

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Prepared by the
Finance Department
Valorie Northrup, Finance Manager

**CITY OF WAVERLY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023
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December 27, 2023

Honorable Mayor and City Council
City of Waverly
Waverly, Iowa

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2023. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to U.S. generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

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

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

PROFILE OF THE CITY OF WAVERLY

The City of Waverly was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Bremer County along the Cedar River in northeast Iowa, about 15 miles north of the Waterloo-Cedar Falls metropolitan area. Highways serving the area include State Highway 3 and U.S. Highway 218 that is connected to Interstate Highway 380, Avenue of the Saints. The U.S. Census Bureau reported 9,874 residents in 2010 which is a growth of 10% over the last ten years. The 2020 census showed continued growth for the city of another 4.40% for a total population of 10,394.

Policy-making and legislative authority in the City of Waverly are vested in a governing council. The City of Waverly operates under a Mayor-council form of government. One council member is elected from each of the City's five wards, and two are elected at-large. For continuity purposes, the council members serve four-year staggered terms with elections held every two years. The Mayor is elected every two years. The City Council makes policy decisions for the City through the enactment of ordinances, resolutions, and motions. The Council is also responsible for adopting the budget, appointing committees, and hiring the city administrator. The City Administrator is responsible for implementing policy decisions of the City Council, overseeing the day-to-day management of the City, and hiring department directors. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

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

FINANCIAL INFORMATION

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small-town atmosphere while being only a twenty-five-minute drive to a large metropolitan area. The last census showed Waverly's growth at 4.40% compared to the state's increase of 4.7%. The steady sale of building permits is a good sign for Waverly. The total number of building permits decreased approximately 9% from FY22, however, the total value of permits increased to being \$19,636,677 from FY21 when there were more building permits issued but the value was \$16,481,831. Fiscal year 2023 was very strong in economic development with numerous projects being constructed as well as significant remodels and expansions. Some of the more significant projects included the lot development of Cedar Square and Southgate for commercial lots. The renovation of Waverly Theatre Upper Story Housing and St. Paul's Lutheran School. The construction and addition of a new Taco Bell restaurant, Champion Express Car Wash, and a new facility for Elsamiller Electric. Fiscal year 2023 also brought new industry to Waverly with the addition of Waverly Industrial Rehab LLC and Wire Managers LLC and 11 new retail establishments opened. Another noteworthy economic highlight was Waverly Medical Park being awarded the Workforce Housing Tax Credits for a 40-home residential development. At times, it is more important to add to the culture and livability in a community, compared to increasing valuations. Some of the continued growth is due to the number of students in the Waverly-Shell Rock Schools District and the high marks received for the quality of education. This growth has also spurred the construction of two new elementary schools in Waverly. All of these developments and factors will allow the City to continue receiving increased intergovernmental revenues.

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

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

The City of Waverly is a growing manufacturing, retailing, educational, and health services center in northeast Iowa. Major employers range from Wartburg College with 510 employees, Waverly Health Center with 490 employees, Waverly Shell-Rock Schools with 422 employees, Walmart with 250 employees, and Bartels Lutheran Retirement Comm. With 208 employees.

In July 2003, the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, while controlling property taxes. This revenue will continue to pay for safety, project debt, along with drainage and street improvements. The revenue stream has been consistent over the years with total receipts of \$2,563,616.58 in fiscal year 2023. Future projects for these funds include additional bond payments and various street improvements. After a vote by the citizens in 2016, the collection of the local option sales tax will continue through June 30, 2037.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's fiscal year 2023 average unemployment rate of 2.30% compares favorably to the State's fiscal year 2023 average rate of 2.7 % for the same period. The tax base for the City is showing favorable increases. Growth of the City's taxable valuation has been steady compared to other cities of similar size. Assessed valuations for the same period increased, but the state's residential rollback continues to affect the taxing ability of cities. A new property class was established for multi-residential property in fiscal year 2017 and was eliminated in FY23. Those properties are now reclassified as residential property. Additionally, with the passing of House File 718, the City will be faced with additional restrictions beginning in FY25 including but not only limited to the consolidation of levies to being a combined levy of \$8.10 in future years, homestead and military exemptions, annual single date for bond elections, etc.

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

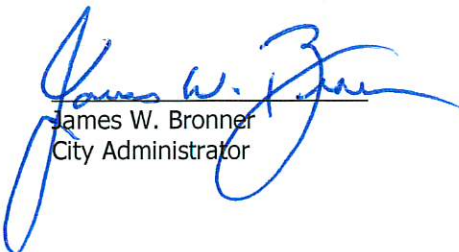
It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

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

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its annual comprehensive financial report (ACFR) for the year ended June 30, 2022. In order to receive this award, the city must publish an easily readable and efficiently organized ACFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2023 annual financial report to GFOA for review to determine its eligibility for an award.

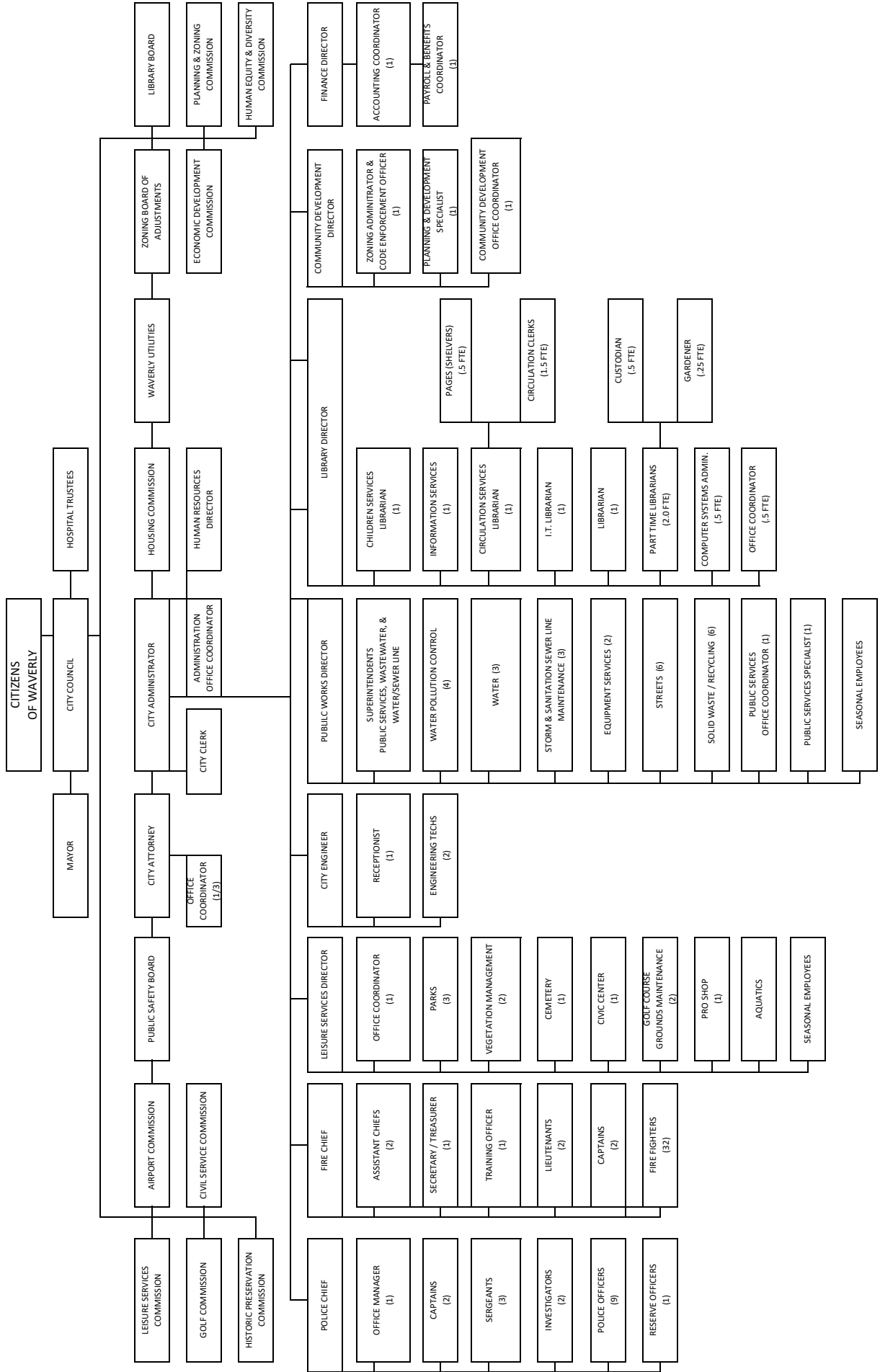
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the Mayor and City Council for their support and interest in the financial operations of the City in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

Respectfully submitted,


James W. Bronner
City Administrator


Valorie Northrup
Finance Director

CITY OF WAVERLY, IOWA ORGANIZATIONAL FLOW CHART



**List of Principal Officials
June 30, 2023**

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Administrator James W. Bronner
City Clerk Carla Guyer
Community Development Director/City Attorney William D. Werger
Finance Director Valorie Northrup
City Engineer/Director of Public Works Michael Cherry
Police Chief Richard Pursell
Leisure Services Director Garret Riordan
Fire Chief Bryce McKenzie
Library Director Sarah C.C. Meyer
Director of Public Works Justin McGlaun



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Waverly
Iowa**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Waverly Health Center and Waverly Utilities (discretely presented component units), as of June 30, 2023 and December 31, 2022, respectively, and the respective changes in financial position for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Waverly Health Center and Waverly Utilities, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waverly, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 23 to the financial statements the City adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Waverly Utilities adopted a new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes, Schedule of the City's Proportionate Share of Net Pension Liability (Asset), and Schedule of the City's Contributions on pages 12 through 21 and 85 through 97 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waverly's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waverly's internal control over financial reporting and compliance.

William J. Company P.C.

Certified Public Accountants
Onawa, Iowa
December 27, 2023

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2023 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2023, by \$84,766,931.
- The City's net position increased by \$5,061,900 during the year. Of this amount the net position of our Governmental Activities increased by \$2,415,329 and the net position of our Business Activities increased \$2,646,571.
- The City's long-term debt increased \$4,364,800. The debt limit is \$43.1M. Outstanding general obligation debt totals \$26,300,000 and other note payables total \$10,033,769, revenue bonds total \$3,370,000, lease agreements total \$113,811, and IT subscription agreements total \$62,171.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$1,547,448.

Overview of the Financial Statements

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

Reporting the City as a Whole

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event occurs, giving rise to the change regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only

result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 22-24 of this report.

Reporting the City's Most Significant Funds

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

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

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

The City of Waverly maintains 48 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

The basic governmental fund financial statements can be found on pages 25-30 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 31-37 of this report.

Reporting the City's Fiduciary Responsibilities

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-84 of this report.

Government-wide Financial Analysis

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

The following comparative chart shows the changes in net position for the years ended June 30, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current & Other Assets	\$ 25,320,442	\$ 20,571,987	\$ 6,079,295	\$ 5,530,767	\$ 31,399,737	\$ 26,102,754
Capital Assets	83,777,222	84,318,365	27,050,693	22,927,942	110,827,915	107,246,307
Total Assets	109,097,664	104,890,352	33,129,988	28,458,709	142,227,652	133,349,061
Deferred Outflows						
	1,055,332	868,383	164,542	150,317	1,219,874	1,018,700
Liabilities						
Other Liabilities	2,161,697	2,281,410	141,474	1,015,275	2,303,171	3,296,685
Noncurrent Liabilities	33,766,651	28,769,328	12,584,298	9,026,757	46,350,949	37,796,085
Total Liabilities	35,928,348	31,050,738	12,725,772	10,042,032	48,654,120	41,092,770
Deferred Inflows						
	9,692,933	12,591,611	333,542	978,349	10,026,475	13,569,960
Net Position						
Net Investment in Capital Assets	58,137,839	57,750,010	15,113,107	20,483,473	73,250,946	78,233,483
Restricted	6,264,026	6,089,667	590,788	676,460	6,854,814	6,766,127
Unrestricted	129,850	(1,723,291)	4,531,321	(3,571,288)	4,661,171	(5,294,579)
Total Net Position	\$ 64,531,715	\$ 62,116,386	\$ 20,235,216	\$ 17,588,645	\$ 84,766,931	\$ 79,705,031

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

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$6,854,814, represents resources that are subject to external restriction on how they may be used. Restricted net position include the amounts restricted for library of \$1,523,398, cemetery perpetual care of \$537,692, Tax Increment Financing allowable purposes of \$613,876, Local Option Sales Tax allowable purposes of \$1,706,649, Road Purposes of \$1,258,196, Debt Service of \$613,624, other specific revenue restrictions of \$548,380, and capital expansion restrictions of \$52,999. The remaining balance of unrestricted net position is \$4,661,171.

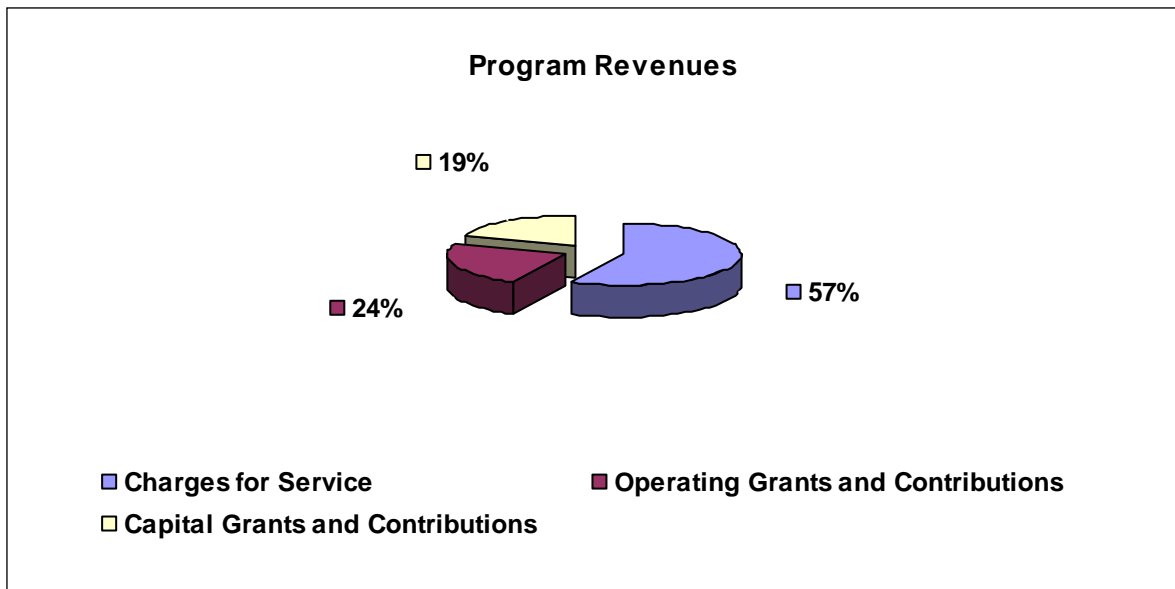
At the end of the current fiscal year, the City of Waverly is able to report positive balances in the categories of all net positions.

Total revenue reported in Fiscal year 2023 was \$24,650,893. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2023 and 2022.

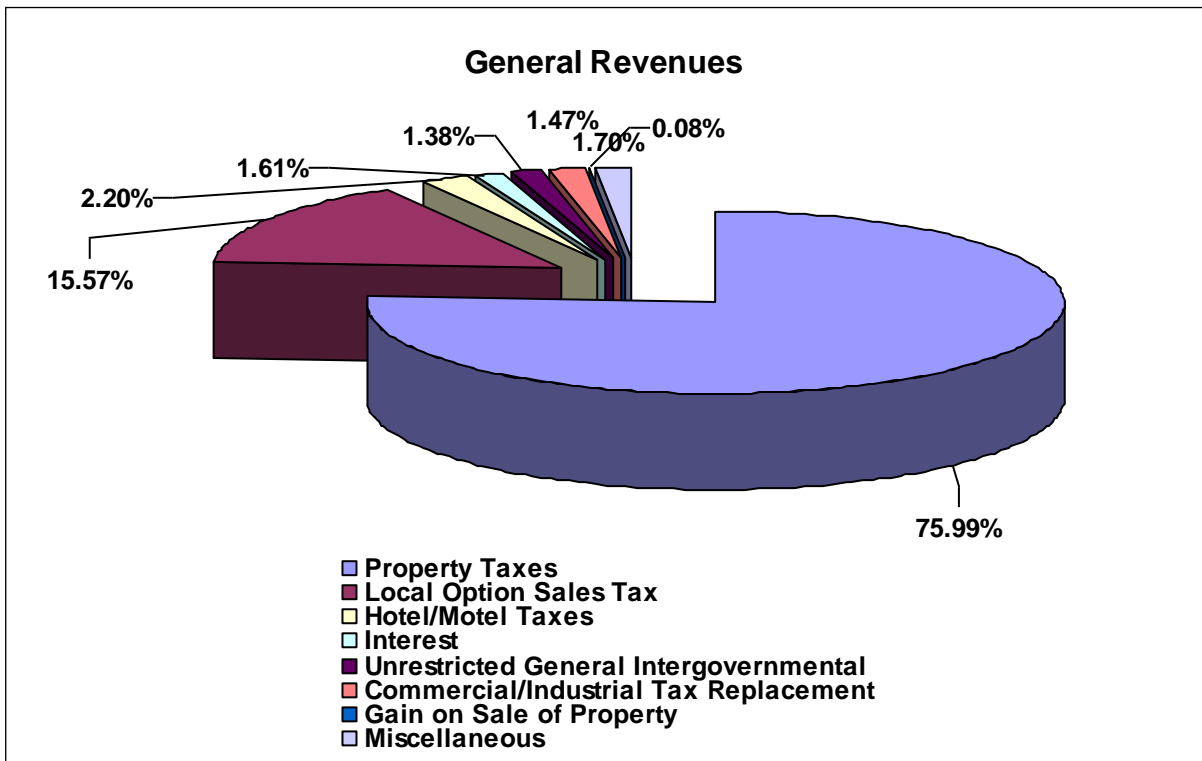
Revenue Source	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	\$ 1,181,967	\$ 1,540,627	\$ 5,987,490	\$ 5,667,581	\$ 7,169,457	\$ 7,208,208
Operating grants & contributions	2,937,691	2,296,820	-	-	2,937,691	2,296,820
Capital grants & contributions	2,402,171	1,148,221	5,819	3,729	2,407,990	1,151,950
Total Program Revenues	6,521,829	4,985,668	5,993,309	5,671,310	12,515,138	10,656,978
General Revenues and Transfers:						
Property Taxes	9,222,058	9,008,053	-	-	9,222,058	9,008,053
Local Option Sales Tax	1,889,907	2,023,559	-	-	1,889,907	2,023,559
Hotel/Motel Tax	267,302	251,080	-	-	267,302	251,080
Interest	118,089	(77,670)	77,304	23,729	195,393	(53,941)
Unrestricted General						
Intergovernmental Revenues	167,766	181,085	-	-	167,766	181,085
Commercial/Industrial Tax Replacement	178,080	203,521	-	-	178,080	203,521
Gain on Sale of Property	8,468	437,049	-	-	8,468	437,049
Miscellaneous	112,903	118,757	93,878	112,354	206,781	231,111
Total General Revenues	11,964,573	12,145,434	171,182	136,083	12,135,755	12,281,517
Interfund Transfers	(1,658,286)	(687,432)	1,658,286	687,432	-	-
Total Revenues and Interfund Transfers	\$ 16,828,116	\$ 16,443,670	\$ 7,822,777	\$ 6,494,825	\$ 24,650,893	\$ 22,938,495

Program revenues totaled \$12,515,138 for fiscal year 2023. Governmental Activities provided \$6,521,829 and Business-Type Activities provided \$5,993,309.

