deficit equity balances at June 30, 2014. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Capital Project – 4 <sup>th</sup> St NW .....	\$ 314,378
Capital Project – 20 <sup>th</sup> St Culvert.....	10,314
Capital Project – HMGP Flood Buyout.....	37,217
Capital Project – Fair/Ball Diamond Project.....	164,224
Capital Project – GMT Rail Spur.....	212,654
Capital Project – Cedar River Parkway.....	829,025
Capital Project – 2 <sup>nd</sup> Ave SW.....	24,641
Capital Project – Emergency Demolition Program.....	25,332
Capital Project – Public Services Facility.....	81,979
Capital Project – Airport Runway Reconstruction .....	11,300
Capital Project – Airport Land Acquisition .....	45,835
Capital Project – Sidewalk Program .....	295,279
Capital Project – Outdoor Pool Renovation .....	26,979
Capital Project – Dry Run Project .....	159,421
Capital Project – 4 <sup>th</sup> St Project.....	18,444
Capital Project – Historical Survey.....	6,005

**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, 2013	\$ 26,505
Claims paid	(226,783)
Claims incurred	226,994
Claims payable @ June 30, 2014	<u>\$ 26,716</u>

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.



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

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

No stand alone financial report is issued.

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

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 55,126
Interest on net OPEB obligation	1,188
Adjustment to annual required contribution	<u>(1,620)</u>
Annual OPEB cost	54,694
Contributions made	<u>(24,730)</u>
Increase in net OPEB obligation	29,964
Net OPEB obligation beginning of year	<u>86,319</u>
Net OPEB obligation end of year	<u>\$ 116,283</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 54,694	45.2%	\$ 116,283
June 30, 2013	\$ 54,694	45.2%	\$ 86,319
June 30, 2012	\$ 54,694	45.2%	\$ 56,355
June 30, 2011	\$ 64,605	86.2%	\$ 26,391
June 30, 2010	\$ 64,605	86.5%	\$ 17,454
June 30, 2009	\$ 64,605	86.5%	\$ 8,727

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$481,652, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$481,652. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,460,000 and the ratio of the UAAL to covered payroll was 13.9%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2011 actuarial valuation date using the Alternative Measurement Method (AMM) permitted under GASB Statement, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions includes a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate rate.

Mortality rates are from the 2004 United States Life Tables. Non-group specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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

Projected claim costs of the medical plan are \$11,830 per year for retirees less than age 65 and \$14,259 per year for retirees selecting spousal coverage. The salary increase rate was assumed to be 3% per year and the rate of inflation was assumed to be 0%. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**Note 13 - COMMITMENTS**

During the year ended June 30, 2014, and in previous years the City had entered into several construction contracts totaling approximately \$6,382,000 of which approximately \$4,354,710 has been expended to date. The remaining balance will be paid as work progresses.

The City entered into an agreement with Wartburg College for the joint use of the new Wartburg-Waverly Wellness Center (The "W"). The City committed to making eight annual payments to the College of \$150,000 each beginning in the fiscal year ending June 30, 2008. The City has made payments totaling \$1,050,000 as of June 30, 2014. In addition, the City also agreed to a contingent liability based on the revenues of the Wartburg-Waverly Wellness Center. In order to induce the College to offer recreation programs, the City agrees that it will annually pay to the College the difference between the actual total revenues and the projected total estimated revenues beginning with the College's fiscal year ending May 31, 2009 and continuing for each fiscal year after through May 31, 2016. The revenue payment in any fiscal year from the City shall not exceed \$600,000. As of June 30, 2014 it was determined that the City was liable for the \$600,000 relating to the College's fiscal year ending May 31, 2014 as total revenues generated by The "W" were \$1,020,615 which is less than the agreed upon projected revenue amount of \$2,293,647. Accordingly a liability was recorded for \$600,000 in the City's general fund. This liability will be funded by transfers from the capital improvement and recreation capital improvement capital project funds with the remaining balance to be funded with TIF property tax revenues which will also be transferred to the general fund from the TIF special revenue fund.

**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, 2014, the City estimates that no material liabilities will result from such audits.

**Note 15 - BLACK HAWK COUNTY LANDFILL CONTRACT**

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began October 1, 2007. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$33.25/ton of solid waste delivered to the landfill.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 16 - JOINT VENTURE**

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

**Note 17 - CONDUIT DEBT OBLIGATIONS**

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2014 was \$883,607.

**Note 18 – PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

**Note 19 –SUBSEQUENT EVENT**

On July 1, 2014, the City issued \$7,380,000 of general obligation bonds to be used to finance various construction projects.

**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, 2014**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
<b>Receipts:</b>			
Taxes	\$ 8,206,935	\$ -	\$ 8,206,935
Special Assessments	12,428	20,836	33,264
Licenses and Permits	106,365	-	106,365
Intergovernmental Revenue	2,821,837	-	2,821,837
Charges for Services	857,009	3,984,739	4,841,748
Fines and Forfeits	64,600	-	64,600
Contributions	145,064	-	145,064
Revenue from Use of Property	75,058	75,521	150,579
Interest on Investments	43,936	7,603	51,539
Miscellaneous	63,008	-	63,008
Total Receipts	<u>12,396,240</u>	<u>4,088,699</u>	<u>16,484,939</u>
<b>Disbursements:</b>			
Public Safety	1,968,758	-	1,968,758
Public Works	1,812,662	-	1,812,662
Health and Social Services	161,194	-	161,194
Culture and Recreation	2,877,205	-	2,877,205
Community and Economic Development	528,431	-	528,431
General Government	824,680	-	824,680
Capital Projects	2,753,313	-	2,753,313
Debt Service	2,086,920	-	2,086,920
Business Type/Enterprises	-	4,041,214	4,041,214
Total Disbursements	<u>13,013,163</u>	<u>4,041,214</u>	<u>17,054,377</u>
Excess (deficiency) of revenues over expenditures	<u>(616,923)</u>	<u>47,485</u>	<u>(569,438)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	157,026	207,655	364,681
Proceeds from Sale of Capital Assets	4,170	-	4,170
Transfers In	3,677,611	-	3,677,611
Transfers Out	<u>(3,574,023)</u>	<u>(25,000)</u>	<u>(3,599,023)</u>
Total other financing sources (uses)	<u>264,784</u>	<u>182,655</u>	<u>447,439</u>
Net Change in Fund Balance	(352,139)	230,140	(121,999)
Balances - beginning of year	<u>4,868,917</u>	<u>1,872,928</u>	<u>6,741,845</u>
Balances - end of year	<u>\$ 4,516,778</u>	<u>\$ 2,103,068</u>	<u>\$ 6,619,846</u>
<b>Reconciliation of Ending Fund Balance - Cash Basis:</b>			
Cash and Cash Equivalents	\$ 3,701,263	\$ 1,583,448	\$ 5,284,711
Investments	815,515	429,620	1,245,135
Restricted Cash and Cash Equivalents	-	90,000	90,000
	<u>\$ 4,516,778</u>	<u>\$ 2,103,068</u>	<u>\$ 6,619,846</u>

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 8,182,511	\$ 8,182,511	\$ 24,424
2,000	13,000	20,264
25,035	25,035	81,330
2,658,655	2,018,655	803,182
5,466,127	5,468,475	(626,727)
-	-	64,600
-	-	145,064
85,046	85,046	65,533
-	-	51,539
185,100	150,100	(87,092)
<u>16,604,474</u>	<u>15,942,822</u>	<u>542,117</u>
2,039,502	2,124,805	156,047
2,190,153	2,274,653	461,991
164,150	164,150	2,956
2,861,169	2,907,569	30,364
424,590	560,290	31,859
864,245	898,245	73,565
2,259,132	4,774,732	2,021,419
2,605,975	2,606,724	519,804
3,024,824	3,146,324	(894,890)
<u>16,433,740</u>	<u>19,457,492</u>	<u>2,403,115</u>
<u>170,734</u>	<u>(3,514,670)</u>	<u>2,945,232</u>
400,000	7,500,000	(7,135,319)
-	-	4,170
4,819,412	4,953,047	(1,275,436)
<u>(4,819,412)</u>	<u>(4,953,047)</u>	<u>1,354,024</u>
<u>400,000</u>	<u>7,500,000</u>	<u>(7,052,561)</u>
570,734	3,985,330	(4,107,329)
<u>6,741,845</u>	<u>6,741,845</u>	<u>-</u>
<u>\$ 7,312,579</u>	<u>\$ 10,727,175</u>	<u>\$ (4,107,329)</u>