The city continues to develop projects to move the city forward. Property tax revenue was up slightly in fiscal year 2023. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2023 totaled \$12,135,755. Governmental Activities provided \$11,964,573 and Business-Type Activities provided \$171,182. Property Tax Revenues for fiscal year 2023 totaled \$9,222,058, accounting for 75.99% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2023 totaled \$19,588,993. Expenses for General Governmental Activities totaled \$14,412,787 accounting for 73.58% of the total expenses. Business-Type Activity expenses totaled \$5,176,206 for 26.42% of the total. This is an increase of \$2,092,516, or 11.96% from the prior year. The breakdown of expenses by activity and program are as follows:

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Public Safety	\$ 2,610,591	\$ 2,333,262	\$ -	\$ -	\$ 2,610,591	\$ 2,333,262
Public Works	5,802,767	5,068,309	-	-	5,802,767	5,068,309
Health & Social Services	10,394	9,874	-	-	10,394	9,874
Culture and Recreation	3,595,732	3,189,567	-	-	3,595,732	3,189,567
Community and Economic Development	507,089	756,854	-	-	507,089	756,854
General Government	1,170,807	750,438	-	-	1,170,807	750,438
Debt Service	715,407	655,515	-	-	715,407	655,515
Water System	-	-	1,485,039	1,400,442	1,485,039	1,400,442
Sewer System	-	-	2,222,752	1,969,126	2,222,752	1,969,126
Solid Waste	-	-	1,468,415	1,363,090	1,468,415	1,363,090
Total Expenses	\$ 14,412,787	\$ 12,763,819	\$ 5,176,206	\$ 4,732,658	\$ 19,588,993	\$ 17,496,477

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

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

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

Governmental Activities

The Statement of Activities requires some additional explanation. The format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$2,610,591 and received \$70,679 in charges for services and grants, leaving a cost to the taxpayer of \$2,539,912 to be funded by various methods including property taxes. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The net cost of governmental activities this year was \$7,890,958. 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	
	2023	2022
Governmental Activities:		
Public Safety	\$ (2,539,912)	\$ (2,103,211)
Public Works	(2,139,032)	(2,174,057)
Health & Social Services	(10,394)	(9,874)
Culture and Recreation	(956,487)	(1,735,678)
Community and Economic Development	(420,548)	(502,184)
General Government	(1,109,178)	(597,632)
Debt Service	(715,407)	(655,515)
Total Net (Expense) Governmental Activities	(7,890,958)	(7,778,151)
General Revenues	11,964,573	12,145,434
Excess of Revenues Over Expenses	4,073,615	4,367,283
Interfund Transfers	(1,658,286)	(687,432)
Change in Net Position	\$ 2,415,329	\$ 3,679,851

The cost of all Proprietary Activities this year was \$5,176,206. As shown in the Statement of Activities, the amount paid by users of the systems was \$5,987,490, and capital grants and contributions paid for \$5,819 resulting in a total Net Revenue increase for Business-Type Activities of \$817,103. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2023	2022
Water System	\$ 122,492	\$ 154,637
Sewer System	306,568	288,406
Solid Waste System	388,043	495,609
Total Net (Expense) Business Type Activities	817,103	938,652
General Revenues	171,182	136,083
Excess of Revenues Over Expenditures	988,285	1,074,735
Interfund Transfers	1,658,286	687,432
Change in Net Position	\$ 2,646,571	\$ 1,762,167

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$13,067,725. The combined Governmental Funds fund balance increased \$4,804,565 mostly as a result of increased intergovernmental revenue and contributions.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures and other financing uses in the General Fund by \$128,846 due to increase of contributions. The total unassigned fund balance of \$1,547,448 is 21% of expenditures. The Employee Benefit fund balance increased due to renewal rates being better than expected along with an increase in property taxes. The Tax Increment Financing Fund increased due to receipts being higher than anticipated. The Debt Service fund increased in fiscal year 2023 due to estimated debt payments having less principal and interest than originally anticipated. The WPC Improvements fund balance increased during the year due to transfers in and intergovernmental revenue.

Budgetary Highlights

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

<u>Expenditures</u>	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
Public Safety	\$ 2,661,105	\$ 3,003,986	\$ 342,881
Public Works	1,939,632	2,738,558	798,926
Health & Social Services	10,394	10,394	-
Culture and Recreation	3,744,409	3,954,402	209,993
Community and Economic Development	524,370	705,234	180,864
General Government	1,209,582	2,078,535	868,953
Capital Projects	7,411,796	9,254,066	1,842,270
Debt Service	4,964,245	4,695,822	(268,423)
Business Type/Enterprise	5,512,479	5,840,252	327,773
Total Disbursements	<u>\$ 27,978,012</u>	<u>\$ 32,281,249</u>	<u>\$ 4,303,237</u>

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

- The budget is prepared on the cash basis.
- The total original revenue budget of \$28,366,424, including issuance of debt and transfers was amended to \$35,990,673 (an increase of \$7,624,249). The increase was mainly due to an increase in issuance of debt. This was due to additional anticipated SRF funding.
- The total original disbursement budget, including transfers of \$35,549,860 was amended to \$37,967,813 (an increase of \$2,417,953).

- The above amendments to budgets were mainly related to the timing of capital projects. The largest change came with the approval of the increase in budget related to the Capital Projects function in the amount of \$1,287,041. This change is the main reason for the large variance between actual and final budgeted amounts. Total actual expenditures came in below budget projections by \$4,303,237. The City did very well this year controlling disbursements based on original budget projections.

Capital Assets

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

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

Debt Administration

On June 30, 2023 the City had \$26,300,000 of GO Bond debt outstanding.

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

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$43,130,466 for the 2023 fiscal year. The outstanding General Obligation Debt applicable to this limit is \$26,193,512 for the City. More detailed information on debt administration is provided in Note 9 of the financial statements.

Economic Factors

The City of Waverly reports an average of 36.8 residential units per year in the past five years. The units are a combination of single-family units, duplex units and multi-family units. In fiscal year 2023 the City had 19 new single-family house permits. New commercial building permits have averaged 3.2 per year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

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

**CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
ASSETS					
Cash and Cash Equivalents	\$ 12,436,133	\$ 3,144,152	\$ 15,580,285	\$ 1,450,182	\$ 12,264,011
Certificates of Deposit	477,091	400,000	877,091	-	-
Investments	1,699,729	465,579	2,165,308	2,753,335	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	84,114	575,913	660,027	9,122,891	2,668,243
Taxes	54,524	-	54,524	-	-
Subsequent Year Taxes	9,399,400	-	9,399,400	-	-
Accrued Interest	10,101	10,908	21,009	7,829	3,858
Lease Receivable	9,975	92,144	102,119	-	-
Other	-	-	-	356,870	-
Estimated third-party payor settlements	-	-	-	45,000	-
Estimated Unbilled Usage	-	264,770	264,770	-	-
Special Assessments	13,641	90,109	103,750	-	-
Due from Other Governmental Agencies	642,752	-	642,752	-	-
Inventories	118,045	169,526	287,571	2,046,187	1,946,623
Prepaid Assets	107,911	-	107,911	751,166	184,176
Other	-	-	-	287,926	226,180
Restricted Assets:					
Cash and Cash Equivalents	212,454	443,630	656,084	19,565,030	1,996,334
Certificates of Deposit	-	250,000	250,000	-	-
Noncurrent Assets:					
Lease Receivable	-	172,564	172,564	-	-
Investment in Joint Venture	54,572	-	54,572	-	-
Land	15,102,462	117,723	15,220,185	2,206,302	351,624
Construction in Progress	5,644,910	12,953,427	18,598,337	1,850,563	328,017
Capital Assets, Net of Accumulated Depreciation/Amortization	63,029,850	13,979,543	77,009,393	41,799,140	40,947,636
Total Assets	109,097,664	33,129,988	142,227,652	82,242,421	60,916,702
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	1,055,332	164,542	1,219,874	3,658,639	188,089
Total Deferred Outflows of Resources	1,055,332	164,542	1,219,874	3,658,639	188,089
LIABILITIES					
Accounts Payable	1,889,016	90,694	1,979,710	5,932,784	1,498,381
Accrued Wages	160,792	30,938	191,730	2,649,123	971,404
Cash Advance	-	-	-	848,704	-
Other Accrued Expenses	-	-	-	746,051	153,448
Accrued Claims	28,237	-	28,237	-	-
Unearned Revenue	-	-	-	-	888,973
Accrued Interest Payable	83,652	19,842	103,494	23,872	31,449
Noncurrent Liabilities:					
Due within one year:					
Notes Payable	-	453,976	453,976	549,137	-
Revenue Bonds Payable	150,000	545,000	695,000	613,234	1,753,096
General Obligation Bonds	4,155,000	-	4,155,000	-	-
Lease Agreements	68,019	-	68,019	656,523	6,221
IT Subscriptions	34,375	-	34,375	-	-
Compensated Absences and Benefits	319,581	55,095	374,676	-	-
Due in more than one year:					
Notes Payable	-	9,579,793	9,579,793	1,874,664	-
Revenue Bonds Payable	1,350,000	1,358,817	2,708,817	29,564,942	11,147,950
General Obligation Bonds	23,211,987	-	23,211,987	-	-
Lease Agreements	45,792	-	45,792	1,866,104	349,569
IT Subscriptions	27,796	-	27,796	-	-
Total OPEB Liability	665,752	-	665,752	-	724,817
Net Pension Liability	3,525,294	554,888	4,080,182	11,920,824	1,220,242
Compensated Absences and Benefits	213,055	36,729	249,784	-	-
Total Liabilities	35,928,348	12,725,772	48,654,120	57,245,962	18,745,550
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Taxes	9,399,400	-	9,399,400	-	-
Pension Related Deferred Inflows	283,669	67,090	350,759	1,980,558	253,871
Lease Related Deferred Inflows	9,864	266,452	276,316	-	-
Regulator credits - Rate Stabilization	-	-	-	-	1,175,294
Total Deferred Inflows of Resources	9,692,933	333,542	10,026,475	1,980,558	1,429,165
NET POSITION					
Net Investment in Capital Assets	58,137,839	15,113,107	73,250,946	8,651,011	29,217,441
Restricted for:					
Debt Service	22,836	590,788	613,624	-	408,020
Tax Increment Financing	613,876	-	613,876	-	-
Employee Benefits	437,579	-	437,579	-	-
Road Purposes	1,258,196	-	1,258,196	-	-
Local Option Sales Tax	1,706,649	-	1,706,649	-	-
Library	1,523,398	-	1,523,398	-	-
Cable TV	110,801	-	110,801	-	-
Capital Expansion	52,999	-	52,999	287,926	-
Nonexpendable:					
Permanent Fund	537,692	-	537,692	-	-
Unrestricted	129,850	4,531,321	4,661,171	17,735,603	11,304,615
Total Net Position	\$ 64,531,715	\$ 20,235,216	\$ 84,766,931	\$ 26,674,540	\$ 40,930,076

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,610,591	\$ 46,109	\$ 24,570	\$ -
Public Works	5,802,767	89,185	1,980,036	1,594,514
Health and Social Services	10,394	-	-	-
Culture and Recreation	3,595,732	965,473	872,579	801,193
Community and Economic Development	507,089	19,571	60,506	6,464
General Government	1,170,807	61,629	-	-
Debt Service	715,407	-	-	-
Total governmental activities	<u>14,412,787</u>	<u>1,181,967</u>	<u>2,937,691</u>	<u>2,402,171</u>
Business-Type Activities:				
Water System	1,485,039	1,607,531	-	-
Sewer System	2,222,752	2,527,371	-	1,949
Solid Waste System	1,468,415	1,852,588	-	3,870
Total Business-Type Activities:	<u>5,176,206</u>	<u>5,987,490</u>	<u>-</u>	<u>5,819</u>
Total Primary Government	<u>\$ 19,588,993</u>	<u>\$ 7,169,457</u>	<u>\$ 2,937,691</u>	<u>\$ 2,407,990</u>
Component Unit:				
Waverly Health Center	<u>\$ 71,489,017</u>	<u>\$ 69,982,053</u>	<u>\$ 59,074</u>	<u>\$ 29,518</u>
Waverly Utilities	<u>\$ 22,526,375</u>	<u>\$ 23,898,344</u>	<u>\$ -</u>	<u>\$ 63,189</u>

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

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Utilities
\$ (2,539,912)		\$ (2,539,912)		
(2,139,032)		(2,139,032)		
(10,394)		(10,394)		
(956,487)		(956,487)		
(420,548)		(420,548)		
(1,109,178)		(1,109,178)		
(715,407)		(715,407)		
<u>(7,890,958)</u>		<u>(7,890,958)</u>		
	\$ 122,492	122,492		
	306,568	306,568		
	<u>388,043</u>	<u>388,043</u>		
	<u>817,103</u>	<u>817,103</u>		
<u>(7,890,958)</u>	<u>817,103</u>	<u>(7,073,855)</u>		
			\$ (1,418,372)	
				\$ 1,435,158
9,222,058	-	9,222,058	-	-
1,889,907	-	1,889,907	-	-
267,302	-	267,302	-	-
118,089	77,304	195,393	527,323	208,876
167,766	-	167,766	-	-
178,080	-	178,080	-	-
8,468	-	8,468	13,986	306,125
112,903	93,878	206,781	-	-
(1,658,286)	1,658,286	-	-	-
<u>10,306,287</u>	<u>1,829,468</u>	<u>12,135,755</u>	<u>541,309</u>	<u>515,001</u>
2,415,329	2,646,571	5,061,900	(877,063)	1,950,159
62,116,386	17,588,645	79,705,031	27,551,603	38,979,917
<u>\$ 64,531,715</u>	<u>\$ 20,235,216</u>	<u>\$ 84,766,931</u>	<u>\$ 26,674,540</u>	<u>\$ 40,930,076</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2023

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Assets			
Cash and Cash Equivalents	\$ 1,288,204	\$ 603,233	\$ 468,431
Certificates of Deposit	12,091	-	-
Investments	1,699,729	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	20,526	-	-
Taxes	21,988	10,643	8,539
Subsequent Year Taxes	4,061,928	1,124,982	1,831,469
Accrued Interest	10,101	-	-
Lease Receivable	9,975	-	-
Special Assessments	700	-	-
Due from Other Funds	198,166	-	-
Due from Other Governmental Agencies	102,739	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Inventories	118,045	-	-
Prepaid Assets	107,911	-	-
Total Assets	<u>7,652,103</u>	<u>1,738,858</u>	<u>2,308,439</u>
Liabilities			
Accounts Payable	162,638	-	1,780
Accrued Wages	111,019	-	37,611
Due to Other Funds	-	-	-
Total Liabilities	<u>273,657</u>	<u>-</u>	<u>39,391</u>
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	4,061,928	1,124,982	1,831,469
Unavailable Revenue - special assessments	560	-	-
Lease Related Deferred Inflows	9,864	-	-
Total Deferred Inflows of Resources	<u>4,072,352</u>	<u>1,124,982</u>	<u>1,831,469</u>
Fund Balances (Deficits)			
Nonspendable:			
Inventory	118,045	-	-
Prepaid Asset	107,911	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	613,876	-
Employee Benefits	-	-	437,579
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Library	1,523,398	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	8,583	-	-
Municipal Band	709	-	-
Capital Improvement	-	-	-
Unassigned	1,547,448	-	-
Total Fund Balances (Deficits)	<u>3,306,094</u>	<u>613,876</u>	<u>437,579</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 7,652,103</u>	<u>\$ 1,738,858</u>	<u>\$ 2,308,439</u>

See Accompanying Notes to Financial Statements

Debt Service	Capital Projects		Other Governmental Funds	Total Governmental Funds
	WPC Improvements			
\$ 96,134	\$ 260,824	\$ 8,895,611	\$ 11,612,437	
-	-	465,000	477,091	
-	-	-	1,699,729	
-	-	63,588	84,114	
13,354	-	-	54,524	
2,381,021	-	-	9,399,400	
-	-	-	10,101	
-	-	-	9,975	
-	-	12,941	13,641	
-	-	-	198,166	
-	-	540,013	642,752	
-	-	212,454	212,454	
-	-	-	118,045	
-	-	-	107,911	
<u>2,490,509</u>	<u>260,824</u>	<u>10,189,607</u>	<u>24,640,340</u>	
3,000	1,213,730	412,182	1,793,330	
-	-	12,162	160,792	
-	-	198,166	198,166	
<u>3,000</u>	<u>1,213,730</u>	<u>622,510</u>	<u>2,152,288</u>	
2,381,021	-	-	9,399,400	
-	-	10,503	11,063	
-	-	-	9,864	
<u>2,381,021</u>	<u>-</u>	<u>10,503</u>	<u>9,420,327</u>	
-	-	-	118,045	
-	-	-	107,911	
-	-	537,692	537,692	
106,488	-	-	106,488	
-	-	-	613,876	
-	-	-	437,579	
-	-	1,258,196	1,258,196	
-	-	1,706,649	1,706,649	
-	-	-	1,523,398	
-	-	4,703,604	4,703,604	
-	-	110,801	110,801	
-	-	-	8,583	
-	-	-	709	
-	-	1,407,947	1,407,947	
-	(952,906)	(168,295)	426,247	
<u>106,488</u>	<u>(952,906)</u>	<u>9,556,594</u>	<u>13,067,725</u>	
\$ 2,490,509	\$ 260,824	\$ 10,189,607	\$ 24,640,340	

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, 2023

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

Total Fund Balance - Governmental Funds (page 26)	\$	13,067,725	
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.			83,777,222
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.			54,572
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.			34,021
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.			11,063
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.			(83,652)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	\$	1,055,332	
Deferred inflows of resources		(283,669)	771,663
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)	\$	(27,366,987)	
Revenue Bonds Payable		(1,500,000)	
Lease Agreements		(113,811)	
IT Subscriptions		(62,171)	
Net Pension Liability		(3,525,294)	
Compensated Absences		(532,636)	(33,100,899)
Total Net Position - Governmental Activities (page 22)			<u><u>\$ 64,531,715</u></u>

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2023

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
Revenue:			
Taxes	\$ 4,061,062	\$ 1,217,951	\$ 1,579,621
Special Assessments	186	-	-
Licenses and Permits	82,242	-	-
Intergovernmental Revenue	938,529	2,464	34,657
Charges for Services	854,768	-	-
Fines and Forfeits	46,855	-	-
Contributions	794,944	-	-
Refunds/Reimbursements	-	-	-
Revenue from Use of Property	86,020	-	-
Interest on Investments	69,812	7,696	-
Miscellaneous	178,839	-	-
Total Revenue	<u>7,113,257</u>	<u>1,228,111</u>	<u>1,614,278</u>
Expenditures:			
Current:			
Public Safety	2,082,285	-	601,222
Public Works	536,022	-	126,080
Health and Social Services	10,394	-	-
Culture and Recreation	3,207,333	-	500,659
Community and Economic Development	423,197	2,631	95,460
General Government	1,081,586	-	138,361
Capital Projects	-	-	-
Debt Service	167,543	-	-
Total Expenditures	<u>7,508,360</u>	<u>2,631</u>	<u>1,461,782</u>
Excess (deficiency) of revenues over expenditures	<u>(395,103)</u>	<u>1,225,480</u>	<u>152,496</u>
Other financing sources (uses):			
Issuance of Debt	222,201	-	-
Premium on Bonds Issued	-	-	-
Proceeds from Sale of Capital Assets	8,468	-	-
Transfers In	293,280	-	-
Transfers Out	-	(1,128,685)	-
Total other financing sources (uses)	<u>523,949</u>	<u>(1,128,685)</u>	<u>-</u>
Net Change in Fund Balance	128,846	96,795	152,496
Fund balances (deficits) - beginning of year	<u>3,177,248</u>	<u>517,081</u>	<u>285,083</u>
Fund balances (deficits) - end of year	<u>\$ 3,306,094</u>	<u>\$ 613,876</u>	<u>\$ 437,579</u>

See Accompanying Notes to Financial Statements

	Capital Projects		Other Governmental Funds	Total Governmental Funds
Debt Service	WPC Improvements			
\$ 2,363,424	\$ -	\$ 1,889,907	\$ 11,111,965	
-	-	6,148	6,334	
-	-	44,538	126,780	
51,858	1,524,835	2,021,449	4,573,792	
-	-	-	854,768	
-	-	-	46,855	
-	-	303,418	1,098,362	
-	-	3,446	3,446	
-	-	-	86,020	
6,393	-	34,188	118,089	
-	-	608	179,447	
<u>2,421,675</u>	<u>1,524,835</u>	<u>4,303,702</u>	<u>18,205,858</u>	
-	-	-	2,683,507	
-	-	1,303,860	1,965,962	
-	-	-	10,394	
-	-	43,640	3,751,632	
-	-	-	521,288	
-	-	-	1,219,947	
-	4,552,411	3,388,204	7,940,615	
4,696,800	-	121,368	4,985,711	
<u>4,696,800</u>	<u>4,552,411</u>	<u>4,857,072</u>	<u>23,079,056</u>	
<u>(2,275,125)</u>	<u>(3,027,576)</u>	<u>(553,370)</u>	<u>(4,873,198)</u>	
-	-	6,000,000	6,222,201	
-	-	278,688	278,688	
-	-	-	8,468	
2,334,995	3,145,734	1,047,537	6,821,546	
-	-	(2,524,455)	(3,653,140)	
<u>2,334,995</u>	<u>3,145,734</u>	<u>4,801,770</u>	<u>9,677,763</u>	
59,870	118,158	4,248,400	4,804,565	
46,618	(1,071,064)	5,308,194	8,263,160	
<u>\$ 106,488</u>	<u>\$ (952,906)</u>	<u>\$ 9,556,594</u>	<u>\$ 13,067,725</u>	

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds (page 29) \$ 4,804,565

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

Expenditures for capital assets	\$ 3,315,763	
Depreciation/Amortization expense	<u>(4,051,606)</u>	(735,843)

Capital contributions reported in the Statement of Activities do not provide current financial resources and are not reported as revenues in the funds 290,000

Gain on investment in joint venture not recorded at the fund level. 7,457

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain on the sale of capital assets. This is the effect on the change in net position on the statement of activities. (142,150)

Governmental funds report special assessments and delinquent property taxes as revenue when it becomes available, but the statement of activities includes as revenue when levied. (17,924)

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. (24,717)

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. 3,610

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. (56,133)

The current year City IPERS and MFPRS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position 617,155

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (124,823)

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	\$ 4,156,006	
Proceeds from issuance of long-term debt	<u>(6,500,889)</u>	(2,344,883)

The governmental funds report the effect of premiums, discounts, and deferred charges on refunding's when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. 139,015

Change in net position of governmental activities (page 24) \$ 2,415,329

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2023

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Activities Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 357,953	\$ 1,725,526	\$ 1,060,673	\$ 3,144,152	\$ 823,696
Certificates of Deposit	-	400,000	-	400,000	-
Investments	465,579	-	-	465,579	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	161,953	257,013	156,947	575,913	-
Accrued Interest	457	10,451	-	10,908	-
Lease Receivable	92,144	-	-	92,144	-
Estimated Unbilled Usage	109,674	155,096	-	264,770	-
Special Assessments	23,196	66,913	-	90,109	-
Inventories	97,215	72,311	-	169,526	-
Restricted Assets:					
Cash and Cash Equivalents	360,630	83,000	-	443,630	-
Certificates of Deposit	-	250,000	-	250,000	-
Total Current Assets	1,668,801	3,020,310	1,217,620	5,906,731	823,696
Noncurrent Assets:					
Lease Receivable	172,564	-	-	172,564	-
Land	-	117,723	-	117,723	-
Construction in Progress	9,849	12,943,578	-	12,953,427	-
Capital Assets, Net of Accumulated Depreciation	5,019,465	7,118,198	1,841,880	13,979,543	-
Total Noncurrent Assets	5,201,878	20,179,499	1,841,880	27,223,257	-
Total Assets	6,870,679	23,199,809	3,059,500	33,129,988	823,696
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	35,641	65,858	63,043	164,542	-
Total Deferred Outflows of Resources	35,641	65,858	63,043	164,542	-
LIABILITIES					
Current Liabilities					
Accounts Payable	39,004	19,783	31,907	90,694	95,686
Accrued Wages	6,478	12,026	12,434	30,938	-
Compensated Absences and Benefits	9,938	25,767	19,390	55,095	-
Accrued Interest Payable	3,025	16,817	-	19,842	-
Accrued Claims	-	-	-	-	28,237
Notes Payable	-	453,976	-	453,976	-
Revenue Bonds	350,000	195,000	-	545,000	-
Total Current Liabilities	408,445	723,369	63,731	1,195,545	123,923
Noncurrent Liabilities:					
Due in more than one year:					
Notes Payable	-	9,579,793	-	9,579,793	-
Revenue Bonds	924,621	434,196	-	1,358,817	-
Total OPEB Liability	-	-	-	-	665,752
Net Pension Liability	132,952	215,621	206,315	554,888	-
Compensated Absences and Benefits	6,625	17,178	12,926	36,729	-
Total Noncurrent Liabilities	1,064,198	10,246,788	219,241	11,530,227	665,752
Total Liabilities	1,472,643	10,970,157	282,972	12,725,772	789,675
DEFERRED INFLOWS OF RESOURCES					
Pension Related Deferred Inflows	16,075	26,070	24,945	67,090	-
Lease Related Deferred Inflows	266,452	-	-	266,452	-
Total Deferred Inflows of Resources	282,527	26,070	24,945	333,542	-
NET POSITION					
Net Investment in Capital Assets	3,754,693	9,516,534	1,841,880	15,113,107	-
Restricted for:					
Debt Service	357,605	233,183	-	590,788	-
Unrestricted	1,038,852	2,519,723	972,746	4,531,321	34,021
Total Net Position	\$ 5,151,150	\$ 12,269,440	\$ 2,814,626	\$ 20,235,216	\$ 34,021

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, 2023

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,570,640	\$ 2,525,527
Miscellaneous	36,891	1,844
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	<u>1,607,531</u>	<u>2,527,371</u>
Operating Expenses:		
General Government	-	-
Employee Services	295,533	633,153
Contract Services	416,624	514,748
Supplies	62,117	69,894
Repairs and Maintenance	198,709	50,335
Utilities	104,904	154,210
Miscellaneous	6,432	4,600
Depreciation	354,264	581,912
Total Operating Expenses	<u>1,438,583</u>	<u>2,008,852</u>
Operating Income (Loss)	168,948	518,519
Non-Operating Income (Expense):		
Interest Income	28,901	40,788
Revenue from Use of Property	93,878	-
(Loss) on Disposition of Equipment	(3,388)	(6,777)
Interest Expense	(43,068)	(207,123)
Total Non-Operating Income (Expenses)	<u>76,323</u>	<u>(173,112)</u>
Income (Loss) before Contributions and Transfers	245,271	345,407
Contributed Capital Revenue	116,633	4,667,008
Transfers In	4,907	-
Transfers (Out)	-	(3,185,734)
Change in Net Position	366,811	1,826,681
Net Position - Beginning	<u>4,784,339</u>	<u>10,442,759</u>
Net Position - Ending	<u>\$ 5,151,150</u>	<u>\$ 12,269,440</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Solid Waste	Total	Internal Service	
\$ 1,844,173	\$ 5,940,340	\$ -	
8,415	47,150	-	
-	-	1,361,039	
<u>1,852,588</u>	<u>5,987,490</u>	<u>1,361,039</u>	
-	-	1,417,172	
566,930	1,495,616	-	
471,135	1,402,507	-	
46,404	178,415	-	
197,533	446,577	-	
26,545	285,659	-	
167	11,199	-	
143,925	1,080,101	-	
<u>1,452,639</u>	<u>4,900,074</u>	<u>1,417,172</u>	
399,949	1,087,416	(56,133)	
7,615	77,304	-	
-	93,878	-	
(15,776)	(25,941)	-	
-	(250,191)	-	
<u>(8,161)</u>	<u>(104,950)</u>	<u>-</u>	
391,788	982,466	(56,133)	
48,870	4,832,511	-	
12,421	17,328	-	
-	(3,185,734)	-	
453,079	2,646,571	(56,133)	
<u>2,361,547</u>	<u>17,588,645</u>	<u>90,154</u>	
<u>\$ 2,814,626</u>	<u>\$ 20,235,216</u>	<u>\$ 34,021</u>	

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2023

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,570,041	\$ 2,442,739
Cash Paid to Suppliers for Goods and Services	(792,670)	(796,197)
Cash Paid to Employees for Services	(282,300)	(606,006)
Other Nonoperating Revenue	93,878	-
Net Cash Provided by (Used for) Operating Activities	<u>588,949</u>	<u>1,040,536</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	-	(33,533)
Proceeds from Grants	-	1,949
Proceeds from Sale of Capital Assets	-	13,770
Proceeds from Debt Issuance	-	3,145,734
Principal Paid on Notes and Bonds	(340,000)	(683,000)
Interest Paid on Notes and Bonds	(46,780)	(211,391)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(386,780)</u>	<u>2,233,529</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	-	(3,185,734)
Transfers from Other Funds	4,907	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>4,907</u>	<u>(3,185,734)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>13,143</u>	<u>30,337</u>
Net Cash Provided by Investing Activities	<u>13,143</u>	<u>30,337</u>
Net Increase (Decrease) in Cash and Cash Equivalents	220,219	118,668
Cash and Cash Equivalents at Beginning of Year	<u>498,364</u>	<u>1,689,858</u>
Cash and Cash Equivalents at End of Year	<u>\$ 718,583</u>	<u>\$ 1,808,526</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Solid Waste	Total	Internal Service	
\$ 1,850,369	\$ 5,863,149	\$ 1,362,865	
(739,462)	(2,328,329)	(1,392,323)	
(598,802)	(1,487,108)	-	
-	93,878	-	
<u>512,105</u>	<u>2,141,590</u>	<u>(29,458)</u>	
(382,338)	(415,871)	-	
3,870	5,819	-	
-	13,770	-	
-	3,145,734	-	
-	(1,023,000)	-	
-	(258,171)	-	
<u>(378,468)</u>	<u>1,468,281</u>	<u>-</u>	
-	(3,185,734)	-	
12,421	17,328	-	
<u>12,421</u>	<u>(3,168,406)</u>	<u>-</u>	
<u>7,615</u>	<u>51,095</u>	<u>-</u>	
<u>7,615</u>	<u>51,095</u>	<u>-</u>	
153,673	492,560	(29,458)	
<u>907,000</u>	<u>3,095,222</u>	<u>853,154</u>	
<u>\$ 1,060,673</u>	<u>\$ 3,587,782</u>	<u>\$ 823,696</u>	

(Continued)

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ 168,948	\$ 518,519
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Other Nonoperating Income	93,878	-
Depreciation	354,264	581,912
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable	(21,408)	(43,941)
Lease Receivable	122,008	-
Special Assessments	(564)	(1,600)
Estimated Unbilled Usage	(22,461)	(39,091)
Inventories	(27,158)	6,675
Deferred Outflows of Pension Related Costs	(62)	(9,598)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources		
Accounts Payable	23,274	(9,085)
Accrued Wages	(2,743)	(2,854)
Accrued Compensated Absences	6,945	1,977
Net Pension Liability	129,272	210,254
Deferred Inflows of Pension Related Costs	(120,179)	(172,632)
Deferred Inflows of Lease Receivables	(115,065)	-
Total OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	420,001	522,017
Net Cash Provided by (Used for) Operating Activities	<u>\$ 588,949</u>	<u>\$ 1,040,536</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions	\$ 116,633	\$ 4,665,059
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents	\$ 357,953	\$ 1,725,526
Restricted Cash and Cash Equivalents	360,630	83,000
	<u>\$ 718,583</u>	<u>\$ 1,808,526</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
<u>\$ 399,949</u>	<u>\$ 1,087,416</u>	<u>\$ (56,133)</u>
-	93,878	-
143,925	1,080,101	-
(2,219)	(67,568)	1,826
-	122,008	-
-	(2,164)	-
-	(61,552)	-
-	(20,483)	-
(4,565)	(14,225)	-
2,322	16,511	1,507
1,841	(3,756)	-
8,541	17,463	-
199,242	538,768	-
(236,931)	(529,742)	-
-	(115,065)	-
-	-	25,866
-	-	(2,524)
<u>112,156</u>	<u>1,054,174</u>	<u>26,675</u>
<u>\$ 512,105</u>	<u>\$ 2,141,590</u>	<u>\$ (29,458)</u>
\$ 45,000	\$ 4,826,692	\$ -
\$ 1,060,673	\$ 3,144,152	\$ 823,696
-	443,630	-
<u>\$ 1,060,673</u>	<u>\$ 3,587,782</u>	<u>\$ 823,696</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
JUNE 30, 2023

**Custodial
Fund**

Assets

Cash and Cash Equivalents

\$ 15,030

Total Assets

15,030

Net Position

Restricted for Other Governments

15,030

Total Net Position

\$ 15,030

CITY OF WAVERLY, IOWA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Fund
Additions:	
Charges for Services	\$ 1,093,876
Total Additions	<u>1,093,876</u>
Deductions:	
Agency Remittances:	
To Other Governments	<u>1,092,807</u>
Total Deductions	<u>1,092,807</u>
Change in Net Position	1,069
Net Position, beginning of year	<u>13,961</u>
Net Position, end of year	<u><u>\$ 15,030</u></u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Utilities – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Utilities is financially accountable to the City. During the fiscal year ended June 30, 2023, Waverly Utilities transferred \$779,056 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, 2022.

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

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

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

Restricted net position 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, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Fund Accounting

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

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

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

The City reports the following major governmental funds:

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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 a custodial capacity for others and therefore not available to support City programs. They use the economic resources measurement focus and are not incorporated into the government-wide financial statements. The City's Wartburg-Waverly Wellness Center Custodial Fund is to account for the activity recorded on behalf of the Wartburg-Waverly Wellness Center.

D. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, disbursements exceeded amounts budgeted in the debt service 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	Amortized Cost
	Iowa Public Agency Investment Trust	Amortized Cost
	U.S. Treasury Notes, State & Local Government Series	Fair Value Determined Based on Quoted Market Price
<u>Component Unit</u>		
	Nonnegotiable Certificates of Deposit	Amortized Cost
	U.S. Treasury Notes, State & Local Government Series	Fair Value Determined Based on Quoted Market Price
	Iowa Public Agency Investment Trust	Amortized Cost
<u>Debt Securities</u>		
	U.S. Government Securities	
	Maturity of one year or less when purchased	Amortized Cost
	Maturity of more than one year when purchased	Fair Value Based on Quoted Market Price

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Receivable

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2023 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2022. Any county collections on the 2022-2023 tax levy remitted to the City within 60 days subsequent to June 30, 2023, 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, 2023, 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, 2023 are recorded as prepaid items. The costs of governmental and proprietary fund type prepaid items are recorded as expenditures when consumed rather than when purchased.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

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

L. Property and Equipment

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

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

M. Leases

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

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

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

N. Subscription-Based Information Technology Arrangements (SBITAs)

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

O. Deferred Outflows of Resources

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

P. 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, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

P. 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, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity

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

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

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

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

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

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

R. 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.

S. 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, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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.

U. Deferred Inflows of Resources

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied, unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and deferred inflow related to lease receivables.

In December 2014, Waverly Utilities approved adoption of GASB 62, Regulated Operations, which requires that the effects of the rate-making process be recorded in the financial statements. Accordingly, certain revenues and credits, normally reflected in Change in Net Position as incurred, are recognized when included in rates and recovered from or refunded to customers. Waverly Utilities' regulatory credit relating to rate stabilization is intended to defer the need for future rate increases when costs exceed existing rates. At the direction of Waverly Utilities, amounts may be either transferred into this fund (which reduces revenues), or amounts are transferred out of this fund (which increases revenues). Waverly Utilities authorizes Rate Stabilization Fund (RSF) on an event driven basis. Earnings in excess to ratio coverages will be deferred to offset higher costs in the future. In 2022, \$0 was transferred to (from) revenue to the RSF which left an ending balance of \$1,175,294.

V. Pensions

For purposes of measuring the net pension liability(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to / deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems'. For this purpose, benefit payments (including refunds of employee contributions) are

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

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

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2023, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no significant differences in investments held during the year from those at June 30, 2023.

At June 30, 2023 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

City Investments	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Mutual Funds	Not Rated	\$ 1,029,739	1 year	Level 2
IPAIT	Not Rated	1,135,569	1 year	N/A

Component Unit Investments	Credit Risk	Fair Value	Maturity	Fair Value Hierarchy
Money Market	AAA	\$ 83,982	1 year	Level 1
Fixed income securities	AA+	46,955	1 year	Level 2
Fixed income securities	AA	75,823	1 year	Level 2
Fixed income securities	AA-	26,331	1 year	Level 2
Fixed income securities	A	23,375	1 year	Level 2
Fixed income securities	A+	25,086	1 year	Level 2
Fixed income securities	BBB+	89,997	1 year	Level 2
Fixed income securities	BBB	147,537	1 year	Level 2
Fixed income securities	BB+	20,832	1 year	Level 2
Fixed income securities	N/A	663,900	1 year	Level 2
Common Stocks	Not Rated	\$ 1,549,517	1 year	Level 1

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

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

valued using a matrix pricing model.

In addition, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,135,569. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. Investment policies are followed to maintain a constant net position value of \$1.00 per unit for the portfolio.

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

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

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

Note 3 - RECEIVABLES

Receivables at June 30, 2023 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$9,956 at June 30, 2023. The Waverly Health Center component unit had an allowance for uncollectibles of \$7,830,000 at June 30, 2023.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2023, amounts due from other governments were as follows:

Due from the State of Iowa for Hotel/Motel taxes	\$ 51,738
Due from Waverly Utilities for Franchise Fees	15,014
Due from Waverly Utilities for monthly transfers	66,081
Due from the State of Iowa for local option sales taxes	107,742
Due from the Iowa Department of Transportation for road use tax allocations	116,813
Due from the Department of Transportation for federal awarded construction	170,599
Due from the Federal Aviation Administration for project costs	114,765
Total Due from Other Governments	\$ 642,752

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2023, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Non-major Governmental Fund	\$ 198,166
		\$ 198,166

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 6 - LEASE RECEIVABLES

<u>Lease Name</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Airport Building	\$ 9,975	\$ -	\$ 9,975
Verizon Cell Towers	-	94,374	94,374
US Cellular Cell Tower	-	67,691	67,691
T-Mobile Cell Tower	-	30,767	30,767
AT&T Cell Tower	-	71,876	71,876
Total	<u>\$ 9,975</u>	<u>\$ 264,708</u>	<u>\$ 274,683</u>

On October 1, 2018, the City of Waverly entered into a five year lease as Lessor for use of the airport facilities at the city, with an option to renew one 5 year term by the Lessee. As of June 30, 2023, the value of the lease receivable is \$9,975. The lessee is required to make annual fixed payments of \$30,000. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2023 was \$9,864, and the City of Waverly recognized lease revenue of \$29,592 and lease interest of \$288 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,975	\$ 25	\$ 10,000
Total	<u>\$ 9,975</u>	<u>\$ 25</u>	<u>\$ 10,000</u>

On February 15, 2021 the City of Waverly entered into a five year lease as Lessor for use of the water tower as space for antennas. As of June 30, 2023, the value of the lease receivable is \$94,374. The lessee is required to make annual fixed payments of \$21,929. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2023 was \$88,232, and the City of Waverly recognized lease revenue of \$25,862 and lease interest of \$1,371 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 22,107	\$ 1,158	\$ 23,265
2025	23,076	887	23,963
2026	24,078	603	24,681
2027	25,113	308	25,421
Total	<u>\$ 94,374</u>	<u>\$ 2,956</u>	<u>\$ 97,330</u>

On February 10, 1997 the City of Waverly entered into a ten year lease as Lessor for use of the water tower as space for antennas. As of June 30, 2023, the value of the lease receivable is \$67,691. The lessee is required to make monthly payments of \$1,647, adjusted each year by 103% of the prior year's payments. The Lessee had the option to extend up to four additional terms of five years, and are currently exercising the last and final 5 year term in the original lease. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2023 was \$65,512, and the City of Waverly recognized lease revenue of \$18,718 and lease interest of \$950 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 6 - LEASE RECEIVABLES (CONTINUED)

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 19,046	\$ 720	\$ 19,766
2025	19,280	486	19,766
2026	19,517	249	19,766
2027	9,848	35	9,883
Total	<u>\$ 67,691</u>	<u>\$ 1,490</u>	<u>\$ 69,181</u>

On July 21, 2019 the City of Waverly entered into a five year lease as Lessor for use of the water tower as space for antennas. As of June 30, 2023, the value of the lease receivable is \$30,767. The lessee is required to make monthly payments of \$4,331. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2023 was \$43,000, and the City of Waverly recognized lease revenue of \$29,382 and lease interest of \$614 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,767	\$ 204	\$ 30,971
Total	<u>\$ 30,767</u>	<u>\$ 204</u>	<u>\$ 30,971</u>

On September 18, 2021 the City of Waverly entered into a five year lease as Lessor for use of the water tower as space for antennas. As of June 30, 2023, the value of the lease receivable is \$71,876. The lessee is required to make monthly payments of \$1,749. The lease has an interest rate of 1.22%. The value of the deferred inflow of resources as of June 30, 2023 was \$69,708, and the City of Waverly recognized lease revenue of \$19,917 and lease interest of \$1,082 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,224	\$ 764	\$ 20,988
2025	20,472	516	20,988
2026	20,723	265	20,988
2027	10,457	37	10,494
Total	<u>\$ 71,876</u>	<u>\$ 1,582</u>	<u>\$ 73,458</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 7 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Restated Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 14,768,825	\$ 333,637	\$ -	\$ 15,102,462
Construction in Progress	7,493,139	2,504,901	4,353,130	5,644,910
Total capital assets not being depreciated/amortized	<u>22,261,964</u>	<u>2,838,538</u>	<u>4,353,130</u>	<u>20,747,372</u>
Capital assets being depreciated/amortized:				
Buildings and Improvements	13,292,721	2,886,892	-	16,179,613
Equipment	8,891,105	716,274	695,671	8,911,708
Infrastructure	88,024,290	1,466,238	172,444	89,318,084
Right-to-Use Lease - Building	16,418	-	16,418	-
Right-to-Use Lease - Equipment	308,932	-	-	308,932
Right-to-Use IT Subscriptions	46,850	50,951	-	97,801
Total capital assets being depreciated/amortized	<u>110,580,316</u>	<u>5,120,355</u>	<u>884,533</u>	<u>114,816,138</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	6,041,047	422,166	-	6,463,213
Equipment	5,917,524	445,392	553,521	5,809,395
Infrastructure	36,443,210	3,059,687	172,444	39,330,453
Right-to-Use Lease - Building	10,945	5,473	16,418	-
Right-to-Use Lease - Equipment	64,339	85,785	-	150,124
Right-to-Use IT Subscriptions	-	33,103	-	33,103
Total accumulated depreciation/amortization	<u>48,477,065</u>	<u>4,051,606</u>	<u>742,383</u>	<u>51,786,288</u>
Total capital assets being depreciated/amortized, net	<u>62,103,251</u>	<u>1,068,749</u>	<u>142,150</u>	<u>63,029,850</u>
Governmental activities capital assets, net	<u>\$ 84,365,215</u>	<u>\$ 3,907,287</u>	<u>\$ 4,495,280</u>	<u>\$ 83,777,222</u>

Construction in progress at June 30, 2023, for the governmental activities consisted of costs associated with various street projects and airport improvements.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 7 - CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 117,723	\$ -	\$ -	\$ 117,723
Construction in Progress	8,420,857	4,781,692	249,122	12,953,427
Total capital assets not being depreciated	<u>8,538,580</u>	<u>4,781,692</u>	<u>249,122</u>	<u>13,071,150</u>
Capital assets being depreciated:				
Buildings and Improvements	11,147,391		45,797	11,101,594
Equipment	2,978,335	543,371	587,239	2,934,467
Lines and Structures	22,736,638	249,122	-	22,985,760
Total capital assets being depreciated	<u>36,862,364</u>	<u>792,493</u>	<u>633,036</u>	<u>37,021,821</u>
Less: Accumulated depreciation for:				
Buildings and Improvements	5,723,973	191,876	37,783	5,878,066
Equipment	1,772,959	202,980	473,042	1,502,897
Lines and Structures	14,976,070	685,245	-	15,661,315
Total Accumulated Depreciation	<u>22,473,002</u>	<u>1,080,101</u>	<u>510,825</u>	<u>23,042,278</u>
Total capital assets being depreciated, net	<u>14,389,362</u>	<u>(287,608)</u>	<u>122,211</u>	<u>13,979,543</u>
Business-type activities capital assets, net	<u>\$ 22,927,942</u>	<u>\$ 4,494,084</u>	<u>\$ 371,333</u>	<u>\$ 27,050,693</u>

Construction in progress at June 30, 2023 for the business type activities consisted of costs associated with various water and sewer infrastructure projects.