**CITY OF WAVERLY, IOWA**  
**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**For the Year Ended June 30, 2014**

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
<b>Revenue:</b>			
Taxes	\$ 8,206,935	\$ (14,641)	\$ 8,192,294
Special Assessments	33,264	(12,320)	20,944
Licenses and Permits	106,365	(15,050)	91,315
Intergovernmental Revenue	2,821,837	(559,783)	2,262,054
Charges for Services	4,841,748	18,659	4,860,407
Fines and Forfeits	64,600	(186)	64,414
Contributions	145,064	-	145,064
Revenue from Use of Property	150,579	-	150,579
Interest on Investments	51,539	15	51,554
Miscellaneous	63,008	23,123	86,131
Total Revenue	<u>16,484,939</u>	<u>(560,183)</u>	<u>15,924,756</u>
<b>Expenditures/Expenses:</b>			
Public Safety	1,968,758	(578)	1,968,180
Public Works	1,812,662	11,389	1,824,051
Health and Social Services	161,194	-	161,194
Culture and Recreation	2,877,205	(22,669)	2,854,536
Community and Economic Development	528,431	1,681	530,112
General Government	824,680	(8,872)	815,808
Capital Projects	2,753,313	449,650	3,202,963
Debt Service	2,086,920	-	2,086,920
Business Type/Enterprises	4,041,214	214,885	4,256,099
Total Expenditures/Expenses	<u>17,054,377</u>	<u>645,486</u>	<u>17,699,863</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(569,438)</u>	<u>(1,205,669)</u>	<u>(1,775,107)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	364,681	(281,455)	83,226
Proceeds from Sale of Capital Assets	4,170	-	4,170
Transfers In	3,677,611	-	3,677,611
Transfers Out	(3,599,023)	-	(3,599,023)
Total other financing sources (uses)	<u>447,439</u>	<u>(281,455)</u>	<u>165,984</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	(121,999)	(1,487,124)	(1,609,123)
Fund Balance/Retained Earnings - beginning of year	<u>6,741,845</u>	<u>11,475,719</u>	<u>18,217,564</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 6,619,846</u>	<u>\$ 9,988,595</u>	<u>\$ 16,608,441</u>



**CITY OF WAVERLY**  
**Required Supplementary Information – Budgetary Reporting**  
**June 30, 2014**

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

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, the City did not amend their budget.

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the business type/enterprises function.

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

CITY OF WAVERLY, IOWA  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN  
 For the Year Ended June 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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**CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2014**

	<b>Special Revenue Funds</b>		
	<b>Road Use Tax</b>	<b>Local Option Sales Tax</b>	<b>Downtown TIF</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 186,063	\$ 175,050	\$ 203,035
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	1,951	-	-
Taxes	-	-	1,707
Subsequent Year Taxes	-	-	6,543
Special Assessments	-	-	-
Due from Other Funds	212,986	246,660	-
Due from Other Governmental Agencies	76,181	142,965	-
<b>Total Assets</b>	<b>477,181</b>	<b>564,675</b>	<b>211,285</b>
<b>Liabilities</b>			
Accounts Payable	9,462	818	-
Accrued Wages	12,371	-	-
Due to Other Funds	-	-	-
Deposit on Future Bond Proceeds	-	-	-
<b>Total Liabilities</b>	<b>21,833</b>	<b>818</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	-	-	6,543
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>6,543</b>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	204,742
Road Purposes	455,348	-	-
Local Option Sales Tax	-	563,857	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>455,348</b>	<b>563,857</b>	<b>204,742</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 477,181</b>	<b>\$ 564,675</b>	<b>\$ 211,285</b>

Special Revenue	Capital Project Funds					
	Cable TV	AMVETS Buyout	AMVETS Riverbank	Fair/Ball Diamond Project	GMT Rail Spur	Band Shelter
\$ 13,900	\$ -	\$ -	\$ -	\$ -	\$ -	23,155
6,302	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	93,498
-	-	-	-	-	20,400	-
20,202	-	-	-	-	20,400	116,653
-	-	-	-	-	18,357	96,607
-	-	-	-	-	-	-
-	-	-	164,224	-	214,697	-
-	-	-	-	-	-	-
-	-	-	164,224	-	233,054	96,607
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,202	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	20,046
-	-	-	(164,224)	-	(212,654)	-
20,202	-	-	(164,224)	-	(212,654)	20,046
\$ 20,202	\$ -	\$ -	\$ -	\$ -	\$ 20,400	\$ 116,653

CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2014

	Capital Project Funds		
	Capital Improvement Fund	Cedar River Parkway	2nd Ave SW
<b>Assets</b>			
Cash and Pooled Investments	\$ 117,617	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Special Assessments	-	-	-
Due from Other Funds	18,444	-	-
Due from Other Governmental Agencies	-	-	-
<b>Total Assets</b>	<b>136,061</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Accounts Payable	29,287	125,330	24,348
Accrued Wages	-	-	-
Due to Other Funds	-	666,057	293
Due to Other Governments	-	37,638	-
<b>Total Liabilities</b>	<b>29,287</b>	<b>829,025</b>	<b>24,641</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	-	-	-
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	106,774	-	-
Unassigned	-	(829,025)	(24,641)
<b>Total Fund Balances (Deficits)</b>	<b>106,774</b>	<b>(829,025)</b>	<b>(24,641)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 136,061</b>	<b>\$ -</b>	<b>\$ -</b>

**Capital Project Funds**

20th ST NW Culvert	Waverly Dam Reconstruction	4th St Project	4th St NW Reconstruction	Emergency Demolition Program	Historical Survey
\$ 2,918	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	47,216	92,765
2,918	-	-	-	47,216	92,765
9,690	-	-	99,990	-	5,925
-	-	-	-	-	-
-	-	18,444	212,986	72,548	92,845
3,542	-	-	1,402	-	-
13,232	-	18,444	314,378	72,548	98,770
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(10,314)	-	(18,444)	(314,378)	(25,332)	(6,005)
(10,314)	-	(18,444)	(314,378)	(25,332)	(6,005)
\$ 2,918	\$ -	\$ -	\$ -	\$ 47,216	\$ 92,765

CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2014

	Capital Project Funds			
	City Bridge Projects	Housing Rehab	Flood Home Demolition	Public Services Facility
<b>Assets</b>				
Cash and Pooled Investments	\$ 83,475	\$ 13,907	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Special Assessments	-	-	-	-
Due from Other Funds	41,196	-	-	-
Due from Other Governmental Agencies	-	-	238,031	-
<b>Total Assets</b>	<b>124,671</b>	<b>13,907</b>	<b>238,031</b>	<b>-</b>
<b>Liabilities</b>				
Accounts Payable	-	-	-	24,165
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	191,328	53,682
Due to Other Governments	-	-	-	4,132
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>191,328</b>	<b>81,979</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - subsequent year taxes	-	-	-	-
Unavailable Revenue - special assessments	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Tax Increment Financing	-	-	-	-
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	124,671	13,907	46,703	-
Unassigned	-	-	-	(81,979)
<b>Total Fund Balances (Deficits)</b>	<b>124,671</b>	<b>13,907</b>	<b>46,703</b>	<b>(81,979)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 124,671</b>	<b>\$ 13,907</b>	<b>\$ 238,031</b>	<b>\$ -</b>



Capital Project Funds					
Storm Drainage Improvements	2nd Ave SW Reconstruction	Airport Runway Reconstruction	Airport Land Acquisition	12th St NW	Various Small Projects
\$ 123,415	\$ 24,414	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
123,415	24,414	-	-	-	-
-	19,297	10,940	2,573	-	-
-	-	-	-	-	-
-	-	360	41,196	-	-
-	-	-	2,066	-	-
-	19,297	11,300	45,835	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
123,415	5,117	-	-	-	-
-	-	(11,300)	(45,835)	-	-
123,415	5,117	(11,300)	(45,835)	-	-
\$ 123,415	\$ 24,414	\$ -	\$ -	\$ -	\$ -

CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2014

	Capital Project Funds		
	Outdoor Pool Renovation	CDBG Flood Buyouts	HMGP Flood Buyout
<b>Assets</b>			
Cash and Pooled Investments	\$ 6,550	\$ 44,613	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Special Assessments	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	-	-
<b>Total Assets</b>	<u>6,550</u>	<u>44,613</u>	<u>-</u>
<b>Liabilities</b>			
Accounts Payable	26,370	-	1,509
Accrued Wages	-	-	-
Due to Other Funds	-	-	35,708
Due to Other Governments	7,159	-	-
<b>Total Liabilities</b>	<u>33,529</u>	<u>-</u>	<u>37,217</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	-	-	-
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	44,613	-
Unassigned	(26,979)	-	(37,217)
<b>Total Fund Balances (Deficits)</b>	<u>(26,979)</u>	<u>44,613</u>	<u>(37,217)</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<u>\$ 6,550</u>	<u>\$ 44,613</u>	<u>\$ -</u>

Capital Project Funds				Permanent	Governmental Nonmajor Funds
Sidewalk Program	16th St Recon	Dry Run Project	South Industrial Park	Perpetual Care	
\$ -	\$ -	\$ 20,735	\$ 210,614	\$ 490,621	\$ 1,740,082
1,144	-	-	-	-	9,397
-	-	-	-	-	1,707
-	-	-	-	-	6,543
23,019	-	4,796	-	-	27,815
-	-	-	567,963	-	1,180,747
-	-	-	-	-	617,558
24,163	-	25,531	778,577	490,621	3,583,849
49,325	-	172,701	-	-	726,694
-	-	-	-	-	12,371
246,660	-	-	-	-	2,011,028
5,610	-	12,251	-	-	73,800
301,595	-	184,952	-	-	2,823,893
-	-	-	-	-	6,543
17,847	-	-	-	-	17,847
17,847	-	-	-	-	24,390
-	-	-	-	490,621	490,621
-	-	-	-	-	204,742
-	-	-	-	-	455,348
-	-	-	-	-	563,857
-	-	-	-	-	20,202
-	-	-	778,577	-	1,263,823
(295,279)	-	(159,421)	-	-	(2,263,027)
(295,279)	-	(159,421)	778,577	490,621	735,566
\$ 24,163	\$ -	\$ 25,531	\$ 778,577	\$ 490,621	\$ 3,583,849