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

Governmental Activities:	
Public Safety	\$ 262,711
Public Works	3,375,240
Culture and Recreation	334,836
General Government	78,819
Total depreciation/amortization expense - governmental activities	<u>\$ 4,051,606</u>
Business-Type Activities:	
Water	\$ 354,264
Sewer	581,912
Solid Waste	143,925
Total depreciation expense - business-type activities	<u>\$ 1,080,101</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 7 - CAPITAL ASSETS (CONTINUED)

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

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Waverly Health Center:					
Capital assets not being depreciated/amortized:					
Land	\$ 2,206,302	\$ -	\$ -	\$ -	\$ 2,206,302
Construction in Progress	9,809,569	5,039,133	113,894	(12,884,245)	1,850,563
Total capital assets not being depreciated/amortized	<u>12,015,871</u>	<u>5,039,133</u>	<u>113,894</u>	<u>(12,884,245)</u>	<u>4,056,865</u>
Capital assets being depreciated/amortized:					
Land Improvements	5,180,127	-	-	1,215,567	6,395,694
Buildings	23,473,553	343,699	-	9,149,197	32,966,449
Fixed Equipment	20,705,597	-	-	294,058	20,999,655
Major Movable Equipment	21,474,662	1,456,348	1,004,548	2,225,423	24,151,885
Leased, right to use assets - Buildings	2,927,228	358,673	-	-	3,285,901
Leased, right to use assets - Major Movable equipment	1,018,213	85,937	136,317	-	967,833
Total capital assets being depreciated/amortized	<u>74,779,380</u>	<u>2,244,657</u>	<u>1,140,865</u>	<u>12,884,245</u>	<u>88,767,417</u>
Less: Accumulated Depreciation/Amortization	43,333,084	4,776,058	1,140,865	-	46,968,277
Total capital assets being depreciated/amortized, net	31,446,296	(2,531,401)	-	12,884,245	41,799,140
Component unit capital assets, net	<u>\$ 43,462,167</u>	<u>\$ 2,507,732</u>	<u>\$ 113,894</u>	<u>\$ -</u>	<u>\$ 45,856,005</u>

Construction in progress at June 30, 2023 for the Waverly Health Center consists of costs incurred for equipment installations in process.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 7 - CAPITAL ASSETS (CONTINUED)

	Restated Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Waverly Utilities:				
Capital assets not being depreciated/amortized:				
Land	\$ 351,624	\$ -	\$ -	\$ 351,624
Construction in Progress	41,282	301,503	14,768	328,017
Total capital assets not being depreciated/amortized	392,906	301,503	14,768	679,641
Capital assets being depreciated/amortized:				
Improvements	58,519,752	1,613,804	1,477,918	58,655,638
Buildings	5,852,463	89,648	-	5,942,111
Equipment	10,015,750	532,769	187,997	10,360,522
Louisa Plant	11,860,790	1,277,277	53,568	13,084,499
WS4 Plant	5,579,180	43,929	10,470	5,612,639
Intangible Right of Use Asset - Land	367,384	-	-	367,384
Total capital assets being depreciated/amortized	92,195,319	3,557,427	1,729,953	94,022,793
Less: Accumulated Depreciation/Amortization	51,475,720	3,165,107	1,565,670	53,075,157
Total capital assets being depreciated/amortized, net	40,719,599	392,320	164,283	40,947,636
Component unit capital assets, net	\$ 41,112,505	\$ 693,823	\$ 179,051	\$ 41,627,277

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Units	
			Waverly Health Center	Waverly Utilities
Land	\$ 15,102,462	\$ 117,723	\$ 2,206,302	\$ 351,624
Construction in Progress	5,644,910	12,953,427	1,850,563	328,017
Capital Assets (net of accumulated depreciation/amortization)	63,029,850	13,979,543	41,799,140	40,947,636
Less: General Obligation Bonds	(27,366,987)	-	-	-
Revenue Bond Anticipation Note	-	-	(26,809,624)	-
Notes Payable	-	(10,033,769)	(2,423,801)	-
Revenue Bonds	(1,500,000)	(1,903,817)	(3,368,552)	(12,901,046)
Lease Agreements	(113,811)	-	(2,522,627)	(355,790)
IT Subscriptions	(62,171)	-	-	-
Accounts Payable associated with CIP	(1,247,019)	-	(2,080,390)	-
Add: Unspent Bond Proceeds	4,650,605	-	-	847,000
Net Investment in Capital Assets	\$ 58,137,839	\$ 15,113,107	\$ 8,651,011	\$ 29,217,441

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 8 - CASH ADVANCES

The Health Center has contracted with an accounts receivable management company to collect certain patient accounts on behalf of the Health Center. The Health Center receives cash advances, less a fee, for the accounts to be collected by the management company. The cash advances are secured by the patient receivables. The patient receivables and related cash advance balance is reduced as the management company collects on the accounts. At June 30, 2023, the Health Center had reported \$848,704 of cash advances secured by outstanding patient receivables.

Note 9 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2023, is \$43,130,466 of which \$26,193,512 is committed for outstanding general obligation debt and development agreements.

The following is a summary of long-term liabilities transactions of the City and its component units for the year ended June 30, 2023:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 25,675,000	\$ 4,675,000	\$ 4,050,000	\$ 26,300,000	\$ 4,155,000
Revenue Bond	-	1,500,000	-	1,500,000	150,000
Lease Agreements	187,937	-	74,126	113,811	68,019
IT Subscriptions	46,850	47,201	31,880	62,171	34,375
Compensated Absences	536,246	318,138	321,748	532,636	319,581
Governmental Activities					
Long-Term Liabilities	26,446,033	6,540,339	4,477,754	28,508,618	4,726,975
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	2,400,000	-	530,000	1,870,000	545,000
Direct Borrowings:					
Notes Payable	7,381,035	3,145,734	493,000	10,033,769	453,976
Compensated Absences	74,361	62,080	44,617	91,824	55,095
Business-Type Activities					
Long-Term Liabilities	\$ 9,855,396	\$ 3,207,814	\$ 1,067,617	\$ 11,995,593	\$ 1,054,071

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

The City of Waverly's general obligation and revenue bonds are shown gross of the unamortized premium of \$1,066,987 for governmental activities and \$33,817 for business-type activities on the Statement of Net Position.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units:					
Waverly Health Center:					
Revenue Bonds:					
Bond Anticipation Note	\$ 27,063,000	\$ -	\$ 27,063,000	\$ -	\$ -
USDA Taxable Revenue Bonds	-	27,063,000	253,376	26,809,624	343,010
Revenue Bonds	3,500,000	-	131,448	3,368,552	270,224
Direct Borrowing:					
Notes Payable	756,652	2,379,000	711,851	2,423,801	549,137
Lease Agreements	2,764,975	-	242,348	2,522,627	656,523
Waverly Health Center					
Long-Term Liabilities	<u>34,084,627</u>	<u>29,442,000</u>	<u>28,402,023</u>	<u>35,124,604</u>	<u>1,818,894</u>
Waverly Utilities:					
Bonds Payable:					
Revenue Bonds	14,541,807	-	1,707,687	12,834,120	1,753,096
Lease Agreements	361,751	-	5,961	355,790	6,221
Waverly Utilities					
Long-Term Liabilities	<u>\$ 14,903,558</u>	<u>\$ -</u>	<u>\$ 1,713,648</u>	<u>\$ 13,189,910</u>	<u>\$ 1,759,317</u>

The Waverly Utilities' debt is shown gross of unamortized premium of \$66,926.

Direct Borrowing and Direct Placements – Notes Payable

On November 18, 2019, the City Council approved sewer revenue loans not to exceed \$780,000 from the Iowa Finance Authority for the water pollution control project. This agreement is a planning and design loan agreement at zero percent interest rate with a term of up to three years. In fiscal year 2022 this loan was rolled into the SRF Construction Loan, which was approved not to exceed \$13,300,000. The loan includes a provision that in an event of default, the performance requirements relating to this loan will be mandated under Division V of Chapter 384 of the Code of Iowa. The loan has an interest rate of 2.00% and requires varying annual payments through June, 2042 depending on future SRF drawdowns. At June 30, 2023, the remaining balance on the loan was \$10,033,769.

The Health Center issued Rural Electric Cooperative Notes totaling \$1,360,000 on January 24, 2023 for the expansion and renovation of the Health Center's Facilities. The notes do not bear interest. The notes require monthly principal payments of \$11,403 through January, 2033. At June 30, 2023 the remaining balance on the notes was \$1,302,983. The amounts set aside as assets whose use is limited for payment of long-term debt and interest meet the requirements of the debt service reserve and sinking funds at June 30, 2023. The notes and bonds referenced above are payable solely from the net revenues of the Health Center.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

The Health Center has note agreements to finance the purchase of certain equipment. The notes currently require monthly payments of approximately \$64,000, including interest ranging from 0% to 5.25%, with their final payment due October 2027. The notes are collateralized by the equipment purchased by the Health Center. At June 30, 2023, the remaining balance on the notes was \$1,120,818.

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

	City		Component Unit	
	Business-Type Direct Borrowings		Waverly Health Center - Direct Borrowings	
	SRF Funds		Equipment	
	Principal	Interest	Principal	Interest
2024	\$ 453,976	\$ 186,053	\$ 549,137	\$ 42,630
2025	446,667	193,362	336,564	32,437
2026	455,682	184,346	347,305	21,695
2027	464,880	175,149	358,624	10,376
2028	474,263	165,765	213,388	839
2029-2033	2,518,830	681,313	618,783	-
2034-2038	2,783,506	416,637	-	-
2039-2042	2,435,965	124,149	-	-
	<u>\$ 10,033,769</u>	<u>\$ 2,126,774</u>	<u>\$ 2,423,801</u>	<u>\$ 107,977</u>

General Obligation

General obligation bonds outstanding as of June 30, 2023 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2023
General Obligation:						
2014A GO Bonds	2014	2.0-3.0%	2029	205,000-725,000	\$ 7,380,000	\$ 2,705,000
2015B GO Bonds	2015	2.0-4.0%	2027	120,000-940,000	8,245,000	3,040,000
2017A GO Bonds	2017	2.00%	2026	155,000-185,000	1,500,000	530,000
2017B Go Bonds	2017	1.7-2.75%	2026	65,000-80,000	615,000	220,000
2018A GO Bonds	2018	3.00%	2029	970,000-1,190,000	11,000,000	6,580,000
2019 GO Bonds	2019	2.5-2.75%	2029	310,000- 390,000	3,500,000	2,200,000
2020A GO Bonds	2020	2.00%	2030	410,000- 580,000	5,270,000	3,845,000
2020B GO Bonds	2020	0.7-1.75%	2030	65,000- 75,000	700,000	505,000
2021 GO Bonds	2021	2.00%	2031	235,000-275,000	2,530,000	2,055,000
2022 GO Bonds	2022	2.45%	2025	55,000 - 60,000	175,000	120,000
2023 GO Bonds	2023	4.00%	2034	375,000 - 535,000	4,500,000	4,500,000
Total General Obligation					<u>\$ 45,415,000</u>	<u>\$ 26,300,000</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

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

Revenue Bonds

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

Revenue bonds outstanding as of June 30, 2023 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2023
Revenue Bonds:						
2014B - Water	2014	0.50-2.7%	2025	160,000-190,000	\$ 1,870,000	\$ 375,000
2015 - Sewer	2015	2.0-4.0%	2026	155,000-210,000	1,990,000	610,000
2018B- Water	2018	3.00%	2028	150,000- 190,000	1,655,000	885,000
2023 - LOST	2023	4.80%	2030	150,000- 600,000	1,500,000	1,500,000
Total Revenue Bonds					<u>7,015,000</u>	<u>3,370,000</u>
Component Units:						
Waverly Health Center						
USDA Taxable Hospital Revenue Bonds	2022	3.25%	2062	100,945	27,063,000	26,809,624
2019 Hospital Revenue Bonds	2020	3.50%	2034	-	3,500,000	3,368,552
Total Revenue Bonds					<u>30,563,000</u>	<u>30,178,176</u>
Waverly Utilities						
2015 Utility Rev Bonds	2015	2-4%	2030	100,000-185,000	4,980,000	3,880,000
2013 Revenue Bond	2013	.4-.67%	2023	365,000-420,000	4,000,000	455,000
2015 Comm Utility Rev Bonds	2015	4.3%	2030	350,000-530,000	6,672,483	4,364,120
2016 Revenue Bonds	2016	2%	2029	135,000-170,000	2,860,000	1,990,000
2018 Revenue Bonds	2018	3-3.2%	2030	220,000-300,000	3,045,000	2,145,000
Total Revenue Bonds					<u>21,557,483</u>	<u>12,834,120</u>
Grand Total Revenue Bonds					<u>\$ 59,135,483</u>	<u>\$ 46,382,296</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

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

Year Ending	General Obligation		Revenue Bonds			
	Paid by Debt Service		Paid by LOST		Paid by Enterprise Fund	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 4,155,000	\$ 750,890	\$ 150,000	\$ 86,896	\$ 545,000	\$ 54,605
2025	4,265,000	639,820	150,000	65,475	565,000	39,180
2026	4,250,000	521,100	150,000	58,200	385,000	22,800
2027	3,520,000	402,700	150,000	50,925	185,000	11,250
2028	3,300,000	303,975	150,000	43,650	190,000	5,700
2029-2033	6,275,000	523,838	750,000	65,475	-	-
2034	535,000	21,400	-	-	-	-
	<u>\$26,300,000</u>	<u>\$ 3,163,723</u>	<u>\$1,500,000</u>	<u>\$370,621</u>	<u>\$ 1,870,000</u>	<u>\$ 133,535</u>

The Health Center issued USDA Taxable Hospital Revenue Bonds totaling \$27,063,000 on September 20, 2022 to refund the Hospital Revenue Bond Anticipation Notes, Series 2019. On December 31, 2022, the Hospital Revenue Bond Anticipation Notes, Series 2019 of \$27,063,000 was refunded with the USDA Taxable Hospital Revenue Bonds. The interest rate charged on the bonds is 3.25%. The Bonds require monthly principal and interest payments of \$100,945 through September, 2062. At June 30, 2023 the remaining balance on the bonds was \$26,809,624.

The Health Center issued revenue bonds totaling \$3,500,000 on December 24, 2019 for the expansion and renovation of the Health Center's facilities. The interest charged on the bonds is 3.5%. The bonds require monthly interest only payments through December 2022 after which time monthly principal and interest payments are due until maturity on December 1, 2033. At June 30, 2023, the remaining balance on the bonds was \$3,368,552.

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

Waverly Health Center

Year Ending June 30,	Revenue Bonds	Interest
2024	\$ 613,234	\$ 982,010
2025	634,091	961,060
2026	655,758	939,392
2027	678,167	916,983
2028	701,344	893,807
2029-2033	3,883,085	4,092,667
2034-2038	2,726,235	3,522,535
2039-2043	2,984,108	3,072,592
2044-2048	3,511,243	2,545,457
2049-2053	4,131,494	1,925,206
2054-2058	4,861,310	1,195,390
2059-2063	4,798,107	346,580
	<u>\$ 30,178,176</u>	<u>\$21,393,679</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

Waverly Utilities

Year Ending December 31,	Revenue Bond			
	Principal	Interest	Total	
2023	\$ 1,753,096	\$ 377,385	\$ 2,130,481	
2024	1,561,926	328,120	1,890,046	
2025	1,615,756	284,266	1,900,022	
2026	1,664,587	237,026	1,901,613	
2027	1,723,184	188,253	1,911,437	
2028-2030	4,515,571	250,650	4,766,221	
	<u>\$ 12,834,120</u>	<u>\$ 1,665,700</u>	<u>\$ 14,499,820</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.

Lease Agreements

On October 1, 2021, the City entered into a three year lease agreement for police vehicles. The agreement required one annual payment of \$100,000 and two annual payments of \$54,000 with an implicit interest rate of 1.33% and the final payment due July 1, 2023. During the year ended June 30, 2023, the City paid principal of \$53,407 and interest of \$592. Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 53,287	\$ 713	\$ 54,000
Total	<u>\$ 53,287</u>	<u>\$ 713</u>	<u>\$ 54,000</u>

On October 1, 2021, the City entered into a six year lease agreement for police dash cameras and on body cameras. The agreement required one annual payment of \$28,000 and five annual payments of \$15,800 with an implicit interest rate of 1.75% and the final payment due July 1, 2026. During the year ended June 30, 2023, the City paid principal of \$15,246 and interest of \$554. Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 14,732	\$ 1,068	\$ 15,800
2025	14,992	808	15,800
2026	15,257	543	15,800
2027	15,543	257	15,800
Total	<u>\$ 60,524</u>	<u>\$ 2,676</u>	<u>\$ 63,200</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

On April 27, 2020, the City entered into a three year lease agreement for the use of the golf pro shop. The agreement required semi-annual payments of \$5,500 with an implicit interest rate of 0.57% and the final payment was due October 15, 2022. During the year ended June 30, 2023, the City paid principal of \$5,488 and interest of \$12.

The Health Center has entered into contracts to lease certain buildings and equipment. The lease contracts qualify as other than short-term leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception with discount rates ranging from 2.75% to 3.50% and lease term ending between 2023 and 2031. For the year ending June 30, 2023, the Heath Center made lease related payments ranging from \$850 to \$206,400.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows.

Year Ending June 30	Principal	Interest	Total
2024	\$ 656,523	\$ 61,946	\$ 718,469
2025	664,918	44,096	709,014
2026	630,373	25,499	655,872
2027	231,970	12,053	244,023
2028	101,582	7,928	109,510
2029-2030	237,261	8,099	245,360
Total	2,522,627	159,621	2,682,248

Waverly Utilities entered into two 50 – year lease agreements in June 2008 and August 2001 related to land for wind turbines. The contract calls for payments of \$3,886 and \$2,247 in March and September. These payments are increased every 5 years by applying the annual average Consumer Price index for the preceding five-year period. These leases have been capitalized per GASB 87 as of January 1, 2021 and have an applied interest rate of 1.75%. The value of the lease liability for 2022 was \$355,790. The value of the right-to-use asset was \$367,384 for 2022 and had accumulated amortization of \$21,035.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 9 - LONG-TERM LIABILITIES (CONTINUED)

Year Ending December 31	Principal	Interest	Total
2023	\$ 6,221	\$ 6,200	\$ 12,421
2024	6,487	6,089	12,576
2025	6,601	5,975	12,576
2026	6,807	5,859	12,666
2027	7,017	5,739	12,756
2028-2032	38,770	26,745	65,515
2033-2037	45,025	23,111	68,136
2038-2042	51,958	18,903	70,861
2043-2047	59,636	14,060	73,696
2048-2052	59,627	8,487	68,114
2053-2057	47,174	3,763	50,937
2058	20,467	146	20,613
Total	355,790	125,077	480,867

Subscription-Based Information Technology Arrangements (SBITA)

On September 1, 2022, the City entered into an IT subscription license and services information technology agreement with a vendor for human resources related software. An initial IT subscription liability was recorded in the amount of \$47,201. The agreement requires monthly payments of \$1,000 increased by 5% annually over 4 years with an estimated implicit interest rate of 4.42% and final payment due September 21, 2025. During the year ended June 30, 2023, the City paid principal of \$8,400 and interest of \$1,600 on the agreement.

On July 1, 2022, the City entered into an IT subscription license and services information technology agreement with a vendor for library related software. An initial IT subscription liability was recorded in the amount of \$46,850. The agreement requires annual payments ranging from \$23,609 – \$24,158 over 2 years with an estimated implicit interest rate of 3.32% and final payment due August 1, 2023. During the year ended June 30, 2023, the City paid principal of \$23,480 and interest of \$130 on the agreement.

Future principal and interest SBITA payments as of June 30, 2023 are as follows:

Year	HR Software		Library Software		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 11,004	\$ 1,496	\$ 23,371	\$ 788	\$ 34,375	\$ 2,284
2025	12,138	987	-	-	12,138	987
2026	13,356	426	-	-	13,356	426
2027	2,302	13	-	-	2,302	13
	\$ 38,800	\$ 2,922	\$ 23,371	\$ 788	\$ 62,171	\$ 3,710

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 10 – TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	WPC Improvements	Nonmajor Governmental	Water	Solid Waste	Total Transfer Out
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increment Financing	-	1,128,685	-	-	-	-	1,128,685
Nonmajor Governmental	293,280	1,206,310	-	1,007,537	4,907	12,421	2,524,455
Sewer	-	-	3,145,734	40,000	-	-	3,185,734
Total Transfers In	<u>\$ 293,280</u>	<u>\$ 2,334,995</u>	<u>\$ 3,145,734</u>	<u>\$ 1,047,537</u>	<u>\$ 4,907</u>	<u>\$ 12,421</u>	<u>\$ 6,838,874</u>

Transfers are used to:

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

During fiscal year 2023, governmental funds paid \$4,826,692 of enterprise capital asset additions which is recorded as contributed capital revenue in the enterprise funds. On the Statement of Activities, this amount is reclassified as transfers between governmental and business-type activities, reducing Capital Grants and Contributions and increasing Interfund Transfers by \$4,826,692.

Note 11 - PENSION PLAN

Pension Plans

City	IPERS	MFPRSI	Total
Net Pension liability	\$ 2,025,047	\$ 2,055,135	\$ 4,080,182
Deferred Outflows of Resources Related to Pensions	674,707	545,167	1,219,874
Deferred Inflows of Resources Related to Pensions	247,392	103,367	350,759
Pension Expense (Income)	20,255	194,186	214,441
Waverly Health Center			
Net Pension liability	11,920,824	-	11,920,824
Deferred Outflows of Resources Related to Pensions	3,658,639	-	3,658,639
Deferred Inflows of Resources Related to Pensions	1,980,558	-	1,980,558
Pension Expense (Income)	(223,287)	-	(223,287)
Waverly Utilities			
Net Pension liability	1,220,242	-	1,220,242
Deferred Outflows of Resources Related to Pensions	188,089	-	188,089
Deferred Inflows of Resources Related to Pensions	253,871	-	253,871
Pension Expense (Income)	\$ (52,450)	\$ -	\$ (52,450)

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement System

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

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

Pension Benefits

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

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

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

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

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

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

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

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

Contributions

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

From July 1, 2022 to June 30, 2023, pursuant to the required rate, regular members contributed 6.29 percent of covered payroll and the City and the Health Center contributed 9.44 percent of covered payroll for a total rate of 15.73 percent. Protective occupation members contributed 6.21 percent of covered payroll and the City contributed 9.31 percent of covered payroll for a total rate of 15.52 percent. From January 1, 2022 through December 31, 2022 Waverly Utilities regular members contributed 6.29% of covered payroll and Waverly Utilities contributed 9.44% for a total rate of 15.73%

The City's total contributions to IPERS for the year ended June 30, 2023 were \$417,798 and total contributions for the component units for their respective year ends, were \$3,054,973.

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

At June 30, 2023, the City reported a liability of \$2,025,047 and the Waverly Health Center component unit reported a liability of \$11,920,824. As of December 31, 2022, Waverly Utilities reported a liability of \$1,220,242 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City and its component units' proportion of the net pension liability was based on their share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's collective proportion was 0.053599 percent, which was an increase of 0.03797 percent from its proportion measured as of June 30, 2021. The component unit's collective proportion was

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

0.346264 percent, which was an increase of 0.442789 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City and the Waverly Health Center component unit recognized pension expense (income) of 20,255 and (\$223,287) respectively and Waverly Utilities recognized pension expense (income) of (\$52,450) as of December 31, 2022. At June 30, 2023 and December 31, 2022, the City and component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,526	\$ 27,809
Changes of assumption	1,722	1,009
Net difference between projected and actual earnings on pension plan investments	-	218,285
Changes in proportion and differences between City contributions and proportionate share of contributions	163,661	289
City contributions subsequent to the measurement date	417,798	-
Total	\$ 674,707	\$ 247,392

	Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 718,493	\$ 185,483
Changes of assumption	11,479	74,739
Net difference between projected and actual earnings on pension plan investments	-	1,523,604
Changes in proportion and differences between Component Units contributions and proportionate share of contributions	179,053	450,603
Component Units contributions subsequent to the measurement date	2,937,703	-
Total	\$ 3,846,728	\$ 2,234,429

\$417,798 and \$2,937,703 were reported as deferred outflows of resources related to pensions resulting from the City and component unit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024 and December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

Year Ending June 30,	City	Health Center	Year Ending December 31,	Waverly Utilities
2024	\$ (150,080)	\$ (1,274,474)	2023	\$ (154,186)
2025	(105,875)	(1,009,492)	2024	(114,852)
2026	(226,704)	(1,710,723)	2025	(174,037)
2027	476,765	2,841,084	2026	246,352
2028	15,411	22,270	2027	2,654
Total	<u>\$ 9,517</u>	<u>\$ (1,131,335)</u>	Total	<u>\$ (194,069)</u>

There were no non-employer contributing entities to IPERS.

Actuarial assumptions – The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study dated July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private Credit	8.0	3.63
Total	100.0%	

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

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

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
City’s proportionate share of the net pension liability	\$ 3,783,647	\$ 2,025,047	\$ 475,269
Component Unit’s proportionate share of the net pension liability	\$ 25,314,761	\$ 13,141,066	\$ 2,415,142

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

Payables to the pension plan

At June 30, 2023, the Waverly Health Center reported payables to the defined benefit pension plan of approximately \$572,000 for legally required employer and employee contributions which had not yet been remitted to IPERS.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

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

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

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

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40 percent of earnable compensation for the year ended June 30, 2023.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00 percent of earnable compensation. The contribution rate was 23.90 percent for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 was \$294,174.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2023.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$2,055,135 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2022, the City's proportion was 0.365962 percent which was an increase of 0.0253 percent from its proportion measured as of June 30, 2021.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the City recognized pension expense of \$194,186. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,619	\$ 2,643
Changes of assumption	5,765	-
Net difference between projected and actual earnings on pension plan investments	-	24,350
Changes in proportion and differences between City contributions and proportionate share of contributions	117,609	76,374
City contributions subsequent to the measurement date	294,174	-
Total	\$ 545,167	\$ 103,367

\$294,174 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	City
2024	\$ 7,176
2025	(41,844)
2026	(134,068)
2027	303,785
2028	12,577
Total	\$ 147,626

Actuarial Assumptions The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2010 to June 30, 2020.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 11 - PENSION PLAN (CONTINUED)

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	3.5%
Broad U.S. Equity	6.7%
Global Equity	6.8%
Broad Non-US Equity	7.0%
Managed Futures	5.1%
Emerging Market	7.2%
Real Estate - Core	6.4%
Opportunistic Real Estate	11%
Global Infrastructure	6.8%
Private Credit	8.6%
Private Equity	12.0%

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

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

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$3,719,410	\$2,055,135	\$ 676,259

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

Payables to MFPRSI - All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2023.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 12 - DEFICIT FUND EQUITY

The City has four funds with deficit equity balances at June 30, 2023. 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 – WPC Improvements.....	\$ 952,906
Capital Project – 2017 Bituminous Seal Coat	156,128
Capital Project – Bremer Ave Hwy 3 Reconstruction	226
Capital Project – Alley Reconstruction Project	7,206
Capital Project – Airport Runway 11 Taxiway.....	4,735

Note 13 - RISK MANAGEMENT

Medical Insurance - The City uses a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$5,000 per covered employee per year and 125% of expected claims for 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 at July 1, 2022	\$ 30,761
Claims paid	(1,399,916)
Claims incurred	1,397,392
Claims payable at June 30, 2023	\$ 28,237

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

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2023 and January 1, 2022, respectively, the following employees were covered by the benefit terms:

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

	Primary Government	Component Unit - Waverly Utilities
Inactive employees/beneficiaries currently receiving benefit payments	2	4
Active employees	74	30
Total	76	34

Total OPEB Liability – The total OPEB liability of the City was \$665,752 and the component unit was \$724,817 measured as of June 30, 2023 and December 31, 2022 respectively and was determined by an actuarial valuation as of June 30, 2022 for the City and as of January 1, 2022 for the component unit.

Actuarial Assumptions – The total OPEB liability for the City and the component unit in the June 30, 2023 and January 1, 2022, respectively, actuarial valuation was determined using the following actuarial assumptions and the alternative measurement method, a simplified version of the entry age normal actuarial cost method, applied to all periods included in the measurement.

	City (effective June 30, 2022)	Component Unit (effective January 1, 2022)
Rate of inflation	3.00% per annum	3.00% per year
Rates of salary increase	3.00% per annum including inflation.	2.75% per year
Discount rate	3.54% compounded annually, including inflation	2.06% per year
Healthcare cost trend rate	5% for all years	5.50% decreasing .25% per year until 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability for the City and component unit was 3.54% and 2.06%, respectively, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	City	Component Unit
Total OPEB liability beginning of year	\$ 639,886	\$ 595,215
Changes for the year:		
Service cost	40,987	47,954
Interest	23,421	14,630
Differences between expected and actual experiences	-	108,824
Changes in assumptions	-	23,398
Benefit payments	(38,542)	(65,204)
Net changes	25,866	129,602
Total OPEB liability end of year	<u>\$ 665,752</u>	<u>\$ 724,817</u>

Changes of assumptions reflect no change in the discount rate in fiscal year 2023 for the City and a change from 2.74% in fiscal year 2021 to 2.06% in fiscal year 2022 for the component unit.

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

<u>City's Total OPEB Liability</u>			<u>Component Unit's Total OPEB Liability</u>		
1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
\$ 713,539	\$ 665,752	\$ 616,304	\$ 760,274	\$ 724,817	\$ 686,419

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

City's Total OPEB Liability			Component Unit's Total OPEB Liability		
1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)	1% Decrease (4.75% Decreasing to 4.00%)	Healthcare Cost Trend Rate (5.75% Decreasing to 5.00%)	1% Increase (6.75% Decreasing to 6.00%)
\$ 587,785	\$ 665,752	\$ 756,871	\$ 680,046	\$ 724,817	\$ 777,052

For the year ended June 30, 2023 and December 31, 2022, the City and its component unit recognized OPEB expense of \$64,408 and \$194,806 respectively.

Note 15 - COMMITMENTS

During the year ended June 30, 2023, and in previous years the City had entered into several construction contracts totaling \$21,983,331 of which \$20,250,848 has been expended to date. The remaining balance will be paid as work progresses.

Note 16 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2023, the City estimates that no material liabilities will result from such audits.

Note 17 - BLACK HAWK COUNTY LANDFILL CONTRACT

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began July 1, 2021. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$42.25/ton of solid waste delivered to the landfill.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 18 - JOINT VENTURE

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 33% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net position is to be contributed to the County for the operation. The Organization is governed by a five member board composed of two designated representatives from the City and two from the County. The fifth member of the board is chosen by the four designated representatives. Complete financial statements for the Bremer – Waverly Public Safety Board can be obtained from the Board's administrative office. The investment in joint venture at June 30, 2023 was \$54,572.

Note 19 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Using the recognition criteria in GASB No. 91, *Conduit Debt Obligations*, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2023 was \$558,804.

Note 20 – URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$143,310.

During the year ended June 30, 2023, the City rebated \$2,631 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$143,310. The outstanding balance on the agreements at June 30, 2023 was \$0.

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

Note 21 - TAX ABATEMENTS

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

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 21 - TAX ABATEMENTS (CONTINUED)

meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2023, \$1,165 of property tax was diverted from the City under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Bremer County	Urban renewal and economic development projects	\$ 51,443

Note 22- COVID-19

During the year ended June 30, 2023, the Waverly Health Center recognized approximately \$3,000 as COVID-19 relief revenue, including as nonoperating activities on the statement of revenues, expenses, and changes in net position.

Note 23- ACCOUNTING CHANGE

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was implemented during fiscal year 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The result of these changes had no effect on the City's beginning net position.

	<u>City of Waverly</u>	
	<u>Capital Assets</u>	<u>Long-Term Liabilities</u>
Balance June 30, 2022, as previously reported	\$ 84,318,365	\$26,399,183
Change to implement GASB No. 96	46,850	46,850
Balances July 1, 2022, as restated	<u>\$ 84,365,215</u>	<u>\$26,446,033</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2023

Note 23- ACCOUNTING CHANGE (CONTINUED)

As of January 1, 2021, Waverly Utilities adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB statement No. 87 as follows:

	Capital Assets	Long Term Liabilities	Net Position
Balance as of December 31, 2021, as previously reported	\$40,755,639	\$14,541,807	\$38,984,802
Add: Intangible Right to Use Asset	367,384	-	367,384
Less: Lease Payable	-	361,751	(361,751)
Less: Accumulated Amortization	(10,518)	-	(10,518)
Balance as of January 1, 2022, as restated	<u>\$41,112,505</u>	<u>\$14,903,558</u>	<u>\$38,979,917</u>

Note 24- SUBSEQUENT EVENTS

The City requested multiple SRF drawdowns after June 30, 2023 related to WPC Facility Improvements in the amount of \$1,359,201.

On November 28, 2023, Waverly Utilities issued \$4,500,000 Electric revenue Capital Loan Notes, series 2023.

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, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Taxes	\$ 11,095,720	\$ -	\$ 11,095,720
Special Assessments	10,563	-	10,563
Licenses and Permits	128,431	-	128,431
Intergovernmental Revenue	3,519,834	5,819	3,525,653
Charges for Services	853,108	5,863,149	6,716,257
Fines and Forfeits	47,075	-	47,075
Contributions	1,060,672	-	1,060,672
Refunds/Reimbursements	3,446	-	3,446
Revenue from Use of Property	86,109	93,878	179,987
Interest on Investments	108,028	66,827	174,855
Miscellaneous	189,865	-	189,865
Total Receipts	<u>17,102,851</u>	<u>6,029,673</u>	<u>23,132,524</u>
Disbursements:			
Current:			
Public Safety	2,661,105	-	2,661,105
Public Works	1,939,632	-	1,939,632
Health and Social Services	10,394	-	10,394
Culture and Recreation	3,744,409	-	3,744,409
Community and Economic Development	524,370	-	524,370
General Government	1,209,582	-	1,209,582
Capital Projects	7,411,796	-	7,411,796
Debt Service	4,964,245	-	4,964,245
Business Type/Enterprises	-	5,512,479	5,512,479
Total Disbursements	<u>22,465,533</u>	<u>5,512,479</u>	<u>27,978,012</u>
Excess (deficiency) of revenues over expenditures	<u>(5,362,682)</u>	<u>517,194</u>	<u>(4,845,488)</u>
Other financing sources (uses):			
Issuance of Debt	6,222,201	3,145,734	9,367,935
Premium on Bonds Issued	278,688	-	278,688
Proceeds from Sale of Capital Assets	8,468	13,770	22,238
Transfers In	6,821,546	(3,185,734)	3,635,812
Transfers Out	(3,653,140)	17,328	(3,635,812)
Total other financing sources (uses)	<u>9,677,763</u>	<u>(8,902)</u>	<u>9,668,861</u>
Net Change in Fund Balance	4,315,081	508,292	4,823,373
Balances - beginning of year	<u>9,686,630</u>	<u>4,195,069</u>	<u>13,881,699</u>
Balances - end of year	<u>\$ 14,001,711</u>	<u>\$ 4,703,361</u>	<u>\$ 18,705,072</u>
Reconciliation of Ending Fund Balance - Cash Basis:			
Cash and Cash Equivalents	\$ 11,612,437	\$ 3,144,152	\$ 14,756,589
Certificates of Deposit	477,091	400,000	877,091
Investments	1,699,729	465,579	2,165,308
Restricted Cash and Cash Equivalents	212,454	443,630	656,084
Restricted Certificates of Deposit	-	250,000	250,000
	<u>\$ 14,001,711</u>	<u>\$ 4,703,361</u>	<u>\$ 18,705,072</u>

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 11,202,505	\$ 12,564,884	\$ (1,469,164)
9,000	19,780	(9,217)
35,075	35,075	93,356
3,367,036	3,426,324	99,329
6,143,417	6,167,071	549,186
-	-	47,075
-	-	1,060,672
-	-	3,446
273,188	307,989	(128,002)
-	-	174,855
232,950	480,986	(291,121)
<u>21,263,171</u>	<u>23,002,109</u>	<u>130,415</u>
2,896,777	3,003,986	342,881
2,618,713	2,738,558	798,926
9,874	10,394	-
3,639,068	3,954,402	209,993
698,734	705,234	180,864
1,926,508	2,078,535	868,953
7,967,025	9,254,066	1,842,270
4,695,822	4,695,822	(268,423)
5,671,086	5,840,252	327,773
<u>30,123,607</u>	<u>32,281,249</u>	<u>4,303,237</u>
(8,860,436)	(9,279,140)	4,433,652
1,677,000	7,302,000	2,065,935
-	-	278,688
-	-	22,238
5,426,253	5,686,564	(2,050,752)
<u>(5,426,253)</u>	<u>(5,686,564)</u>	<u>2,050,752</u>
<u>1,677,000</u>	<u>7,302,000</u>	<u>2,366,861</u>
(7,183,436)	(1,977,140)	6,800,513
<u>13,881,699</u>	<u>13,881,699</u>	<u>-</u>
<u>\$ 6,698,263</u>	<u>\$ 11,904,559</u>	<u>\$ 6,800,513</u>

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2023

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
Revenue:			
Taxes	\$ 11,095,720	\$ 16,245	\$ 11,111,965
Special Assessments	10,563	(4,229)	6,334
Licenses and Permits	128,431	(1,651)	126,780
Intergovernmental Revenue	3,525,653	1,048,139	4,573,792
Charges for Services	6,716,257	78,851	6,795,108
Fines and Forfeits	47,075	(220)	46,855
Contributions	1,060,672	37,690	1,098,362
Refunds/Reimbursements	3,446	-	3,446
Revenue from Use of Property	179,987	(89)	179,898
Interest on Investments	174,855	20,538	195,393
Miscellaneous	189,865	36,732	226,597
Total Revenue	<u>23,132,524</u>	<u>1,232,006</u>	<u>24,364,530</u>
Expenditures/Expenses:			
Current:			
Public Safety	2,661,105	22,402	2,683,507
Public Works	1,939,632	26,330	1,965,962
Health and Social Services	10,394	-	10,394
Culture and Recreation	3,744,409	7,223	3,751,632
Community and Economic Development	524,370	(3,082)	521,288
General Government	1,209,582	10,365	1,219,947
Capital Projects	7,411,796	528,819	7,940,615
Debt Service	4,964,245	21,466	4,985,711
Business Type/Enterprises	5,512,479	(336,273)	5,176,206
Total Expenditures/Expenses	<u>27,978,012</u>	<u>277,250</u>	<u>28,255,262</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(4,845,488)</u>	<u>954,756</u>	<u>(3,890,732)</u>
Other financing sources (uses):			
Issuance of Debt	9,367,935	(3,145,734)	6,222,201
Premium on Bonds Issued	278,688	-	278,688
Contributed Capital Revenue	-	4,832,511	4,832,511
Proceeds from Sale of Capital Assets	22,238	(13,770)	8,468
Transfers In	3,635,812	3,203,062	6,838,874
Transfers Out	(3,635,812)	(3,203,062)	(6,838,874)
Total other financing sources (uses)	<u>9,668,861</u>	<u>1,673,007</u>	<u>11,341,868</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	4,823,373	2,627,763	7,451,136
Fund Balance/Retained Earnings - beginning of year	<u>13,881,699</u>	<u>11,970,106</u>	<u>25,851,805</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 18,705,072</u>	<u>\$ 14,597,869</u>	<u>\$ 33,302,941</u>

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2023

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

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

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$2,157,642. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2023, disbursements exceeded the budget in the debt service function.