**CITY OF WAVERLY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Revenue:			
Taxes	\$ -	\$ 897,222	\$ 325,728
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	981,740	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	3,309	-
Miscellaneous	6,854	-	-
Total Revenue	988,594	900,531	325,728
Expenditures:			
Public Safety	-	25,247	-
Public Works	1,233,438	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	127,892
Capital Projects	-	-	-
Total Expenditures	1,233,438	25,247	127,892
Excess (deficiency) of revenues over expenditures	(244,844)	875,284	197,836
Other financing sources (uses):			
Transfers In	125,000	-	-
Transfers Out	-	(1,031,609)	(91,034)
Total other financing sources (uses)	125,000	(1,031,609)	(91,034)
Net Change in Fund Balance	(119,844)	(156,325)	106,802
Fund balances (deficits) - beginning of year	575,192	720,182	97,940
Fund balances (deficits) - end of year	\$ 455,348	\$ 563,857	\$ 204,742

Special Revenue	Capital Project Funds					
	Cable TV	AMVETS Buyout	AMVETS Riverbank	Fair/Ball Diamond Project	GMT Rail Spur	Band Shelter
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
25,492	-	-	-	-	-	-
-	-	65,000	-	-	-	10,500
-	-	-	-	2,360	-	106,534
-	-	-	-	15,022	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,492	-	65,000	17,382	-	-	117,034
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,019	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	798	9,816	69,209	-	183,864
22,019	-	798	9,816	69,209	-	183,864
3,473	-	64,202	7,566	(69,209)	-	(66,830)
-	1	12,858	-	-	-	-
-	-	-	-	-	-	-
-	1	12,858	-	-	-	-
3,473	1	77,060	7,566	(69,209)	-	(66,830)
16,729	(1)	(77,060)	(171,790)	(143,445)	-	86,876
\$ 20,202	\$ -	\$ -	\$ (164,224)	\$ (212,654)	\$ -	\$ 20,046

CITY OF WAVERLY, IOWA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended June 30, 2014

	Capital Project Funds		
	Capital Improvement Fund	Cedar River Parkway	2nd Ave SW
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	288,606	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	779	-	-
Miscellaneous	-	-	-
Total Revenue	<u>289,385</u>	<u>-</u>	<u>-</u>
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
Capital Projects	217,660	753,632	24,641
Total Expenditures	<u>217,660</u>	<u>753,632</u>	<u>24,641</u>
Excess (deficiency) of revenues over expenditures	<u>71,725</u>	<u>(753,632)</u>	<u>(24,641)</u>
Other financing sources (uses):			
Transfers In	26,492	-	-
Transfers Out	(85,001)	-	-
Total other financing sources (uses)	<u>(58,509)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	13,216	(753,632)	(24,641)
Fund balances (deficits) - beginning of year	<u>93,558</u>	<u>(75,393)</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 106,774</u>	<u>\$ (829,025)</u>	<u>\$ (24,641)</u>

Capital Project Funds						
20th ST NW Culvert	Waverly Dam Reconstruction	4th St Project	4th St NW Reconstruction	Emergency Demolition Program	Historical Survey	
\$	-	\$	-	\$	-	\$
-	-	-	-	-	-	-
-	2,655	-	-	-	-	27,526
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	355	-	-	-
-	2,655	-	355	-	-	27,526
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,314	19,739	18,444	349,733	-	-	35,264
10,314	19,739	18,444	349,733	-	-	35,264
(10,314)	(17,084)	(18,444)	(349,378)	-	-	(7,738)
-	26,363	-	35,000	-	-	-
-	-	-	-	-	-	-
-	26,363	-	35,000	-	-	-
(10,314)	9,279	(18,444)	(314,378)	-	-	(7,738)
-	(9,279)	-	-	(25,332)	-	1,733
\$ (10,314)	\$ -	\$ (18,444)	\$ (314,378)	\$ (25,332)	\$ -	\$ (6,005)

CITY OF WAVERLY, IOWA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended June 30, 2014

	Capital Project Funds			
	City Bridge Projects	Housing Rehab	Flood Home Demolition	Public Services Facility
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	-	-	-	-
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
Capital Projects	2,570	-	221,204	100,914
Total Expenditures	2,570	-	221,204	100,914
Excess (deficiency) of revenues over expenditures	(2,570)	-	(221,204)	(100,914)
Other financing sources (uses):				
Transfers In	20,000	-	-	25,000
Transfers Out	-	-	-	-
Total other financing sources (uses)	20,000	-	-	25,000
Net Change in Fund Balance	17,430	-	(221,204)	(75,914)
Fund balances (deficits) - beginning of year	107,241	13,907	267,907	(6,065)
Fund balances (deficits) - end of year	\$ 124,671	\$ 13,907	\$ 46,703	\$ (81,979)



Capital Project Funds						
Storm Drainage Improvements	2nd Ave SW Reconstruction	Airport Runway Reconstruction	Airport Land Acquisition	12th St NW	Various Small Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,000
-	-	-	-	-	-	-
-	-	-	-	-	-	1,880
-	-	-	-	-	-	6,880
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,700	19,883	11,300	45,835	414	6,854	
12,700	19,883	11,300	45,835	414	6,854	
(12,700)	(19,883)	(11,300)	(45,835)	(414)	26	
40,000	25,000	-	-	46,416	-	
(12,858)	-	-	-	-	(26,492)	
27,142	25,000	-	-	46,416	(26,492)	
14,442	5,117	(11,300)	(45,835)	46,002	(26,466)	
108,973	-	-	-	(46,002)	26,466	
\$ 123,415	\$ 5,117	\$ (11,300)	\$ (45,835)	\$ -	\$ -	

CITY OF WAVERLY, IOWA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended June 30, 2014

	Capital Project Funds		
	Outdoor Pool Renovation	CDBG Flood Buyouts	HMGP Flood Buyout
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	-	-	-
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
Capital Projects	31,979	-	15,109
Total Expenditures	31,979	-	15,109
Excess (deficiency) of revenues over expenditures	(31,979)	-	(15,109)
Other financing sources (uses):			
Transfers In	5,000	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	5,000	-	-
Net Change in Fund Balance	(26,979)	-	(15,109)
Fund balances (deficits) - beginning of year	-	44,613	(22,108)
Fund balances (deficits) - end of year	\$ (26,979)	\$ 44,613	\$ (37,217)

Capital Project Funds				Permanent	Governmental
Sidewalk Program	16th St Recon	Dry Run Project	South Industrial Park	Perpetual Care	Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,222,950
10,417	-	4,796	-	-	15,213
-	-	-	-	-	25,492
-	183,928	-	-	-	1,559,955
42,681	-	-	-	-	42,681
-	-	-	-	5,537	119,431
-	-	300	-	-	15,322
-	-	-	-	-	4,088
220	-	-	-	-	9,309
53,318	183,928	5,096	-	5,537	3,014,441
-	-	-	-	-	25,247
-	-	-	-	-	1,233,438
-	-	-	-	-	22,019
-	-	-	-	-	127,892
245,474	297,569	498,044	-	-	3,202,963
245,474	297,569	498,044	-	-	4,611,559
(192,156)	(113,641)	(492,948)	-	5,537	(1,597,118)
-	166,393	350,000	-	-	903,523
-	-	-	-	-	(1,246,994)
-	166,393	350,000	-	-	(343,471)
(192,156)	52,752	(142,948)	-	5,537	(1,940,589)
(103,123)	(52,752)	(16,473)	778,577	485,084	2,676,155
\$ (295,279)	\$ -	\$ (159,421)	\$ 778,577	\$ 490,621	\$ 735,566

CITY OF WAVERLY, IOWA  
Schedule of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>Electric Utility</u></b>				
<u>Assets</u>				
Cash in Bank	\$ 15,350	\$ 12,992,243	\$ 12,998,058	\$ 9,535
Accounts Receivable	1,174,095	13,049,589	13,022,297	1,201,387
Other Receivable	19,670	568,845	569,657	18,858
Total Assets	1,209,115	26,610,677	26,590,012	1,229,780
<u>Liabilities</u>				
Due to Other Governments	1,161,765	25,856,395	25,829,175	1,188,985
Other Payables	47,350	754,282	760,837	40,795
Total Liabilities	1,209,115	26,610,677	26,590,012	1,229,780
 <b><u>Warburg-Waverly Wellness Center</u></b>				
<u>Assets</u>				
Cash in Bank	13,801	877,519	275,385	615,935
Total Assets	13,801	877,519	275,385	615,935
<u>Liabilities</u>				
Due to Other Governments	13,801	877,519	275,385	615,935
Total Liabilities	13,801	877,519	275,385	615,935
 <b><u>Totals</u></b>				
<u>Assets</u>				
Cash in Bank	29,151	13,869,762	13,273,443	625,470
Accounts Receivable	1,174,095	13,049,589	13,022,297	1,201,387
Other Receivable	19,670	568,845	569,657	18,858
Total Assets	1,222,916	27,488,196	26,865,397	1,845,715
<u>Liabilities</u>				
Due to Other Governments	1,175,566	26,733,914	26,104,560	1,804,920
Other Payables	47,350	754,282	760,837	40,795
Total Liabilities	\$ 1,222,916	\$ 27,488,196	\$ 26,865,397	\$ 1,845,715