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

CITY OF WAVERLY, IOWA
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Year Ended June 30, 2023
Required Supplementary Information

	2023		2022		2021	
	City	Component Unit	City	Component Unit	City	Component Unit
Service Cost	\$ 40,987	\$ 47,954	\$ 58,208	\$ 37,188	\$ 56,513	\$ 36,193
Interest Cost	23,421	14,630	21,656	16,078	21,151	14,862
Difference between expected and actual experiences	-	108,824	(259,087)	-	-	(181,348)
Changes in Assumptions	-	23,398	(75,674)	-	-	25,694
Benefit payments	(38,542)	(65,204)	(53,837)	(15,326)	(59,179)	(14,458)
Net Change in total OPEB liability	25,866	129,602	(308,734)	37,940	18,485	(119,057)
Total OPEB liability beginning of year	639,886	595,215	948,620	557,275	930,135	676,332
Total OPEB liability end of year	<u>\$ 665,752</u>	<u>\$ 724,817</u>	<u>\$ 639,886</u>	<u>\$ 595,215</u>	<u>\$ 948,620</u>	<u>\$ 557,275</u>
Covered-employee payroll	\$ 4,615,290	\$ 2,470,187	\$ 4,615,290	\$ 2,470,187	\$ 4,388,330	\$ 2,404,075
Total OPEB liability as a percentage of covered-employee payroll	14.42%	29.34%	13.86%	24.10%	21.62%	23.18%
	2020		2019		2018	
	City	Component Unit	City	Component Unit	City	
Service Cost	\$ 36,278	\$ 42,353	\$ 35,221	\$ 41,220	\$ 28,192	
Interest Cost	30,297	22,995	30,544	21,800	28,740	
Difference between expected and actual experiences	47,375	-	-	-	40,096	
Changes in Assumptions	100,615	-	-	-	99,682	
Benefit payments	(62,032)	(30,294)	(84,395)	(28,444)	(21,868)	
Net Change in total OPEB liability	152,533	35,054	(18,630)	34,576	174,842	
Total OPEB liability beginning of year	777,602	641,278	796,232	606,702	621,390	
Total OPEB liability end of year	<u>\$ 930,135</u>	<u>\$ 676,332</u>	<u>\$ 777,602</u>	<u>\$ 641,278</u>	<u>\$ 796,232</u>	
Covered-employee payroll	\$ 4,260,515	\$ 2,511,424	\$ 4,063,125	\$ 2,444,208	\$ 3,944,782	
Total OPEB liability as a percentage of covered-employee payroll	21.83%	26.93%	19.14%	26.24%	20.18%	

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

CITY OF WAVERLY, IOWA
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Year Ended June 30, 2023
Required Supplementary Information

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

City	
Year ended June 30, 2023	3.54%
Year ended June 30, 2022	3.54%
Year ended June 30, 2021	2.21%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

Component Unit	
Year ended December 31, 2022	2.06%
Year ended December 31, 2021	2.74%
Year ended December 31, 2020	2.74%
Year ended December 31, 2019	3.44%
Year ended December 31, 2018	3.44%

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL NINE YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

	2023	City 2022	2021	2020	2019
Proportion of the net pension liability (asset)	0.053599%	0.015629%	0.047426%	0.047284%	0.046991%
Proportionate share of the net pension liability (asset)	\$ 2,025	\$ 54	\$ 3,331	\$ 2,738	\$ 2,974
Covered payroll	\$ 4,342	\$ 3,929	\$ 3,778	\$ 3,617	\$ 3,550
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.64%	1.37%	88.17%	75.70%	83.77%
Plan fiduciary position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%	83.62%
	2018	2017	2016	2015	
Proportion of the net pension liability (asset)	0.045647%	0.046174%	0.047006%	0.048661%	
Proportionate share of the net pension liability (asset)	\$ 3,041	\$ 2,906	\$ 2,337	\$ 1,930	
Covered payroll	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180	
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	88.74%	87.74%	72.22%	60.69%	
Plan fiduciary position as a percentage of the total pension liability (asset)	82.21%	81.82%	85.19%	84.61%	

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

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

CITY OF WAVERLY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL NINE YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

	Component Unit				
	2023	2022	2021	2020	2019
Proportion of the net pension liability (asset)	0.346264%	-0.096525%	0.338933%	0.352341%	0.349185%
Proportionate share of the net pension liability (asset)	\$ 13,141	\$ (400)	\$ 23,793	\$ 20,415	\$ 22,097
Covered payroll	\$ 32,274	\$ 31,279	\$ 29,737	\$ 27,972	\$ 29,151
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.72%	-1.28%	76.07%	72.98%	75.80%
Plan fiduciary position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%	83.62%
	2018	2017	2016	2015	
Proportion of the net pension liability (asset)	0.312792%	0.341800%	0.334315%	0.313143%	
Proportionate share of the net pension liability (asset)	\$ 22,919	\$ 21,492	\$ 16,521	\$ 12,419	
Covered payroll	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310	
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	90.48%	88.65%	69.12%	53.28%	
Plan fiduciary position as a percentage of the total pension liability (asset)	82.21%	81.82%	85.19%	84.61%	

See accompanying independent auditors' report

**CITY OF WAVERLY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL NINE YEARS * (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019
City's Proportion of the net pension liability	0.365962%	0.340694%	0.349001%	0.365489%	0.367123%
City's Proportionate share of the net pension liability	\$ 2,055	\$ 765	\$ 2,783	\$ 2,397	\$ 2,186
City's Covered payroll	\$ 1,236	\$ 1,107	\$ 1,109	\$ 1,106	\$ 1,053
City's Proportionate share of the net pension liability as a percentage of its covered payroll	166.26%	69.11%	250.95%	216.73%	207.60%
Plan fiduciary position as a percentage of the total pension liability	84.62%	93.62%	76.47%	79.94%	81.07%
	2018	2017	2016	2015	
City's Proportion of the net pension liability	0.003639%	0.365764%	0.360469%	0.364687%	
City's Proportionate share of the net pension liability	\$ 2,134	\$ 2,287	\$ 1,694	\$ 1,322	
City's Covered payroll	\$ 1,030	\$ 991	\$ 945	\$ 930	
City's Proportionate share of the net pension liability as a percentage of its covered payroll	200.07%	230.78%	179.26%	142.15%	
Plan fiduciary position as a percentage of the total pension liability	80.60%	78.20%	83.04%	86.27%	

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

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

**CITY OF WAVERLY
SCHEDULE OF THE CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

City	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 418	\$ 410	\$ 371	\$ 357	\$ 342
Contributions in relation to the statutorily required contribution	(418)	(410)	(371)	(357)	(342)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 4,423	\$ 4,342	\$ 3,929	\$ 3,778	\$ 3,617
Contributions as a percentage of covered payroll	9.45%	9.44%	9.44%	9.45%	9.44%

City	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 317	\$ 306	\$ 297	\$ 289	\$ 284
Contributions in relation to the statutorily required contribution	(317)	(306)	(297)	(289)	(284)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,550	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%	8.93%

Component Unit	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 3,055	\$ 2,832	\$ 2,724	\$ 2,631	\$ 2,518
Contributions in relation to the statutorily required contribution	(3,055)	(2,832)	(2,724)	(2,631)	(2,518)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered payroll	\$ 34,687	\$ 32,274	\$ 31,279	\$ 29,737	\$ 27,972
Contributions as a percentage of covered payroll	8.81%	8.77%	8.71%	8.85%	9.00%

Component Unit	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,432	\$ 2,262	\$ 2,165	\$ 1,981	\$ 1,929
Contributions in relation to the statutorily required contribution	(2,432)	(2,262)	(2,165)	(1,981)	(1,929)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered payroll	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310
Contributions as a percentage of covered payroll	8.34%	8.93%	8.93%	8.30%	8.30%

See accompanying independent auditors' report

**CITY OF WAVERLY
SCHEDULE OF THE CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 294	\$ 324	\$ 280	\$ 271	\$ 288
Contributions in relation to the statutorily required contribution	(294)	(324)	(280)	(271)	(288)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,231	\$ 1,236	\$ 1,107	\$ 1,109	\$ 1,106
Contributions as a percentage of covered payroll	23.88%	26.21%	25.29%	24.44%	26.04%
	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 274	\$ 267	\$ 275	\$ 287	\$ 280
Contributions in relation to the statutorily required contribution	(274)	(267)	(275)	(287)	(280)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,053	\$ 1,030	\$ 991	\$ 945	\$ 930
Contributions as a percentage of covered payroll	26.02%	25.92%	27.77%	30.41%	30.12%

See accompanying independent auditors' report

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2023**

Iowa Public Employees' Retirement System

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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

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

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

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

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

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

**CITY OF WAVERLY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2023**

Municipal Fire & Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

SUPPLEMENTARY INFORMATION

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2023**

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund
Assets			
Cash and Cash Equivalents	\$ 1,151,621	\$ 847,661	\$ 538,792
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	15,951	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	116,813	107,742	-
Restricted Assets:			
Cash and Cash Equivalents	-	212,454	-
Total Assets	1,284,385	1,167,857	538,792
Liabilities			
Accounts Payable	14,027	-	-
Accrued Wages	12,162	-	-
Due to Other Funds	-	-	-
Total Liabilities	26,189	-	-
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	1,258,196	-	-
Local Option Sales Tax	-	1,167,857	538,792
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	1,258,196	1,167,857	538,792
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,284,385	\$ 1,167,857	\$ 538,792

Special Revenue	Capital Project Funds				
	2017 Cable TV	2017 Airport Runway Ext	Sidewalk Program	2017 Bituminous Seal Coat	Capital Improvement Fund
\$ 99,838	\$ -	\$ 25,523	\$ 86,071	\$ 281,247	\$ -
-	-	-	-	-	-
3,456	-	-	-	-	-
-	-	10,568	-	-	-
7,507	-	-	-	22,586	-
-	-	-	-	-	-
110,801	-	36,091	86,071	303,833	-
-	-	9,621	242,199	16,634	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	9,621	242,199	16,634	-
-	-	8,423	-	-	-
-	-	8,423	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
110,801	-	-	-	-	-
-	-	18,047	-	287,199	-
-	-	-	(156,128)	-	-
110,801	-	18,047	(156,128)	287,199	-
\$ 110,801	\$ -	\$ 36,091	\$ 86,071	\$ 303,833	\$ -

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2023**

	Capital Project Funds		
	Youth Ball Diamond	Sanitary Sewer Improvement	Storm Drainage Improvement
Assets			
Cash and Pooled Investments	\$ 167,959	\$ 125,436	\$ 25,000
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	44,181	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	212,140	125,436	25,000
Liabilities			
Accounts Payable	56,510	-	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	56,510	-	-
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	155,630	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	125,436	25,000
Unassigned	-	-	-
Total Fund Balances (Deficits)	155,630	125,436	25,000
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 212,140	\$ 125,436	\$ 25,000

Capital Project Funds					
Bremer Ave Hwy 3 Reconstruction	E. Bremer Ave Sanitary Sewer 2019	10th St SW Improvements	Various Projects 2019 Bonds	S Riverside PK 2019	Business Hwy 218 Improvement
\$ -	\$ -	\$ 4,305	\$ -	\$ 5,119	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,305	-	5,119	-
-	-	-	-	-	-
-	-	-	-	-	-
226	-	-	-	-	-
226	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,305	-	5,119	-
(226)	-	-	-	-	-
(226)	-	4,305	-	5,119	-
\$ -	\$ -	\$ 4,305	\$ -	\$ 5,119	\$ -

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2023**

	Capital Project Funds		
	20th St NW RR X-Road	Public Services Facility	South Industrial Park
Assets			
Cash and Pooled Investments	\$ -	\$ -	\$ 720,754
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>720,754</u>
Liabilities			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	-	720,754
Unassigned	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>720,754</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 720,754</u>

Capital Project Funds						
FEMA Flood Projects	3rd Street Bridge Project	Airport Land Acquisition	Alley Reconstruction Project	Cedar Lane 2nd Ave NE	CDBG Housing Rehab	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	23	-	-	-
-	-	-	7,183	-	-	-
-	-	-	7,206	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(7,206)	-	-	-
-	-	-	(7,206)	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2023

	Capital Project Funds			
	1st Street NW Reconstruction	Airport Obstruction Removal	Airport Runway 11 Taxiway	10th Ave SW Trail Extension
Assets				
Cash and Pooled Investments	\$ 2,331	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Special Assessments	2,373	-	-	-
Due from Other Governmental Agencies	-	-	77,590	170,600
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Total Assets	4,704	-	77,590	170,600
Liabilities				
Accounts Payable	-	-	5,502	40,596
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	76,823	113,934
Total Liabilities	-	-	82,325	154,530
Deferred Inflows of Resources				
Unavailable Revenue - special assessments	2,080	-	-	-
Total Deferred Inflows of Resources	2,080	-	-	-
Fund Balances (Deficits)				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Expenditures	-	-	-	16,070
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	2,624	-	-	-
Unassigned	-	-	(4,735)	-
Total Fund Balances (Deficits)	2,624	-	(4,735)	16,070
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 4,704	\$ -	\$ 77,590	\$ 170,600

Capital Project Funds					
4th St Project	Airport Taxilane Reconstruction	Well No. 5 Reconfiguration	Building Renovation	Water Projects	
\$ 11,567	\$ 65,171	\$ -	\$ -	\$ 1,342,705	
-	-	-	-	-	
-	-	-	-	-	
-	37,175	-	-	-	
-	-	-	-	-	
11,567	102,346	-	-	1,342,705	
-	7,714	-	-	5,504	
-	-	-	-	-	
-	-	-	-	-	
-	7,714	-	-	5,504	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	94,632	-	-	1,337,201	
-	-	-	-	-	
11,567	-	-	-	-	
-	-	-	-	-	
11,567	94,632	-	-	1,337,201	
\$ 11,567	\$ 102,346	\$ -	\$ -	\$ 1,342,705	

**CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2023**

	Capital Project Funds		
	Parks Building	Library Renovation	Rail Trail Bridges
Assets			
Cash and Pooled Investments	\$ 699,990	\$ 700,000	\$ 751,623
Certificates of Deposit	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	699,990	700,000	751,623
Liabilities			
Accounts Payable	2,959	2,959	2,114
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	2,959	2,959	2,114
Deferred Inflows of Resources			
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	697,031	697,041	749,509
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	697,031	697,041	749,509
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 699,990	\$ 700,000	\$ 751,623

Capital Project Funds					Permanent	Governmental Nonmajor Funds	
Tailrace Removal	Parkway Traffic Beacons	Public Works Building	Concrete & Building Projects	Perpetual Care			
\$ 294,501	\$ 154,110	\$ 513,699	\$ 207,896	\$ 72,692	\$ 465,000	\$ 8,895,611	465,000
-	-	-	-	-	-	63,588	
-	-	-	-	-	-	12,941	
-	-	-	-	-	-	540,013	
-	-	-	-	-	-	212,454	
<u>294,501</u>	<u>154,110</u>	<u>513,699</u>	<u>207,896</u>	<u>537,692</u>		<u>10,189,607</u>	
3,071	635	2,114	-	-	-	412,182	
-	-	-	-	-	-	12,162	
-	-	-	-	-	-	198,166	
<u>3,071</u>	<u>635</u>	<u>2,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,510</u>	
-	-	-	-	-	-	10,503	
-	-	-	-	-	-	10,503	
-	-	-	-	-	537,692	537,692	
-	-	-	-	-	-	1,258,196	
-	-	-	-	-	-	1,706,649	
291,430	153,475	511,585	-	-	-	4,703,604	
-	-	-	-	-	-	110,801	
-	-	-	207,896	-	-	1,407,947	
-	-	-	-	-	-	(168,295)	
<u>291,430</u>	<u>153,475</u>	<u>511,585</u>	<u>207,896</u>	<u>537,692</u>		<u>9,556,594</u>	
\$ 294,501	\$ 154,110	\$ 513,699	\$ 207,896	\$ 537,692	\$	\$ 10,189,607	

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund
Revenue:			
Taxes	\$ -	\$ 1,309,646	\$ 580,261
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	1,468,406	-	-
Contributions	-	-	-
Refunds/Reimbursements	3,446	-	-
Interest	9,245	10,714	6,481
Miscellaneous	608	-	-
Total Revenue	<u>1,481,705</u>	<u>1,320,360</u>	<u>586,742</u>
Expenditures:			
Current:			
Public Works	1,303,860	-	-
Culture and Recreation	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>1,303,860</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>177,845</u>	<u>1,320,360</u>	<u>586,742</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Premium on Bond Issuance	-	-	-
Transfers In	-	-	-
Transfers Out	(117,463)	(1,182,127)	(580,000)
Total other financing sources (uses)	<u>(117,463)</u>	<u>(1,182,127)</u>	<u>(580,000)</u>
Net Change in Fund Balance	60,382	138,233	6,742
Fund balances (deficits) - beginning of year	<u>1,197,814</u>	<u>1,029,624</u>	<u>532,050</u>
Fund balances (deficits) - end of year	<u>\$ 1,258,196</u>	<u>\$ 1,167,857</u>	<u>\$ 538,792</u>

Special Revenue	Capital Project Funds					
	2017 Cable TV	2017 Airport Runway Ext	Sidewalk Program	2017 Bituminous Seal Coat	Capital Improvement Fund	Eagle Ridge
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,845	-	-	-	-
44,538	-	-	-	-	-	-
-	-	-	-	263,999	-	-
-	-	-	-	-	-	-
-	-	-	-	2,104	-	-
-	-	-	-	-	-	-
44,538	-	3,845	-	266,103	-	-
-	-	-	-	-	-	-
43,640	-	-	-	-	-	-
-	-	13,018	426,138	651,807	2,298	-
-	-	-	-	423	-	-
43,640	-	13,018	426,138	652,230	2,298	-
898	-	(9,173)	(426,138)	(386,127)	(2,298)	-
-	-	-	-	141,096	-	-
-	-	-	-	-	-	-
-	2,594	152,439	200,000	180,000	-	-
-	-	-	-	(70,244)	(52,747)	-
-	2,594	152,439	200,000	250,852	(52,747)	-
898	2,594	143,266	(226,138)	(135,275)	(55,045)	-
109,903	(2,594)	(125,219)	70,010	422,474	55,045	-
\$ 110,801	\$ -	\$ 18,047	\$ (156,128)	\$ 287,199	\$ -	\$ -

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2023

	Capital Project Funds		
	Youth Ball Diamond	Sanitary Sewer Improvement	Storm Drainage Improvement
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	298,683	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	298,683	-	-
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	1,051,822	-	-
Debt Service	62,139	-	-
Total Expenditures	1,113,961	-	-
Excess (deficiency) of revenues over expenditures	(815,278)	-	-
Other financing sources (uses):			
Issuance of Debt	1,500,000	-	-
Premium on Bond Issuance	-	-	-
Transfers In	-	40,000	27,835
Transfers Out	-	-	-
Total other financing sources (uses)	1,500,000	40,000	27,835
Net Change in Fund Balance	684,722	40,000	27,835
Fund balances (deficits) - beginning of year	(529,092)	85,436	(2,835)
Fund balances (deficits) - end of year	\$ 155,630	\$ 125,436	\$ 25,000