## 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	87 – 95
<p>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	96 – 99
<p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	100 – 108
<p>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	109
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	110 – 115
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	

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

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 13,769,685	\$ 13,874,528	\$ 18,880,181	\$ 21,032,486
Restricted	2,642,776	451,600	907,320	1,901,399
Unrestricted	<u>4,288,547</u>	<u>7,690,383</u>	<u>5,696,327</u>	<u>4,289,177</u>
Total Governmental Activities Net Position	<u>\$ 20,701,008</u>	<u>\$ 22,016,511</u>	<u>\$ 25,483,828</u>	<u>\$ 27,223,062</u>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$ 9,024,813	\$ 10,367,357	\$ 10,825,782	\$ 10,839,282
Restricted	689,551	268,943	294,728	182,668
Unrestricted	<u>2,325,551</u>	<u>1,461,106</u>	<u>1,510,592</u>	<u>1,790,196</u>
Total Business-type Activities Net Position	<u>\$ 12,039,915</u>	<u>\$ 12,097,406</u>	<u>\$ 12,631,102</u>	<u>\$ 12,812,146</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 22,794,498	\$ 24,241,885	\$ 29,705,963	\$ 31,871,768
Restricted	3,332,327	720,543	1,202,048	2,084,067
Unrestricted	<u>6,614,098</u>	<u>9,151,489</u>	<u>7,206,919</u>	<u>6,079,373</u>
Total Primary Government Activities Net Position	<u>\$ 32,740,923</u>	<u>\$ 34,113,917</u>	<u>\$ 38,114,930</u>	<u>\$ 40,035,208</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 23,672,634	\$ 31,003,445	\$ 38,301,899	\$ 42,386,586	\$ 43,321,391	\$ 45,860,962
2,056,639	2,240,151	2,828,214	2,369,707	2,699,291	2,509,661
2,566,051	2,646,083	2,727,228	3,004,997	2,503,546	976,180
<u>\$ 28,295,324</u>	<u>\$ 35,889,679</u>	<u>\$ 43,857,341</u>	<u>\$ 47,761,290</u>	<u>\$ 48,524,228</u>	<u>\$ 49,346,803</u>
\$ 11,575,601	\$ 11,665,128	\$ 11,417,580	\$ 11,902,943	\$ 10,591,981	\$ 10,274,538
541,706	474,334	475,584	89,088	89,468	88,279
711,666	993,468	1,127,573	1,253,202	2,366,784	2,509,368
<u>\$ 12,828,973</u>	<u>\$ 13,132,930</u>	<u>\$ 13,020,737</u>	<u>\$ 13,245,233</u>	<u>\$ 13,048,233</u>	<u>\$ 12,872,185</u>
\$ 35,248,235	\$ 42,668,573	\$ 49,719,479	\$ 54,289,529	\$ 53,913,372	\$ 56,135,500
2,598,345	2,714,485	3,303,798	2,458,795	2,788,759	2,597,940
3,277,717	3,639,551	3,854,801	4,258,199	4,870,330	3,485,548
<u>\$ 41,124,297</u>	<u>\$ 49,022,609</u>	<u>\$ 56,878,078</u>	<u>\$ 61,006,523</u>	<u>\$ 61,572,461</u>	<u>\$ 62,218,988</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 653,628	\$ 337,530	\$ 636,525	\$ 657,669	\$ 722,714	\$ 806,618	\$ 842,098	\$ 819,187	\$ 854,130	\$ 819,124
Public Safety	2,375,953	1,702,173	1,594,179	1,826,343	1,842,773	1,890,848	2,174,059	2,176,921	2,313,898	2,344,143
Public Works	2,346,295	2,229,068	2,583,298	3,051,121	3,525,685	3,091,315	2,910,741	3,423,797	3,455,969	4,007,339
Health and Social Services	5,956	4,470	40,492	371,172	752,457	160,307	185,670	183,493	159,562	161,194
Community & Economic Development	100,224	260,829	323,131	453,463	439,362	1,081,165	1,024,662	1,063,706	1,122,593	1,151,508
Culture and Recreation	1,848,445	1,940,735	2,008,138	2,391,710	2,266,639	2,218,807	2,322,625	2,364,603	2,308,768	2,362,684
Debt Service	616,883	677,574	629,037	581,318	533,573	410,454	360,531	374,287	306,030	194,270
Capital Projects	-	124,404	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>7,947,384</b>	<b>7,276,783</b>	<b>7,814,800</b>	<b>9,332,796</b>	<b>10,083,203</b>	<b>9,659,514</b>	<b>9,820,386</b>	<b>10,405,994</b>	<b>10,520,950</b>	<b>11,040,212</b>
Business-type Activities										
Water	1,009,669	935,603	992,197	1,004,759	1,015,570	1,046,779	987,418	1,045,903	1,239,221	1,357,585
Sewer	1,294,864	1,363,527	1,340,567	1,459,406	1,371,630	1,449,551	1,426,007	1,391,096	1,793,911	1,700,847
Solid waste	720,941	787,681	794,029	917,857	960,872	945,847	1,010,520	1,056,793	1,069,970	1,197,667
<b>Total Business-type Activities Expenses</b>	<b>3,025,474</b>	<b>3,086,811</b>	<b>3,126,793</b>	<b>3,382,022</b>	<b>3,348,072</b>	<b>3,442,177</b>	<b>3,423,945</b>	<b>3,493,792</b>	<b>4,103,102</b>	<b>4,256,099</b>
<b>Total Primary Government Expenses</b>	<b>10,972,858</b>	<b>10,363,594</b>	<b>10,941,593</b>	<b>12,714,818</b>	<b>13,431,275</b>	<b>13,101,691</b>	<b>13,244,331</b>	<b>13,899,786</b>	<b>14,624,052</b>	<b>15,296,311</b>
<b>Program Revenues (2)</b>										
Governmental Activities:										
Charges for Services										
General Government	197,218	276,152	248,926	288,618	220,787	225,423	242,245	234,040	224,984	241,614
Public Safety	209,491	190,165	66,869	53,784	40,546	44,690	69,828	72,235	60,096	53,708
Public Works	241,750	57,233	94,986	76,341	106,013	85,054	60,305	54,485	82,504	25,914
Community & Economic Development	-	-	-	24,002	28,000	19,231	19,988	9,941	12,347	12,338
Culture and Recreation	640,162	646,625	668,242	574,588	615,094	604,391	626,784	628,104	614,045	676,297
Operating Grants and Contributions	1,083,524	1,102,485	1,380,110	2,162,998	2,562,584	1,610,920	2,044,044	1,594,594	1,556,417	1,922,408
Capital Grants and Contributions	1,330,195	23,000	1,404,076	803,799	448,176	6,869,966	7,153,867	3,862,415	945,531	414,555
<b>Total Governmental Activities Program Revenues</b>	<b>3,702,340</b>	<b>2,295,660</b>	<b>3,663,209</b>	<b>3,984,130</b>	<b>4,021,200</b>	<b>9,459,675</b>	<b>10,217,061</b>	<b>6,455,814</b>	<b>3,495,924</b>	<b>3,346,834</b>
Business-type Activities:										
Charges for services:										
Water	940,144	928,360	1,065,811	1,086,607	1,030,087	1,092,557	1,086,039	1,169,370	1,195,417	1,228,012
Sewer	1,173,966	1,323,162	1,423,835	1,426,363	1,397,455	1,451,773	1,412,172	1,562,986	1,573,000	1,640,186
Solid waste	810,682	828,387	838,647	913,187	929,328	1,054,942	1,036,883	1,076,238	1,073,959	1,153,726
Capital Grants and Contributions	511,096	159,028	369,790	138,522	-	109,178	-	12,293	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>3,435,888</b>	<b>3,238,937</b>	<b>3,698,083</b>	<b>3,564,679</b>	<b>3,356,870</b>	<b>3,708,450</b>	<b>3,535,094</b>	<b>3,820,887</b>	<b>3,842,376</b>	<b>4,021,924</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 7,138,228</b>	<b>\$ 5,534,597</b>	<b>\$ 7,361,292</b>	<b>\$ 7,548,809</b>	<b>\$ 7,378,070</b>	<b>\$ 13,168,125</b>	<b>\$ 13,752,155</b>	<b>\$ 10,276,701</b>	<b>\$ 7,338,300</b>	<b>\$ 7,368,758</b>