Capital Project Funds					
Bremer Ave Hwy 3 Reconstruction	E. Bremer Ave Sanitary Sewer 2019	10th St SW Improvements	Various Projects 2019 Bonds	S Riverside PK 2019	Business Hwy 218 Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,596	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,596	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	115	-	32,858	-
-	-	-	-	-	-
-	-	115	-	32,858	-
1,596	-	(115)	-	(32,858)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,079)	(42)	(655)	(15,211)	(213,000)	(1)
(3,079)	(42)	(655)	(15,211)	(213,000)	(1)
(1,483)	(42)	(770)	(15,211)	(245,858)	(1)
1,257	42	5,075	15,211	250,977	1
\$ (226)	\$ -	\$ 4,305	\$ -	\$ 5,119	\$ -

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2023

	Capital Project Funds		
	20th St NW RR X-Road	Public Services Facility	South Industrial Park
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	5,644
Miscellaneous	-	-	-
Total Revenue	-	-	5,644
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	-	278	-
Debt Service	-	-	-
Total Expenditures	-	278	-
Excess (deficiency) of revenues over expenditures	-	(278)	5,644
Other financing sources (uses):			
Issuance of Debt	-	-	-
Premium on Bond Issuance	-	-	-
Transfers In	-	-	-
Transfers Out	(3,414)	(13,801)	-
Total other financing sources (uses)	(3,414)	(13,801)	-
Net Change in Fund Balance	(3,414)	(14,079)	5,644
Fund balances (deficits) - beginning of year	3,414	14,079	715,110
Fund balances (deficits) - end of year	\$ -	\$ -	\$ 720,754

Capital Project Funds						
FEMA Flood Projects	3rd Street Bridge Project	Airport Land Acquisition	Alley Reconstruction Project	Cedar Lane 2nd Ave NE	CDBG Housing Rehab	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,679
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,679
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,413	-	7,300	643,403	-	3,656
-	-	-	-	-	-	-
-	7,413	-	7,300	643,403	-	3,656
-	(7,413)	-	(7,300)	(643,403)	-	23
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3	-	171,000	-	15,094
(6,248)	(4,630)	-	(9,603)	(117,592)	-	-
(6,248)	(4,630)	3	(9,603)	53,408	-	15,094
(6,248)	(12,043)	3	(16,903)	(589,995)	-	15,117
6,248	12,043	(3)	9,697	589,995	-	(15,117)
\$ -	\$ -	\$ -	\$ (7,206)	\$ -	\$ -	-

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2023

	Capital Project Funds			
	1st Street NW Reconstruction	Airport Obstruction Removal	Airport Runway 11 Taxiway	10th Ave SW Trail Extension
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	707	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	77,590	170,600
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>707</u>	<u>-</u>	<u>77,590</u>	<u>170,600</u>
Expenditures:				
Current:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Projects	315	-	37,817	275,193
Debt Service	-	-	-	-
Total Expenditures	<u>315</u>	<u>-</u>	<u>37,817</u>	<u>275,193</u>
Excess (deficiency) of revenues over expenditures	<u>392</u>	<u>-</u>	<u>39,773</u>	<u>(104,593)</u>
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Premium on Bond Issuance	-	-	-	-
Transfers In	-	-	17,422	-
Transfers Out	(85,201)	(20,019)	-	-
Total other financing sources (uses)	<u>(85,201)</u>	<u>(20,019)</u>	<u>17,422</u>	<u>-</u>
Net Change in Fund Balance	(84,809)	(20,019)	57,195	(104,593)
Fund balances (deficits) - beginning of year	<u>87,433</u>	<u>20,019</u>	<u>(61,930)</u>	<u>120,663</u>
Fund balances (deficits) - end of year	<u>\$ 2,624</u>	<u>\$ -</u>	<u>\$ (4,735)</u>	<u>\$ 16,070</u>

Capital Project Funds					
4th St Project	Airport Taxilane Reconstruction	Well No. 5 Reconfiguration	Building Renovation	Water Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	37,175	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	37,175	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
828	61,231	116,634	30,150	7,295	-
-	490	-	-	5,504	-
828	61,721	116,634	30,150	12,799	-
(828)	(24,546)	(116,634)	(30,150)	(12,799)	-
-	119,178	-	-	1,350,000	-
-	-	-	-	-	-
-	-	-	30,150	-	-
(25,851)	-	(3,527)	-	-	-
(25,851)	119,178	(3,527)	30,150	1,350,000	-
(26,679)	94,632	(120,161)	-	1,337,201	-
38,246	-	120,161	-	-	-
\$ 11,567	\$ 94,632	\$ -	\$ -	\$ 1,337,201	-

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2023

	Capital Project Funds		
	Parks Building	Library Renovation	Rail Trail Bridges
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Projects	10	-	-
Debt Service	2,959	2,959	42,877
Total Expenditures	<u>2,969</u>	<u>2,959</u>	<u>42,877</u>
Excess (deficiency) of revenues over expenditures	<u>(2,969)</u>	<u>(2,959)</u>	<u>(42,877)</u>
Other financing sources (uses):			
Issuance of Debt	700,000	700,000	513,698
Premium on Bond Issuance	-	-	278,688
Transfers In	-	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	<u>700,000</u>	<u>700,000</u>	<u>792,386</u>
Net Change in Fund Balance	697,031	697,041	749,509
Fund balances (deficits) - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 697,031</u>	<u>\$ 697,041</u>	<u>\$ 749,509</u>

Capital Project Funds					Permanent	Governmental
Tailrace Removal	Parkway Traffic Beacons	Public Works Building	Concrete & Building Projects	Perpetual Care	Nonmajor Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,889,907	
-	-	-	-	-	6,148	
-	-	-	-	-	44,538	
-	-	-	-	-	2,021,449	
-	-	-	-	4,735	303,418	
-	-	-	-	-	3,446	
-	-	-	-	-	34,188	
-	-	-	-	-	608	
-	-	-	-	4,735	4,303,702	
-	-	-	-	-	1,303,860	
-	-	-	-	-	43,640	
15,521	-	-	3,104	-	3,388,204	
1,268	635	2,114	-	-	121,368	
16,789	635	2,114	3,104	-	4,857,072	
(16,789)	(635)	(2,114)	(3,104)	4,735	(553,370)	
308,219	154,110	513,699	-	-	6,000,000	
-	-	-	-	-	278,688	
-	-	-	211,000	-	1,047,537	
-	-	-	-	-	(2,524,455)	
308,219	154,110	513,699	211,000	-	4,801,770	
291,430	153,475	511,585	207,896	4,735	4,248,400	
-	-	-	-	532,957	5,308,194	
\$ 291,430	\$ 153,475	\$ 511,585	\$ 207,896	\$ 537,692	\$ 9,556,594	

CITY OF WAVERLY STATISTICAL SECTION

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

Contents:	Pages
Financial Trends	118 – 128
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	129 – 132
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	133 – 140
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	142 - 143
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	144 - 148
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

City of Waverly, Iowa
Government-Wide Net Position by Component ¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities				
Net Investment in Capital Assets	\$45,860,962	\$44,889,601	\$45,139,066	\$46,400,267
Restricted	2,509,661	2,043,840	2,706,371	3,236,491
Unrestricted	976,180	149,599	1,638,015	(113,581)
Total Governmental Activities Net Position	<u>\$49,346,803</u>	<u>\$47,083,040</u>	<u>\$49,483,452</u>	<u>\$49,523,177</u>
Business-type Activities				
Net Investment in Capital Assets	\$10,274,538	\$ 8,167,297	\$10,659,431	\$11,615,461
Restricted	88,279	-	22,734	103,401
Unrestricted	2,509,368	4,581,247	2,892,703	3,178,122
Total Business-type Activities Net Position	<u>\$12,872,185</u>	<u>\$12,748,544</u>	<u>\$13,574,868</u>	<u>\$14,896,984</u>
Primary Government				
Net Investment in Capital Assets	\$56,135,500	\$53,056,894	\$55,798,497	\$58,015,728
Restricted	2,597,940	2,043,840	2,729,105	3,339,892
Unrestricted	3,485,548	4,730,846	4,530,718	3,064,541
Total Primary Government Activities Net Position	<u>\$62,218,988</u>	<u>\$59,831,580</u>	<u>\$63,058,320</u>	<u>\$64,420,161</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$48,702,502	\$47,543,076	\$51,146,367	\$55,333,374	\$57,750,010	\$58,137,839
2,893,954	3,064,822	3,009,120	5,924,464	6,089,667	6,264,026
(2,095,449)	1,877,510	986,922	(2,206,473)	(1,723,291)	129,850
<u>\$49,501,007</u>	<u>\$52,485,408</u>	<u>\$55,142,409</u>	<u>\$59,051,365</u>	<u>\$62,116,386</u>	<u>\$64,531,715</u>
\$12,439,840	\$10,833,717	\$11,567,403	\$12,645,950	\$20,483,473	\$15,113,107
94,493	675,094	684,498	685,954	676,460	590,788
3,326,174	2,923,932	2,765,410	2,494,574	(3,571,288)	4,531,321
<u>\$15,860,507</u>	<u>\$14,432,743</u>	<u>\$15,017,311</u>	<u>\$15,826,478</u>	<u>\$17,588,645</u>	<u>\$20,235,216</u>
\$61,142,342	\$58,376,793	\$62,713,770	\$67,979,324	\$78,233,483	\$73,250,946
2,988,447	3,739,916	3,693,618	6,610,418	6,766,127	6,854,814
1,230,725	4,801,442	3,752,332	288,101	(5,294,579)	4,661,171
<u>\$65,361,514</u>	<u>\$66,918,151</u>	<u>\$70,159,720</u>	<u>\$74,877,843</u>	<u>\$79,705,031</u>	<u>\$84,766,931</u>

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental Activities:					
General Government	\$ 819,124	\$ 964,181	\$ 812,686	\$ 1,149,474	\$ 1,149,385
Public Safety	2,344,143	2,187,109	2,247,521	2,478,198	2,701,599
Public Works	4,007,339	4,063,154	5,275,053	4,374,264	5,104,045
Health and Social Services	161,194	184,325	64,184	9,874	9,874
Community & Economic Development	1,151,508	1,557,169	515,249	1,292,607	729,567
Culture and Recreation	2,362,684	2,364,058	2,574,145	2,505,856	2,605,857
Debt Service	194,220	477,628	536,149	437,831	445,257
Total Governmental Activities Expenses	<u>11,040,212</u>	<u>11,797,624</u>	<u>12,024,987</u>	<u>12,248,104</u>	<u>12,745,584</u>
Business-type Activities					
Water	1,357,585	1,129,752	1,125,154	1,225,589	1,211,683
Sewer	1,700,847	1,524,393	1,700,848	1,780,570	1,698,567
Solid waste	1,197,667	1,206,111	1,048,675	1,218,735	1,219,573
Total Business-type Activities Expenses	<u>4,256,099</u>	<u>3,860,256</u>	<u>3,874,677</u>	<u>4,224,894</u>	<u>4,129,823</u>
Total Primary Government Expenses	<u>15,296,311</u>	<u>15,657,880</u>	<u>15,899,664</u>	<u>16,472,998</u>	<u>16,875,407</u>
Program Revenues (2)					
Governmental Activities:					
Charges for Services					
General Government	241,614	268,368	241,010	271,525	251,725
Public Safety	53,708	41,530	42,533	51,089	47,839
Public Works	25,914	27,995	44,526	57,264	87,868
Community & Economic Development	12,338	20,266	23,303	22,734	9,334
Culture and Recreation	676,297	667,345	638,946	625,840	592,286
Operating Grants and Contributions	1,922,408	1,803,342	2,159,919	2,217,432	2,157,667
Capital Grants and Contributions	414,555	1,507,147	2,007,771	330,201	681,523
Total Governmental Activities Program Revenues	<u>3,346,834</u>	<u>4,335,993</u>	<u>5,158,008</u>	<u>3,576,085</u>	<u>3,828,242</u>
Business-type Activities:					
Charges for services:					
Water	1,228,012	1,236,098	1,246,479	1,308,725	1,335,896
Sewer	1,640,186	1,643,939	1,792,574	1,666,757	1,695,866
Solid waste	1,153,726	1,271,353	1,340,891	1,424,910	1,458,395
Capital Grants and Contributions	-	169,235	269,205	2,348	359,703
Total Business-Type Activities Program Revenues	<u>4,021,924</u>	<u>4,320,625</u>	<u>4,649,149</u>	<u>4,402,740</u>	<u>4,849,860</u>
Total Primary Government Program Revenues	<u>\$ 7,368,758</u>	<u>\$ 8,656,618</u>	<u>\$ 9,807,157</u>	<u>\$ 7,978,825</u>	<u>\$ 8,678,102</u>

Fiscal Year

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 669,502	\$ 930,649	\$ 890,918	\$ 750,438	\$ 1,170,807
2,643,357	2,980,681	2,907,703	2,333,262	2,610,591
4,724,799	4,609,339	5,627,091	5,068,309	5,802,767
9,874	9,874	9,874	9,874	10,394
774,466	973,361	834,488	756,854	507,089
2,776,818	2,871,985	3,039,296	3,189,567	3,595,732
761,646	743,123	747,278	655,515	715,407
<u>12,360,462</u>	<u>13,119,012</u>	<u>14,056,648</u>	<u>12,763,819</u>	<u>14,412,787</u>
1,502,936	1,390,408	1,253,842	1,400,442	1,485,039
1,764,687	1,853,223	1,748,680	1,969,126	2,222,752
1,373,526	1,325,275	1,390,486	1,363,090	1,468,415
<u>4,641,149</u>	<u>4,568,906</u>	<u>4,393,008</u>	<u>4,732,658</u>	<u>5,176,206</u>
<u>17,001,611</u>	<u>17,687,918</u>	<u>18,449,656</u>	<u>17,496,477</u>	<u>19,588,993</u>
127,635	104,466	124,028	152,806	61,629
53,175	40,244	89,619	197,207	46,109
105,935	130,957	31,594	158,949	89,185
19,612	24,998	16,899	45,477	19,571
630,601	587,973	889,390	986,188	965,473
2,443,545	3,296,788	3,346,721	2,296,820	2,937,691
69,412	1,394,149	1,891,675	1,148,221	2,402,171
<u>3,449,915</u>	<u>5,579,575</u>	<u>6,389,926</u>	<u>4,985,668</u>	<u>6,521,829</u>
1,496,978	1,515,461	1,575,486	1,555,079	1,607,531
1,837,309	1,944,024	2,121,115	2,257,532	2,527,371
1,462,918	1,590,679	1,702,582	1,854,970	1,852,588
109,913	-	5,498	3,729	5,819
<u>4,907,118</u>	<u>5,050,164</u>	<u>5,404,681</u>	<u>5,671,310</u>	<u>5,993,309</u>
<u>\$ 8,357,033</u>	<u>\$10,629,739</u>	<u>\$ 11,794,607</u>	<u>\$ 10,656,978</u>	<u>\$ 12,515,138</u>

(continued on next page)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense)/Revenue ¹					
Governmental Activities:	\$ (7,693,378)	\$(7,461,631)	\$(6,866,979)	\$(8,672,019)	\$(8,917,342)
Business-type Activities	(234,175)	460,369	774,472	177,846	720,037
Total Primary Government Net Expense	<u>(7,927,553)</u>	<u>(7,001,262)</u>	<u>(6,092,507)</u>	<u>(8,494,173)</u>	<u>(8,197,305)</u>
General Revenues					
Governmental Activities:					
Property Taxes	7,133,869	7,000,472	7,086,413	7,504,828	7,287,523
Local Option Sales Tax	896,970	996,545	1,128,998	1,502,733	1,222,010
Hotel/Motel Taxes	163,599	154,137	175,269	232,582	188,106
Interest	44,973	34,653	46,697	50,928	45,347
General Intergovernmental Revenues	173,778	148,034	191,934	192,114	197,245
Commercial/Industrial Tax replacement	-	113,678	233,203	208,008	202,647
Gain on Sale of Capital Assets	-	4,500	-	30,735	-
Miscellaneous	77,764	22,198	96,217	8,280	224,921
Transfers	25,000	57,166	60,474	(1,018,464)	(108,102)
Total Governmental Activities	<u>8,515,953</u>	<u>8,531,383</u>	<u>9,019,205</u>	<u>8,711,744</u>	<u>9,259,697</u>
Business-type Activities:					
Investment Earnings	7,606	12,624	19,508	17,637	35,407
Gain on Sale of Capital Assets	-	-	-	10,726	1,500
Miscellaneous	75,521	91,809	92,824	97,443	98,477
Transfers	(25,000)	(57,166)	(60,474)	1,018,464	108,102
Total Business-type Activities	<u>58,127</u>	<u>47,267</u>	<u>51,858</u>	<u>1,144,270</u>	<u>243,486</u>
Total Primary Government	<u>8,574,080</u>	<u>8,578,650</u>	<u>9,071,063</u>	<u>9,856,014</u>	<u>9,503,183</u>
Change in Net Position					
Governmental Activities	822,575	1,069,752	2,152,226	39,725	342,355
Business-type Activities	(176,048)	507,636	826,330	1,322,116	963,523
Total Primary Government	<u>\$ 646,527</u>	<u>\$ 1,577,388</u>	<u>\$ 2,978,556</u>	<u>\$ 1,361,841</u>	<u>\$ 1,305,878</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.

2019	2020	2021	2022	2023
\$(8,910,547)	\$ (7,539,437)	\$ (7,666,722)	\$ (7,778,151)	\$ (7,890,958)
265,969	481,258	1,011,673	938,652	817,103
<u>(8,644,578)</u>	<u>(7,058,179)</u>	<u>(6,655,049)</u>	<u>(6,839,499)</u>	<u>(7,073,855)</u>
7,487,736	7,613,429	8,600,766	9,008,053	9,222,058
1,560,866	1,714,891	1,931,044	2,023,559	1,889,907
179,842	151,341	105,368	251,080	267,302
103,701	113,639	122,172	(77,670)	118,089
191,646	190,890	187,644	181,085	167,766
193,412	185,738	194,209	203,521	178,080
12,230	4,302	2,949	437,049	8,468
129,650	201,509	102,693	118,757	112,903
1,837,271	52,974	329,187	(687,432)	(1,658,286)
<u>11,696,354</u>	<u>10,228,713</u>	<u>11,576,032</u>	<u>11,458,002</u>	<u>10,306,287</u>
45,229	52,278	24,848	23,729	77,304
-	-	-	-	-
98,309	104,006	101,833	112,354	93,878
<u>(1,837,271)</u>	<u>(52,974)</u>	<u>(329,187)</u>	<u>687,432</u>	<u>1,658,286</u>
<u>(1,693,733)</u>	<u>103,310</u>	<u>(202,506)</u>	<u>823,515</u>	<u>1,829,468</u>
<u>10,002,621</u>	<u>10,332,023</u>	<u>11,373,526</u>	<u>12,281,517</u>	<u>12,135,755</u>
2,785,807	2,689,276	3,909,310	3,679,851	2,415,329
<u>(1,427,764)</u>	<u>584,568</u>	<u>809,167</u>	<u>1,762,167</u>	<u>2,646,571</u>
<u>\$ 1,358,043</u>	<u>\$ 3,273,844</u>	<u>\$ 4,718,477</u>	<u>\$ 5,442,018</u>	<u>\$ 5,061,900</u>

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

Fiscal Year	General Property Tax	Local Option Sales Tax	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax	Total Taxes
2014	\$ 5,173,802	\$ 897,221	\$ 2,121,270	\$ 57,632	\$ 163,599	\$ 8,413,524
2015	5,418,739	983,208	1,584,732	50,150	154,137	8,190,966
2016	5,081,839	908,243	2,050,061	51,810	175,269	8,267,222
2017	5,565,696	1,372,762	1,933,728	56,752	180,074	9,109,012
2018	6,088,658	1,402,341	1,203,728	61,708	188,196	8,944,631
2019	6,153,187	1,743,644	1,319,322	94,107	170,017	9,480,277
2020	6,189,238	1,536,181	1,289,307	102,544	177,861	9,295,131
2021	7,153,240	2,016,292	1,499,410	96,588	141,092	10,906,622
2022	7,692,171	2,090,158	1,305,443	92,831	194,613	11,375,216
2023	\$ 7,984,788	\$ 1,893,877	\$ 1,217,056	\$ 90,818	\$ 220,506	\$ 11,407,045