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue <sup>1</sup>										
Governmental Activities:										
Business-type Activities										
Total Primary Government Net Expense										
	\$ (4,245,044)	\$ (4,981,123)	\$ (3,951,591)	\$ (5,348,666)	\$ (6,062,003)	\$ (199,839)	\$ 396,675	\$ (3,950,180)	\$ (7,025,026)	\$ (7,693,378)
	410,414	152,126	571,290	182,657	8,798	266,273	111,149	327,095	(260,726)	(234,175)
	<u>(3,834,630)</u>	<u>(4,828,997)</u>	<u>(3,380,301)</u>	<u>(5,166,009)</u>	<u>(6,053,205)</u>	<u>66,434</u>	<u>507,824</u>	<u>(3,623,085)</u>	<u>(7,285,752)</u>	<u>(7,927,553)</u>
<b>General Revenues</b>										
Governmental Activities:										
Property Taxes	3,405,718	3,623,336	4,955,605	5,269,029	5,738,820	5,854,330	6,010,599	6,318,501	6,745,028	7,133,869
Other Taxes	636,502	711,455	-	-	-	-	-	-	-	-
Local Option Sales Tax	782,317	619,941	708,172	803,943	815,438	828,529	790,374	882,114	871,022	896,970
Hotel/Motel Taxes	140,467	143,631	144,854	173,098	170,557	133,201	154,851	153,154	150,172	163,599
Interest	78,837	223,744	283,245	193,573	57,397	53,120	55,902	31,481	43,479	44,973
General Intergovernmental Revenues	496,854	635,103	169,440	178,926	190,500	202,440	193,778	168,924	153,540	173,778
Gain (Loss) on Sale of Assets	(14,730)	-	910,094	259,062	30,326	563,272	-	21,192	11,186	-
Miscellaneous	81,691	156,570	53,029	75,766	54,738	119,104	66,833	98,233	40,697	77,764
Transfers	100,000	182,846	194,469	134,503	76,489	40,198	298,650	180,530	-	25,000
Total Governmental Activities	<u>5,707,656</u>	<u>6,296,626</u>	<u>7,418,908</u>	<u>7,087,900</u>	<u>7,134,265</u>	<u>7,794,194</u>	<u>7,570,987</u>	<u>7,854,129</u>	<u>8,015,124</u>	<u>8,515,953</u>
Business-type Activities:										
Investment Earnings	68,664	101,656	103,118	70,915	26,338	9,484	5,881	4,855	5,031	7,606
Miscellaneous	78,070	68,474	53,757	61,975	58,180	68,398	69,427	73,076	76,040	75,521
Transfers	(100,000)	(182,846)	(194,469)	(134,503)	(76,489)	(40,198)	(298,650)	(180,530)	-	(26,000)
Total Business-type Activities	<u>46,734</u>	<u>(12,716)</u>	<u>(37,594)</u>	<u>(1,613)</u>	<u>8,029</u>	<u>37,684</u>	<u>(223,342)</u>	<u>(102,599)</u>	<u>81,071</u>	<u>58,127</u>
Total Primary Government	<u>5,754,390</u>	<u>6,283,910</u>	<u>7,381,314</u>	<u>7,086,287</u>	<u>7,142,294</u>	<u>7,831,878</u>	<u>7,347,645</u>	<u>7,751,530</u>	<u>8,096,195</u>	<u>8,574,080</u>
<b>Change in Net Position</b>										
Governmental Activities	1,462,612	1,315,503	3,467,317	1,739,234	1,072,262	7,594,355	7,967,662	3,903,949	990,098	822,575
Business-type Activities	457,148	139,410	533,696	181,044	16,827	303,957	(112,193)	224,496	(179,655)	(176,048)
Total Primary Government	<u>\$ 1,919,760</u>	<u>\$ 1,454,913</u>	<u>\$ 4,001,013</u>	<u>\$ 1,920,278</u>	<u>\$ 1,089,089</u>	<u>\$ 7,898,312</u>	<u>\$ 7,855,469</u>	<u>\$ 4,128,445</u>	<u>\$ 810,443</u>	<u>\$ 646,527</u>

Notes:

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

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

<b>Fiscal Year</b>	<b>General Property Tax</b>	<b>Local Option Sales Tax</b>	<b>Bank Franchise Tax<sup>1</sup></b>	<b>Tax Increment Financing Taxes</b>	<b>Cable TV Franchise Tax</b>	<b>Hotel - Motel Tax</b>	<b>Total Taxes</b>
2005	\$ 3,405,718	\$ 762,930	\$ 14,351	\$ 637,467	\$ 48,750	\$ 131,802	\$5,001,018
2006	3,623,336	613,218	-	688,065	48,070	146,890	5,119,579
2007	3,962,657	708,172	-	992,950	52,620	144,852	5,861,251
2008	4,227,819	803,943	-	1,041,210	49,784	173,098	6,295,854
2009	4,319,975	815,438	-	1,418,845	46,878	170,557	6,771,693
2010	4,301,441	828,529	-	1,552,889	49,136	133,201	6,865,196
2011	4,460,164	790,374	-	1,550,435	50,836	154,851	7,006,660
2012	4,667,731	881,166	-	1,649,930	51,360	150,148	7,400,335
2013	4,830,132	874,064	-	1,915,351	51,384	148,736	7,819,667
2014	\$ 5,173,802	\$ 897,222	\$ -	\$ 2,121,270	\$ 57,632	\$ 163,599	\$8,413,525
Percentage Change In Dollars Over 10 Years	51.92%	17.60%	N/A	232.77%	18.22%	24.12%	68.24%

**Notes:**

<sup>1</sup> Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

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

	Fiscal Year		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund			
Reserved	\$ 47,265	\$ 56,105	\$ 65,635
Unreserved	1,453,064	1,377,426	2,688,512
Nonspendable <sup>2</sup>	-	-	-
Restricted <sup>2</sup>	-	-	-
Assigned <sup>2</sup>	-	-	-
Unassigned <sup>2</sup>	-	-	-
Total General Fund	<u>\$ 1,500,329</u>	<u>\$ 1,433,531</u>	<u>\$ 2,754,147</u>
All Other Governmental Funds			
Reserved	\$ 2,642,776	\$ 470,369	\$ 511,995
Unreserved, reported in:			
Special Revenue Funds	848,604	1,287,143	1,604,900
Capital Projects Funds	1,780,788	4,674,246	1,898,051
Nonspendable <sup>2</sup>	-	-	-
Restricted <sup>2</sup>	-	-	-
Assigned <sup>2</sup>	-	-	-
Unassigned <sup>2</sup>	-	-	-
Total All Other Governmental Funds <sup>1</sup>	<u>\$ 5,272,168</u>	<u>\$ 6,431,758</u>	<u>\$ 4,014,946</u>
Total Governmental Funds			
Reserved	\$ 2,690,041	\$ 526,474	\$ 577,630
Unreserved, reported in:			
General Fund	1,453,064	1,377,426	2,688,512
Special Revenue Funds	848,604	1,287,143	1,604,900
Capital Projects Funds	1,780,788	4,674,246	1,898,051
Nonspendable <sup>2</sup>	-	-	-
Restricted <sup>2</sup>	-	-	-
Assigned <sup>2</sup>	-	-	-
Unassigned <sup>2</sup>	-	-	-
Total Governmental Funds	<u>\$ 6,772,497</u>	<u>\$ 7,865,289</u>	<u>\$ 6,769,093</u>

Notes:

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

Fiscal Year

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 59,122	\$ 64,791	\$ 69,998	\$ -	\$ -	\$ -	\$ -
2,896,720	1,782,381	1,452,931	-	-	-	-
-	-	-	55,058	55,817	58,623	74,062
-	-	-	-	367,798	-	-
-	-	-	16,431	22,206	26,025	11,416
-	-	-	1,492,201	1,562,142	1,590,215	2,125,165
<u>\$ 2,955,842</u>	<u>\$ 1,847,172</u>	<u>\$ 1,522,929</u>	<u>\$ 1,563,690</u>	<u>\$ 2,007,963</u>	<u>\$ 1,674,863</u>	<u>\$ 2,210,643</u>
\$ 516,770	\$ 557,818	\$ 591,774	\$ -	\$ -	\$ -	\$ -
1,415,982	1,495,475	1,576,193	-	-	-	-
1,165,065	314,939	809,766	-	-	-	-
-	-	-	476,204	478,808	485,084	490,621
-	-	-	3,471,095	4,879,176	2,228,356	2,034,196
-	-	-	1,218,091	1,559,378	1,529,851	1,263,823
-	-	-	(422,145)	(660,019)	(748,823)	(2,263,027)
<u>\$ 3,097,817</u>	<u>\$ 2,368,232</u>	<u>\$ 2,977,733</u>	<u>\$ 4,743,245</u>	<u>\$ 6,257,343</u>	<u>\$ 3,494,468</u>	<u>\$ 1,525,613</u>
\$ 575,892	\$ 622,609	\$ 661,772	\$ -	\$ -	\$ -	\$ -
2,896,720	1,782,381	1,452,931	-	-	-	-
1,415,982	1,495,475	1,576,193	-	-	-	-
1,165,065	314,939	809,766	-	-	-	-
-	-	-	531,262	534,625	543,707	564,683
-	-	-	3,471,095	5,246,974	2,228,356	2,034,196
-	-	-	1,234,522	1,581,584	1,555,876	1,275,239
-	-	-	1,070,056	902,123	841,392	(137,862)
<u>\$ 6,053,659</u>	<u>\$ 4,215,404</u>	<u>\$ 4,500,662</u>	<u>\$ 6,306,935</u>	<u>\$ 8,265,306</u>	<u>\$ 5,169,331</u>	<u>\$ 3,736,256</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 4,965,004	\$ 5,098,363	\$ 5,808,631	\$ 6,246,070
Licenses and Permits	132,251	20,461	104,771	89,096
Intergovernmental	1,653,304	1,862,099	2,289,765	2,839,001
Charges for Services	804,429	816,965	826,422	762,581
Fines and Forfeits	46,214	48,530	43,692	60,519
Investment Earnings	78,837	223,744	281,232	190,953
Rental Income	50,450	48,460	86,141	105,137
Special Assessments	53,956	29,557	14,824	24,624
Contributions	32,699	52,076	19,943	46,245
Proceeds from the Sale of Real Estate & Equipment	4,000	9,690	-	-
Refunds/Reimbursements	-	424,806	-	-
Miscellaneous	81,691	155,922	60,087	75,766
Total Revenues	<u>\$ 7,902,835</u>	<u>\$ 8,790,673</u>	<u>\$ 9,535,508</u>	<u>\$ 10,439,992</u>
<b>Expenditures</b>				
Public Safety	2,142,727	1,806,846	1,505,718	2,527,463
Public Works	1,106,425	1,150,898	1,120,069	1,361,664
Health and Social Services	5,956	4,470	40,492	371,172
Culture and Recreation	1,749,569	1,870,055	2,092,858	1,965,203
Community and Economic Development	100,224	683,676	211,505	424,329
General Government	587,689	681,145	708,594	759,889
Debt Service				
Principal	1,086,164	3,264,741	1,465,223	1,365,468
Interest	549,564	626,454	608,512	598,918
Capital Projects	1,240,044	1,787,442	4,116,093	2,671,634
Total Expenditures	<u>\$ 8,568,362</u>	<u>\$ 11,875,727</u>	<u>\$ 11,869,064</u>	<u>\$ 12,045,740</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(665,527)	(3,085,054)	(2,333,556)	(1,605,748)
<b>Other Financing Sources (Uses)</b>				
Issuance of Bonds and Notes	3,522,558	4,040,000	124,983	1,093,267
Premiums on Bonds Issued	-	-	-	-
Payment of Refunded Bonds	-	-	-	-
Transfers In	-	-	-	(589,612)
Transfers Out	1,601,076	1,829,403	2,439,569	3,836,910
Sale of Fixed Assets	(1,501,076)	(1,691,557)	(2,245,100)	(3,709,313)
Total Other Financing Sources (Uses)	<u>\$ 3,622,558</u>	<u>\$ 4,177,846</u>	<u>\$ 1,237,360</u>	<u>\$ 890,314</u>
Net change in fund balances	<u>\$ 2,957,031</u>	<u>\$ 1,092,792</u>	<u>\$ (1,096,196)</u>	<u>\$ (715,434)</u>
Debt service as a percentage of non-capital expenditures	22.32%	38.57%	26.75%	21.52%

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 6,724,815	\$ 6,816,060	\$ 6,955,824	\$ 7,351,217	\$ 7,766,222	\$ 8,192,294
70,932	76,995	74,274	76,835	77,482	91,315
3,133,340	8,624,439	9,302,604	5,343,456	2,592,220	2,262,054
753,881	749,174	789,360	782,155	775,303	859,319
55,617	57,984	81,432	82,890	70,244	64,414
53,475	49,430	53,322	31,481	42,180	43,948
130,010	94,636	56,533	56,924	70,947	75,058
8,107	13,293	11,746	9,619	6,215	20,944
62,145	53,426	86,594	42,529	43,424	145,064
-	-	-	-	-	-
-	-	-	240,984	21,505	-
54,738	100,733	102,756	98,079	40,697	65,295
<u>\$ 11,047,060</u>	<u>\$ 16,636,170</u>	# <u>\$ 17,514,445</u>	<u>\$ 14,116,169</u>	<u>\$ 11,506,439</u>	<u>\$ 11,819,705</u>
1,865,308	1,967,944	1,944,423	2,062,017	2,390,307	1,968,180
1,398,593	1,549,928	1,648,157	2,030,615	1,596,015	1,824,051
752,457	160,307	160,670	158,493	159,562	161,194
2,112,607	2,068,757	2,280,472	2,208,790	2,104,902	2,254,536
379,384	1,139,355	1,133,362	1,059,750	1,115,555	1,130,112
708,822	750,950	727,688	753,230	795,178	815,808
1,492,422	1,559,972	1,637,393	1,879,524	1,796,882	1,895,000
578,130	421,926	381,360	413,974	304,063	191,920
3,837,918	7,365,555	8,678,411	5,866,802	2,930,055	3,202,963
<u>\$ 13,125,641</u>	<u>\$ 16,984,694</u>	# <u>\$ 18,591,936</u>	<u>\$ 16,433,195</u>	<u>\$ 13,192,519</u>	<u>\$ 13,443,764</u>
(2,078,581)	(348,524)	(1,077,491)	(2,317,026)	(1,686,080)	(1,624,059)
4,360,000	680,312	2,534,318	4,690,000	700,000	83,226
-	-	50,796	1,079	-	-
(4,295,000)	(650,000)	-	(645,000)	(2,135,000)	-
3,383,978	3,852,667	3,480,232	3,850,901	4,753,789	3,677,611
(3,238,978)	(3,812,469)	(3,181,582)	(3,670,371)	(4,753,789)	(3,574,023)
30,326	563,272	-	48,788	25,105	4,170
<u>\$ 240,326</u>	<u>\$ 633,782</u>	# <u>\$ 2,883,764</u>	<u>\$ 4,275,397</u>	<u>\$ (1,409,895)</u>	<u>\$ 190,984</u>
<u>\$ (1,838,255)</u>	<u>\$ 285,258</u>	# <u>\$ 1,806,273</u>	<u>\$ 1,958,371</u>	<u>\$ (3,095,975)</u>	<u>\$ (1,433,075)</u>
20.73%	21.17%	21.16%	22.52%	20.76%	20.63%

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

Fiscal Year	Real Property		Utilities <sup>3</sup>		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value <sup>2</sup>	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2005	\$ 387,241,882	\$ 228,587,942	\$ 5,739,643	\$ 6,122,573	\$ 392,981,525	\$ 234,710,515	14.305	59.73%
2006	400,227,354	234,339,310	5,813,677	5,898,577	406,041,031	240,237,887	14.852	59.17%
2007	463,670,117	256,420,559	6,391,451	6,095,819	470,061,568	262,516,378	14.699	55.85%
2008	490,500,027	268,565,295	6,910,814	5,536,691	497,410,841	274,101,986	15.071	55.11%
2009	575,400,233	324,797,829	7,911,996	5,527,775	583,312,229	330,325,604	14.781	56.63%
2010	586,382,560	336,384,219	8,780,101	5,527,775	595,162,661	341,911,994	14.340	57.45%
2011	591,931,845	345,447,343	9,051,046	5,764,139	600,982,891	351,211,482	14.504	58.44%
2012	600,246,807	359,088,087	9,218,277	5,874,314	609,465,084	364,962,401	14.604	59.88%
2013	621,511,271	382,297,300	9,330,400	6,096,518	630,841,671	388,393,818	14.254	61.57%
2014	\$ 630,243,149	\$ 410,744,591	\$ 9,122,016	\$ 5,939,377	\$ 639,365,165	\$ 416,683,968	14.247	65.17%

Source: Bremer County, Iowa; County Auditor

The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For FY 2014 this Notes: percentage is 52.8166%.

<sup>1</sup> Taxable Value does not include the Tax Increment Levy

<sup>2</sup> Taxable value = (percent rollback \* assessed value) - exemptions (military, homestead, elderly, etc.)

<sup>3</sup> 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
2005	\$ 8.793	\$ 2.234	\$ 3.278	\$ 14.305	\$ 12.101	\$ 6.318	\$ 0.995	\$ 19.415	\$ 33.720
2006	8.837	2.814	3.201	14.852	12.020	6.668	1.067	19.755	34.607
2007	8.850	2.835	3.014	14.699	12.371	6.337	1.040	19.748	34.447
2008	8.555	3.782	2.734	15.071	12.390	6.520	0.828	19.738	34.809
2009	8.564	3.601	2.616	14.781	12.375	7.098	1.001	20.474	35.255
2010	8.573	3.321	2.446	14.340	12.242	6.630	0.932	19.804	34.144
2011	8.579	3.553	2.371	14.504	13.691	6.114	0.997	20.802	35.306
2012	8.583	3.734	2.286	14.604	14.451	5.698	0.961	21.110	35.714
2013	8.564	3.657	2.033	14.254	14.058	5.616	0.961	20.635	34.889
2014	\$ 8.543	\$ 3.777	\$ 1.927	\$ 14.247	\$ 15.816	\$ 5.609	\$ 0.952	\$ 22.377	\$ 36.624

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa  
Principal Taxpayers and Their Assessed Valuations  
June 30, 2014

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CUNA Mutual Life Insurance	\$ 9,947,140	1	2.39%	\$ 9,707,020	1	3.78%
Wal-Mart	9,062,890	2	2.18%	-		0.00%
Birdworks LLC	6,816,100	3	1.64%	-		0.00%
Nestle' USA	6,748,850	4	1.62%	6,930,930	2	2.70%
First National Bank	4,551,380	5	1.09%	1,593,260	9	0.62%
GMT Corporation	4,381,260	6	1.05%	2,734,800	3	1.07%
Village Square Plaza	3,980,860	7	0.96%	2,319,510	6	0.90%
Graening-Knights II, LLC	3,953,570	8	0.95%	-		0.00%
Deneui Holdings, Linc.	3,849,690	9	0.92%	-		0.00%
Terex Cranes, Inc. - Waverly	3,543,320	10	0.85%	3,658,890	3	1.42%
TDS Automation	-	-	0.00%	2,081,960	7	0.81%
Meier-Hanson Properties	-	-	0.00%	1,556,410	10	0.61%
Wav/Kaz Inc.	-	-	0.00%	1,834,900	8	0.71%
MDM Partnership	-	-	0.00%	3,050,940		1.19%
Total Principal Taxpayers	56,835,060		13.64%	35,468,620		13.81%
All Other Taxpayers	359,848,938		86.36%	221,298,973		86.19%
Total Taxable Valuation	<u>\$ 416,683,998</u>		<u>100.00%</u>	<u>\$ 256,767,593</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

**City of Waverly, Iowa**  
**Property Tax Levies and Collections <sup>1</sup>**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2005	\$ 3,400,347	\$ 3,405,718	100.16%	N/A	\$ 3,405,718	100.16%
2006	3,612,645	3,623,336	100.30%	N/A	3,623,336	100.30%
2007	3,903,182	4,107,509	105.23%	N/A	4,107,509	105.23%
2008	4,215,820	4,227,818	100.28%	N/A	4,227,818	100.28%
2009	4,307,395	4,319,975	100.29%	N/A	4,319,975	100.29%
2010	4,290,422	4,301,445	100.26%	N/A	4,301,445	100.26%
2011	4,460,591	4,469,070	100.19%	N/A	4,469,070	100.19%
2012	4,657,939	4,667,731	100.21%	N/A	4,667,731	100.21%
2013	4,780,662	4,830,133	101.03%	N/A	4,830,133	101.03%
2014	\$ 4,952,345	\$ 5,007,343	101.11%	N/A	\$ 5,007,343	101.11%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

<sup>1</sup> GAAP Basis

<sup>2</sup> 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. The City is currently in the process of making tax system changes to track this information however this information is not yet available.

**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 <sup>2</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Notes Payable			
2005	\$ 14,494,612	\$ 257,744	\$ 1,705,388	\$ 2,700,000	\$ -	\$ 19,157,744	11.68%	\$ 2,136
2006	15,309,612	218,003	1,105,388	2,340,000	-	18,973,003	11.57%	2,116
2007	13,894,612	292,763	950,388	1,975,000	-	17,112,763	10.44%	1,908
2008	13,048,267	238,158	1,636,733	1,535,000	-	16,458,158	7.94%	1,835
2009	11,656,017	182,156	1,373,983	1,245,000	-	14,457,156	6.95%	1,612
2010	10,138,636	157,159	1,106,364	940,000	-	12,342,159	5.44%	1,376
2011	10,980,000	184,900	885,000	630,000	-	12,679,900	5.20%	1,284
2012	13,250,000	46,268	655,000	305,000	-	14,256,268	5.85%	1,444
2013	10,530,000	22,193	2,675,000	175,000	-	13,402,193	5.50%	1,336
2014	\$ 8,125,000	\$ 66,206	\$ 2,755,000	\$ 45,000	\$ 207,655	\$ 11,198,861	4.59%	\$ 1,112

Notes:

<sup>1</sup> Population data used was the estimated census from the year 2012 of 10,035.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics on page 109 for personal income data.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual <sup>1</sup> Taxable Value of Property</b>	<b>Per Capita<sup>2</sup></b>
2005	\$ 16,200,000	\$ 2,197,444	\$ 14,002,556	5.97%	\$ 1,561
2006	16,415,000	18,769	16,396,231	6.82%	1,828
2007	14,845,000	55,356	14,789,644	5.63%	1,649
2008	14,685,000	32,626	14,652,374	5.35%	1,634
2009	13,030,000	91,817	12,938,183	3.92%	1,443
2010	11,245,000	101,396	11,143,604	3.26%	1,243
2011	11,865,000	72,430	11,792,570	3.36%	1,194
2012	13,905,000	2,168,236	11,736,764	3.22%	1,189
2013	13,205,000	467,780	12,737,220	3.28%	1,269
2014	\$ 10,880,000	\$ 86,345	\$ 10,793,655	2.78%	\$ 1,072

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

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

<sup>2</sup> Population data used was the estimated census from the year 2012 of 10,035.

**City of Waverly, Iowa**  
**Computation of Direct and Overlapping Debt<sup>3</sup>**  
**June 30, 2014**

Name of Governmental Unit	Debt Outstanding	Percentage <sup>4</sup> Applicable to City	Amount Applicable to City
Direct:			
City of Waverly <sup>3</sup>	\$ 8,191,206	100%	\$ 8,191,206
Overlapping:			
Bremer County <sup>1</sup>	2,610,000	18%	469,800
Waverly-Shell Rock School District <sup>2</sup>	<u>16,090,000</u>	44%	<u>7,079,600</u>
Total Overlapping Debt	<u>18,700,000</u>		<u>7,549,400</u>
Total Direct and Overlapping Debt	<u>\$ 26,891,206</u>		<u>\$ 15,740,606</u>

Sources:

<sup>1</sup> County Auditor, Bremer County, Iowa

<sup>2</sup> Waverly-Shell Rock School District

Notes:

<sup>3</sup> Excluding General Obligation bonds reported in the Enterprise Funds.

<sup>4</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 20,751,823	\$ 21,449,800	\$ 25,194,381	\$ 26,574,137
Total Net Debt Applicable to Limit	<u>16,200,000</u>	<u>16,832,236</u>	<u>15,082,395</u>	<u>14,890,532</u>
Legal Debt Margin	\$ 4,551,823	\$ 4,617,564	\$ 10,111,986	\$ 11,683,605
Total Net Debt Applicable to the Limit as a percentage of debt limit	78.07%	78.47%	59.86%	56.03%

**Legal Debt Margin Calculation for Fiscal Year 2014**

<u>Assessed Value</u>		
Real and Personal Property Within the City		<u>\$ 639,365,160</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION		31,968,258
<u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable	11,198,861	
Less:		
Sewer Revenue Bonds	45,000	
Solid Waste Notes	207,655	
Golf Course Notes	66,206	
Amount Available for Repayment of General Obligation Debt	<u>86,345</u>	
Debt Applicable to Debt Limit		<u>10,793,655</u>
Legal Debt Margin		<u><u>\$ 21,174,603</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 29,165,611	\$ 29,758,133	\$ 30,049,145	\$ 30,473,254	\$ 31,542,084	\$ 31,968,258
<u>13,120,339</u>	<u>11,300,763</u>	<u>11,977,470</u>	<u>11,802,800</u>	<u>12,759,413</u>	<u>10,793,655</u>
\$ 16,045,272	\$ 18,457,370	\$ 18,071,675	\$ 18,670,454	\$ 18,782,671	\$ 21,174,603
44.99%	37.98%	39.86%	38.73%	40.45%	33.76%

City of Waverly, Iowa  
Water Revenue Bond Coverage  
Last Ten Fiscal Years <sup>1</sup>

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
2005	\$ 940,144	\$ 918,528	\$ 225,896	\$ 21,616	\$ 225,000	\$ 91,141
2006	928,360	839,001	234,258	89,359	245,000	96,602
2007	1,065,811	939,067	254,098	126,744	255,000	53,130
2008	1,086,607	958,476	259,751	128,131	260,000	46,283
2009	1,030,087	959,049	260,422	71,038	257,750	56,521
2010	1,092,557	999,372	268,853	93,185	272,619	47,407
2011	1,086,039	948,144	263,983	137,895	271,364	39,274
2012	1,169,370	1,015,071	263,293	154,299	280,000	30,832
2013	1,195,417	1,197,792	284,561	(2,375)	260,862	41,429
2014	\$ 1,228,012	\$ 1,326,703	\$ 306,156	\$ (98,691)	\$ 262,931	\$ 30,882

Notes

<sup>1</sup> GAAP Basis

<b>Total Debt Service Payments</b>		<b>Coverage</b>	<b>Net Revenue Available For Debt Service Plus Depreciation</b>		<b>Coverage Without Depreciation</b>
\$	316,141	0.07	\$	247,512	0.78
	341,602	0.26		323,617	0.95
	308,130	0.41		380,842	1.24
	306,283	0.42		387,882	1.27
	314,271	0.23		331,460	1.05
	320,026	0.29		362,038	1.13
	310,638	0.44		401,878	1.29
	310,832	0.50		417,592	1.34
	302,291	(0.01)		282,186	0.93
\$	293,813	(0.34)	\$	207,465	0.71

**City of Waverly, Iowa  
Sewer Revenue Bond Coverage  
Last Ten Fiscal Years<sup>1</sup>**

<b>Fiscal Year</b>	<b>Net Operating Revenue</b>	<b>Direct Operating Expense</b>	<b>Depreciation &amp; Amortization Included in Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Payments On Principal</b>	<b>Payments For Interest</b>
2005	\$ 1,173,966	\$ 1,178,154	\$ 417,531	\$ (4,188)	\$ 245,000	\$ 116,710
2006	1,323,162	1,255,668	421,538	67,494	255,000	107,859
2007	1,423,835	1,249,868	442,856	173,967	265,000	90,699
2008	1,426,363	1,379,356	455,447	47,007	280,000	80,050
2009	1,397,455	1,317,802	448,663	79,653	295,000	53,828
2010	1,451,773	1,406,774	471,271	44,999	300,000	42,777
2011	1,412,172	1,394,145	481,193	18,027	260,000	31,862
2012	1,562,986	1,369,322	452,542	193,664	275,000	21,774
2013	1,573,000	1,756,675	493,679	(183,675)	294,138	37,236
2014	\$ 1,640,186	\$ 1,676,045	\$ 527,628	\$ (35,859)	\$ 297,069	\$ 24,802

Notes

<sup>1</sup> GAAP Basis

<b>Total Debt Service Payments</b>		<b>Coverage</b>	<b>Net Revenue Available For Debt Service Plus Depreciation</b>		<b>Coverage Without Depreciation</b>
\$	361,710	(0.01)	\$	413,343	1.14
	362,859	0.19		489,032	1.35
	355,699	0.49		616,823	1.73
	360,050	0.13		502,454	1.40
	348,828	0.23		528,316	1.51
	342,777	0.13		516,270	1.51
	291,862	0.06		499,220	1.71
	296,774	0.65		646,206	2.18
	331,374	(0.55)		310,004	0.94
\$	321,871	(0.11)	\$	491,769	1.53

**City of Waverly, Iowa**  
**Demographic and Economic Statistics <sup>1</sup>**  
**Selected Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income <sup>2</sup></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%
2014	10,070 <sup>(3)</sup>	\$ 261,890,490	\$ 26,007 <sup>(4)</sup>	33.1 <sup>(5)</sup>	3,595 <sup>(6)</sup>	2,211 <sup>(7)</sup>	3.70%

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 2012 estimate from quickfacts.census.gov
4. Taken from [www.usa.com](http://www.usa.com) for 2010
5. 2012 estimate from quickfacts.census.gov
6. 2013 estimate from quickfacts.census.gov
7. WSR school enrollment for 12-13
8. Iowa Workforce Development July 2013 (Bremer County.)

**City of Waverly, Iowa  
Principal Employers  
Current Year <sup>1</sup>**

Employer	2014		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	515	1	6.40%
Wartburg College	500	2	6.21%
Waverly Health Center	436	3	5.42%
Waverly Shell Rock Schools	381	4	4.73%
Terex Cranes, Inc., Waverly	350	5	4.35%
GMT Corporation	310	6	3.85%
Nestle USA, Beverage Division	283	7	3.52%
Bartels Lutheran Home	266	8	3.30%
Walmart	200	9	2.48%
Lutheran Services in Iowa, Inc	170	10	2.11%
Total Employees of Principal Employers	3,411		42.37%
Other Employees	4,639		57.63%
Adjusted Labor Force <sup>2</sup>	8,050		100.00%

Source:  
Waverly Chamber of Commerce  
Waverly Laborshed Analysis

Note:

- <sup>1</sup> Comparative data is not currently available.
- <sup>2</sup> Includes full-time and part-time employees based on [www.usa.com](http://www.usa.com).

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	11	10.5	11	11	11	11	14.5	13.5	13.5	13.5
Library	9.5	9.5	10	10	10	10	10.5	10.5	10.5	10.5
Public Safety										
Police										
Officers	15	15	16	16	16	16	16	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	1	1	1	1	1	1	8	8	8	8
Volunteers	36	36	36	36	36	36	29	29	29	29
Highways and Streets										
Public Works Admin/Engineering	5	5	6	4.75	4.75	4.75	4.75	6	6	6
Zoning/Economic	0	0	0	3	3	3	3	3	3	4
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	7
Building Inspection <sup>1</sup>	2	1	0	0	0	0	0	0	0	0
Sanitation <sup>2</sup>	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Culture and Recreation <sup>2</sup>	23	24	23	20	17	17	18	18	18	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Sewer	6	6	6	6	6	6	5.5	5.5	5.5	5.5
	<u>130.5</u>	<u>130</u>	<u>131</u>	<u>129.75</u>	<u>126.75</u>	<u>126.75</u>	<u>131.25</u>	<u>131.5</u>	<u>131.5</u>	<u>132.5</u>

Source: City of Waverly Accounting Department

Notes:

<sup>1</sup> In 2005 the building inspection responsibilities was moved to Bremer County.

<sup>2</sup> Fluctuations in these functions were due to the number of part-time seasonal personnel.



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

Function	Fiscal Year			
	2005	2006	2007	2008
Police				
Physical Arrests	458	488	555	691
Parking Violations	1,006	911	840	1,037
Traffic Violations	935	1,087	1,021	1,516
Fire				
Number of Calls Answered	118	100	131	135
Highways and Streets				
Street Maintenance (Blocks)	120	110	100	120
Street Reconstruction (Blocks)	4.8	15.1	2.85	7
Building Permits				
Number	355	362	404	357
Value	\$ 32,289,223	\$ 19,223,833	\$ 55,475,429	\$ 12,722,997
Permit Fees	\$ 115,576	\$ 78,111	\$ 147,000	\$ 70,269
Sanitation				
Solid Waste Collected (tons)	4,028	3,985	4,143	4,532
Recyclables Collected (pounds)	1,885,863	1,812,279	1,836,893	1,892,803
Water				
Water Pumped (in thousands of gallons)	336,927	320,782	333,907	352,075
Water Billed (in thousands of gallons)	262	267,137	271,203	268,325
Percent Accountable	78%	83%	81%	76%

Source: Annual reports from each department.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
556	490	456	324	299	340	
937	850	881	570	599	728	
1,155	1,152	1,174	1,175	950	847	
127	120	118	110	111	76	
103	112	92	92	97	97	
9	0	22	0	36	36	
402	414	455	432	423	388	
\$ 21,983,939	\$ 37,596,455	\$ 16,635,779	\$ 20,192,166	\$ 19,816,016	\$ 15,692,981	
\$ 103,873	\$ 35,259	\$ 89,506	\$ 94,305	\$ 111,018	\$ 139,127	
4,186	3,939	4,111	3,910	3,653	3,910	
1,954,793	1,816,441	1,974,000	1,911,020	1,956,116	1,840,308	
367,679	356,739	327,325	329,465	328,942	327,477	
257,857	242,962	273,135	259,173	266,859	270,427	
70%	68%	83%	79%	81%	83%	

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

Function	Fiscal Year			
	2005	2006	2007	2008
Police:				
Stations	1	1	1	1
Patrol Units	4	4	8	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	3	3	3	4
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	65	67	67	67
Culture and Recreation				
Parks Acreage	115	120	120	120
Parks	23	24	24	24
Miles of Recreational Trails	10	10	10	12
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	2	2	2	2
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemeteries (acres)	47	47	47	47
Water				
Water Mains (miles)	64	66	66	68
Number of Service Connections	3,323	3,353	3,447	3,527
Daily Ave. Consumption in Gallons	923,088	881,000	914,814	961,750
Fire Hydrants	587	634	640	660
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	62	62	62	62
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,160	3,160	3,397	3,468
Daily Ave. Treatments in Gallons	1,040,274	1,027,151	1,029,500	1,829,100
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Source: Annual reports from each department.

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
	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	76	74	74	74
	120	120	140	140	140	140
	24	24	25	25	25	25
	14	14	15	15	15	15
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	2	2	2	2	2	2
	2	2	2	2	2	2
	1	1	1	1	1	1
	1	1	1	1	1	1
	47	47	47	47	47	47
	68	68	73	73	73	74
	3,476	3,477	3,518	3,539	3,591	3,664
	1,012,819	977,367	909,236	932,625	996,948	1,059,384
	660	660	679	679	679	690
	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
	62	62	62	62	62	62
	1	1	1	1	1	1
	3,427	3,423	3,461	3,477	3,527	3,595
	1,174,000	1,076,884	1,370,000	942,167	1,240,333	1,202,904
	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF WAVERLY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2014**

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**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.

**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:**

II-A-14    Financial Reporting

Observation – 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.

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.

Conclusion – Response accepted



**CITY OF WAVERLY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2014**

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**Part IV: Other Findings Related to Required Statutory Reporting**

IV-A-14 - Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the business type/enterprises function.

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

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

Conclusion – Response accepted.

IV-B-14 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-14 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-14 - Business Transactions – Business transactions between the City and City officials or employees are as follows.

Craig Mehnen	Cemetery Employee	\$4,486 for monuments
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The transaction may represent a conflict of interest due to the amount of the transaction. The City should consult legal council for determination.

IV-E-14 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-14 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-14 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

IV-H-14 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-I-14 - 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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**Independent Auditor's 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 U.S. generally accepted auditing standards 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, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2014. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Light and Power, as described in our report on the City of Waverly's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item II-A-14 to be a material weakness.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## City of Waverly's Response to Findings

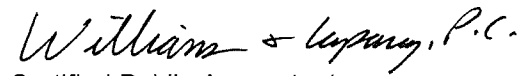
The City of Waverly's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Waverly's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

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

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

  
Certified Public Accountants

Le Mars, Iowa  
December 11, 2014