Percentage
Change
In Dollars Over
10 Years

54.33%	111.08%	-42.63%	57.58%	34.78%	35.58%
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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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 74,062	\$ 75,689	\$ 74,377	\$ 88,789
Restricted	-	-	-	-
Assigned	11,416	20,874	24,627	22,810
Unassigned	<u>2,125,165</u>	<u>2,271,397</u>	<u>2,657,093</u>	<u>2,704,255</u>
Total General Fund	<u>\$ 2,210,643</u>	<u>\$ 2,367,960</u>	<u>\$ 2,756,097</u>	<u>\$ 2,815,854</u>
All Other Governmental Funds				
Nonspendable	\$ 490,621	\$ 496,551	\$ 767,461	\$ 507,588
Restricted	2,034,196	1,564,753	1,714,074	2,727,209
Assigned	1,263,823	9,011,683	3,079,501	1,242,751
Unassigned	<u>(2,263,027)</u>	<u>(230,217)</u>	<u>(706,489)</u>	<u>(743,199)</u>
Total All Other Governmental Funds	<u>\$ 1,525,613</u>	<u>\$ 10,842,770</u>	<u>\$ 4,854,547</u>	<u>\$ 3,734,349</u>
Total Governmental Funds				
Nonspendable	\$ 564,683	\$ 572,240	\$ 841,838	\$ 596,377
Restricted	2,034,196	1,564,753	2,203,990	2,727,209
Assigned	1,275,239	9,032,557	2,614,212	1,265,561
Unassigned	<u>(137,862)</u>	<u>2,041,180</u>	<u>1,950,604</u>	<u>1,961,056</u>
Total Governmental Funds	<u>\$ 3,736,256</u>	<u>\$ 13,210,730</u>	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>

Notes:

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

Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 87,795	\$ 233,783	\$ 92,658	\$ 100,690	\$ 219,533	\$ 225,956
-	-	-	1,215,116	829,372	1,523,398
23,549	26,506	25,523	20,769	19,518	9,292
3,126,763	2,873,063	3,766,212	3,424,085	2,108,825	1,547,448
<u>\$ 3,238,107</u>	<u>\$ 3,133,352</u>	<u>\$ 3,884,393</u>	<u>\$ 4,760,660</u>	<u>\$ 3,177,248</u>	<u>\$ 3,306,094</u>
\$ 513,603	\$ 516,978	\$ 519,488	\$ 526,149	\$ 532,957	\$ 537,692
2,420,088	2,609,603	10,336,821	7,644,301	4,711,759	8,937,193
1,755,210	7,439,541	1,735,994	1,728,213	1,649,050	1,407,947
(2,983,470)	(780,849)	(558,596)	(2,892,852)	(1,807,854)	(1,121,201)
<u>\$ 1,705,431</u>	<u>\$ 9,785,273</u>	<u>\$ 12,033,707</u>	<u>\$ 7,005,811</u>	<u>\$ 5,085,912</u>	<u>\$ 9,761,631</u>
\$ 601,398	\$ 750,761	\$ 612,146	\$ 626,839	\$ 752,490	\$ 763,648
2,420,088	2,609,603	10,336,821	8,859,417	5,541,131	10,460,591
1,778,759	7,466,047	1,761,517	1,748,982	1,668,568	1,417,239
143,293	2,092,214	3,207,616	531,233	300,971	426,247
<u>\$ 4,943,538</u>	<u>\$ 12,918,625</u>	<u>\$ 15,918,100</u>	<u>\$ 11,766,471</u>	<u>\$ 8,263,160</u>	<u>\$ 13,067,725</u>

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

	Fiscal Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Taxes	\$ 8,192,294	\$ 8,151,154	\$ 8,215,412	\$ 9,007,561
Special Assessments	20,944	4,600	11,304	40,566
Licenses and Permits	91,315	83,939	87,653	113,545
Intergovernmental	2,262,054	3,377,252	4,558,349	3,000,504
Charges for Services	859,319	842,155	814,866	822,666
Fines and Forfeits	64,414	52,559	54,191	57,489
Investment Earnings	43,948	32,623	44,609	49,191
Rental Income	75,058	120,581	67,106	65,945
Contributions	145,064	110,751	84,473	53,203
Refunds/Reimbursements	-	-	-	-
Miscellaneous	65,295	22,198	184,174	21,980
Total Revenues	<u>\$ 11,819,705</u>	<u>\$ 12,797,812</u>	<u>\$ 14,122,137</u>	<u>\$ 13,232,650</u>
Expenditures				
Current:				
Public Safety	1,968,180	2,096,232	2,329,272	2,101,970
Public Works	1,824,051	1,495,735	1,436,058	1,769,481
Health and Social Services	161,194	184,325	64,184	9,874
Culture and Recreation	2,254,536	2,355,850	2,462,074	2,528,258
Community and Economic Development	1,130,112	1,657,349	489,769	1,310,800
General Government	815,808	871,927	837,847	935,697
Debt Service:				
Principal	1,895,000	2,085,000	2,235,000	2,210,000
Interest	191,920	490,171	585,738	546,634
Capital Projects	3,202,963	9,269,704	9,591,741	3,123,039
Total Expenditures	<u>\$ 13,443,764</u>	<u>\$ 20,506,293</u>	<u>\$ 20,031,683</u>	<u>\$ 14,535,753</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,624,059)	(7,708,481)	(5,909,546)	(1,303,103)
Other Financing Sources (Uses)				
Issuance of Bonds, Notes, and Leases	83,226	15,804,500	-	111,927
Premiums on Bonds Issued	-	767,487	-	-
Transfers In	3,677,611	5,137,112	4,044,527	3,858,815
Transfers Out	(3,574,023)	(5,079,946)	(3,984,053)	(3,758,815)
Sale of Capital Assets	4,170	4,500	800	30,735
Total Other Financing Sources (Uses)	<u>\$ 190,984</u>	<u>\$ 16,633,653</u>	<u>\$ 61,274</u>	<u>\$ 242,662</u>
Net change in fund balances	<u>\$ (1,433,075)</u>	<u>\$ 8,925,172</u>	<u>\$ (5,848,272)</u>	<u>\$ (1,060,441)</u>
Debt service as a percentage of non-capital expenditures	20.38%	22.92%	24.01%	24.24%

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 8,510,566	\$ 9,048,602	\$ 9,226,758	\$ 10,531,810	\$ 11,031,612	\$ 11,111,965
-	13,167	13,458	79,723	19,327	6,334
78,885	142,033	139,460	97,544	140,719	126,780
3,119,322	2,960,743	4,299,111	4,721,728	3,331,809	4,573,792
793,572	587,526	623,064	810,735	779,350	854,768
54,876	43,750	41,041	29,590	39,665	46,855
45,347	103,701	113,639	122,172	(77,670)	118,089
96,742	105,662	89,737	101,906	94,188	86,020
37,681	109,620	897,947	904,836	710,242	1,098,362
-	-	-	-	-	3,446
247,841	143,709	216,119	122,023	138,106	179,447
<u>\$ 12,984,832</u>	<u>\$ 13,258,513</u>	<u>\$ 15,660,334</u>	<u>\$ 17,522,067</u>	<u>\$ 16,207,348</u>	<u>\$ 18,205,858</u>
2,253,573	2,594,111	2,800,963	2,404,783	3,260,054	2,683,507
1,855,470	1,841,712	1,858,532	1,846,967	1,713,490	1,965,962
9,874	9,874	9,874	9,874	9,874	10,394
2,414,847	2,642,004	2,831,586	2,807,462	3,280,686	3,751,632
721,972	774,460	865,910	820,876	789,661	521,288
1,023,626	632,951	777,081	789,924	778,777	1,219,947
2,710,000	2,985,000	3,509,000	3,804,784	3,050,000	4,156,006
684,914	864,294	793,441	831,325	1,629,484	829,705
5,185,465	9,835,274	6,532,560	12,514,115	14,068,159	7,940,615
<u>\$ 16,859,741</u>	<u>\$ 22,179,680</u>	<u>\$ 19,978,947</u>	<u>\$ 25,830,110</u>	<u>\$ 28,580,185</u>	<u>\$ 23,079,056</u>
(3,874,909)	(8,921,167)	(4,318,613)	(8,308,043)	(12,372,837)	(4,873,198)
2,115,000	14,500,000	6,245,700	2,530,000	308,932	6,222,201
31,141	348,159	275,616	147,199	-	278,688
3,164,804	5,953,992	5,502,000	4,659,683	12,601,256	6,821,546
(3,056,704)	(4,116,721)	(4,677,255)	(3,183,460)	(5,427,816)	(3,653,140)
-	12,230	4,302	3,346	2,001,984	8,468
<u>\$ 2,254,241</u>	<u>\$ 16,697,660</u>	<u>\$ 7,350,363</u>	<u>\$ 4,156,768</u>	<u>\$ 9,484,356</u>	<u>\$ 9,677,763</u>
<u>\$ (1,620,668)</u>	<u>\$ 7,776,493</u>	<u>\$ 3,031,750</u>	<u>\$ (4,151,275)</u>	<u>\$ (2,888,481)</u>	<u>\$ 4,804,565</u>
27.52%	31.59%	31.73%	30.80%	22.28%	25.23%

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

Fiscal Year	Real Property		Utilities ³		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value ²	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2014	\$ 630,243,149	\$ 410,744,591	\$ 9,122,016	\$ 5,939,377	\$ 639,365,165	\$ 416,683,968	14.247	65.17%
2015	602,476,470	422,655,243	7,091,567	5,850,431	609,568,037	428,505,674	14.149	70.30%
2016	605,883,951	363,660,524	6,689,149	5,365,197	612,573,100	369,025,721	14.048	60.24%
2017	645,945,496	382,489,321	6,611,615	4,827,675	652,557,111	387,316,996	14.027	59.35%
2018	681,955,724	420,026,282	4,661,743	2,858,190	686,617,467	422,884,472	14.179	61.59%
2019	686,944,235	413,216,491	4,501,684	2,727,564	691,445,919	415,944,055	14.449	60.16%
2020	701,709,206	428,766,383	4,566,808	2,604,893	706,276,014	431,371,276	14.372	61.08%
2021	729,895,541	433,495,905	4,619,064	2,542,384	734,514,605	436,038,289	15.686	59.36%
2022	750,671,036	456,132,797	4,578,884	2,332,531	755,249,920	458,465,328	16.331	60.70%
2023	\$ 807,882,819	\$ 475,388,346	\$ 4,819,886	\$ 2,631,717	\$ 812,702,705	\$ 478,020,063	16.335	58.82%

Source: Bremer County, Iowa; County Auditor

Notes: The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For the FY 2023 budget this percentage is 54.1302% for Residential

¹ Taxable Value does not include the Tax Increment Levy

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

³ Utilities includes Railroads, Utilities, and Gas & Electric

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

Fiscal Year	City of Waverly				Overlapping Rates				Total Direct and Overlapping
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	
2014	\$ 8.544	\$ 3.777	\$ 1.927	\$ 14.247	\$ 15.816	\$ 5.609	\$ 0.952	\$ 22.377	\$ 36.624
2015	8.478	3.401	2.271	14.149	15.782	5.881	0.951	22.614	36.763
2016	8.494	3.187	2.367	14.048	15.783	5.847	0.951	22.581	36.629
2017	8.440	3.181	2.406	14.027	15.184	5.703	0.951	21.838	35.865
2018	8.449	3.000	2.730	14.179	12.722	5.059	0.971	18.752	32.931
2019	8.453	3.241	2.755	14.449	12.778	4.999	1.017	18.794	33.243
2020	8.449	2.981	2.942	14.372	12.694	4.974	1.118	18.786	33.158
2021	8.454	2.948	4.284	15.686	12.601	4.992	1.158	18.751	34.437
2022	8.454	3.272	4.605	16.331	12.554	4.688	1.176	18.418	34.749
2023	\$ 8.519	\$ 3.320	\$ 4.496	\$ 16.335	\$ 12.571	\$ 4.300	\$ 1.212	\$ 18.083	\$ 34.418

Source: Bremer County Iowa: County Auditor-Accounting Department

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2023 and 2014

<u>Taxpayer</u>	<u>2023</u>			<u>2014</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Pinnacle Apartments SPE, LLC	\$ 12,095,130	1	2.53%	\$ -	-	0.00%
Wal-Mart	9,231,110	2	1.93%	9,062,890	2	2.18%
CUNA Mutual Life Insurance	8,920,000	3	1.87%	9,947,140	1	2.39%
Birdworks LLC	7,065,650	4	1.48%	6,816,100	3	1.64%
First Bank of Waverly	5,907,340	5	1.24%	4,551,380	5	1.09%
Neste Beverage Company	4,860,690	6	1.02%	6,748,850	4	1.62%
GMT LLC	4,774,020	7	1.00%	4,381,260	6	1.05%
Graening-Knights II, LC	3,797,310	8	0.79%	3,953,570	8	0.95%
Waverly Hotel Group, LLC	3,617,720	9	0.76%	-	-	0.00%
Village Sq Plaza Ltd Ptnrs	3,521,520	10	0.74%	3,980,860	7	0.96%
Deneui Holdings	-	-	0.00%	3,849,690	9	0.92%
Terex Cranes Inc - Waverly	-	-	0.00%	3,543,320	10	0.85%
Total Principal Taxpayers	63,790,490		13.36%	56,835,060		13.65%
All Other Taxpayers	414,229,573		86.64%	359,848,908		86.35%
Total Assessed Valuation	<u>\$478,020,063</u>		<u>100.00%</u>	<u>\$ 416,683,968</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

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

Fiscal Year	Total Tax Levy	Current Tax Collections (2)	Percent of Levy Collected	Collections in Subsequent Years (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2014	\$ 4,952,345	\$ 5,007,343	101.11%	N/A	\$ 5,007,343	101.11%
2015	5,329,955	5,362,269	100.61%	N/A	5,362,269	100.61%
2016	5,264,349	5,257,108	99.86%	N/A	5,257,108	99.86%
2017	5,529,788	5,748,010	103.95%	N/A	5,748,010	103.95%
2018	6,061,652	6,088,658	100.45%	N/A	6,088,658	100.45%
2019	6,095,525	6,144,867	100.81%	N/A	6,144,867	100.81%
2020	6,287,382	6,189,238	98.44%	N/A	6,189,238	98.44%
2021	7,017,280	7,153,240	101.94%	N/A	7,153,240	101.94%
2022	7,657,798	7,692,172	100.45%	N/A	7,692,172	100.45%
2023	\$ 7,998,005	\$ 8,004,107	100.08%	N/A	\$ 8,004,107	100.08%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

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

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Revenue Bonds	Lease Agreements	IT Subscriptions	Notes Payable	General Obligation Bonds	Revenue Bonds	Note Payable			
2014	\$ 8,160,133	\$ -	\$ -	\$ -	\$ 66,206	\$ 2,785,672	\$ 45,000	\$ 207,655	\$ 11,264,666	4.30%	\$ 1,115
2015	22,445,768	-	-	-	193,602	2,396,089	3,800,331	157,655	28,993,445	10.73%	2,869
2016	20,145,924	-	-	-	145,490	2,014,486	3,482,780	372,711	26,161,391	8.68%	2,589
2017	17,871,080	-	-	-	207,281	1,639,050	3,130,265	221,529	23,069,205	9.47%	2,286
2018	17,239,411	-	-	-	39,002	1,245,174	2,797,587	149,806	21,470,980	6.84%	2,120
2019	29,013,793	-	-	-	-	941,300	3,981,425	75,901	34,012,419	10.83%	2,120
2020	31,832,952	-	-	-	91,700	632,426	3,475,773	446,765	36,479,616	12.25%	3,564
2021	30,621,328	-	-	-	46,946	318,552	2,970,121	753,237	34,710,184	10.63%	3,367
2022	26,602,314	-	187,937	-	-	-	2,444,469	7,381,035	36,615,755	8.44%	3,488
2023	\$ 27,366,987	\$ 1,500,000	\$ 113,811	\$ 62,171	\$ -	\$ -	\$ 1,903,817	\$ 10,033,769	\$ 40,980,555	9.45%	3,895

Notes:

- 1 Population data used was the estimated census from the year 2023 of 10,522.
- 2 See the Schedule of Demographic and Economic Statistics on page 136 for personal income data.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual ¹ Taxable Value of Property	Per Capita ²
2014	\$ 10,945,805	\$ 86,345	\$ 10,859,460	3.30%	\$ 1,277
2015	24,841,857	87,198	24,754,659	2.61%	1,078
2016	22,160,410	-	22,160,410	5.78%	2,450
2017	19,510,130	9,413.00	19,500,717	6.01%	2,193
2018	18,484,585	128,265	18,356,320	5.03%	1,932
2019	29,955,093	175,331	29,779,762	7.16%	1,813
2020	32,465,378	-	32,465,378	7.53%	3,172
2021	30,939,880	-	30,939,880	7.10%	3,172
2022	26,602,314	46,618	26,555,696	5.79%	2,530
2023	\$ 27,366,987	\$ 106,488	\$ 27,260,499	5.70%	2,591

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

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

² Population data used was the estimated census from the year 2023 of 10,522.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt ³
June 30, 2023

Name of Governmental Unit	GO Debt Outstanding	Percentage ⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 29,042,969	100%	\$ 29,042,969
Overlapping:			
Bremer County ¹	-	18%	-
Waverly-Shell Rock School District ²	<u>30,445,000</u>	44%	<u>13,395,800</u>
Total Overlapping Debt	<u>30,445,000</u>		<u>13,395,800</u>
Total Direct and Overlapping Debt	<u>\$ 59,487,969</u>		<u>\$ 42,438,769</u>

Sources:

¹ Finance Dept, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

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

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 31,968,258	\$ 32,971,505	\$ 33,601,567	\$ 35,847,307
Total Net Debt Applicable to Limit	<u>10,793,655</u>	<u>23,955,208</u>	<u>21,435,000</u>	<u>19,789,924</u>
Legal Debt Margin	\$ 18,782,671	\$ 21,174,603	\$ 9,016,297	\$ 12,166,567
Total Net Debt Applicable to the Limit as a percentage of debt limit	33.76%	72.65%	63.79%	55.21%

Legal Debt Margin Calculation for Fiscal Year 2023

<u>Assessed Value</u>	
Real and Personal Property Within the City	<u>\$ 862,609,315</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION	43,130,466
<u>Amount of Debt Applicable to Limit</u>	
Total Debt and Long-Term Notes Payable	40,804,573
Less:	
Revenue Bonds:	
Sewer Revenue Bonds	610,000
Sewer Revenue Bonds Premium	19,196
Water Revenue Bonds	1,260,000
Water Revenue Bonds Premium	14,621
Governmental Activities Revenue Bond	1,500,000
Governmental Activities GO Bond Premium	1,066,987
Sewer Notes	10,033,769
Amount Available for Repayment of General Obligation Debt	<u>106,488</u>
Debt Applicable to Debt Limit	<u>26,193,512</u>
Legal Debt Margin	<u><u>\$ 16,936,954</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 36,810,958	\$ 37,339,744	\$ 38,040,656	\$ 39,610,447	\$ 40,375,145	\$ 43,130,466
<u>19,202,505</u>	<u>29,076,663</u>	<u>31,556,555</u>	<u>29,915,239</u>	<u>25,819,217</u>	<u>26,193,512</u>
\$ 16,057,383	\$ 8,263,081	\$ 6,484,101	\$ 9,695,208	\$ 14,555,928	\$ 16,936,954
52.17%	77.87%	82.95%	75.52%	63.95%	60.73%

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal
2014	\$ 1,228,012	\$ 1,326,703	\$ 305,013	\$ (98,691)	\$ 262,931
2015	1,236,098	1,076,601	306,766	159,497	357,931
2016	1,246,479	1,071,839	306,376	174,640	370,000
2017	1,308,725	1,179,598	340,505	129,127	375,000
2018	1,335,896	1,171,119	328,522	164,777	377,069
2019	1,496,978	1,411,717	330,319	85,261	444,139
2020	1,515,461	1,319,948	331,524	195,513	446,207
2021	1,575,486	1,191,651	321,653	383,835	448,275
2022	1,555,079	1,348,655	320,915	206,424	460,345
2023	\$ 1,607,531	\$ 1,438,583	\$ 354,264	\$ 168,948	\$ 340,000

Notes

¹ GAAP Basis

Payments For Interest	Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
\$ 30,882	\$ 293,813	(0.34)	\$ 206,322	0.70
51,721	409,652	0.39	466,263	1.14
53,761	423,761	0.41	481,016	1.14
47,337	422,337	0.31	469,632	1.11
41,721	418,790	0.39	493,299	1.18
92,146	536,285	0.16	415,580	0.77
75,796	522,003	0.37	527,037	1.01
67,559	515,834	0.74	705,488	1.37
57,100	517,445	0.40	527,339	1.02
\$ 46,780	\$ 386,780	0.44	\$ 523,212	1.35

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
2014	\$ 1,640,186	\$ 1,676,045	\$ 523,946	\$ (35,859)	\$ 297,069	\$ 24,802
2015	1,643,939	1,470,986	524,675	172,953	212,069	44,238
2016	1,792,574	1,623,141	526,562	169,433	325,000	80,548
2017	1,666,757	1,726,341	567,804	(59,584)	335,000	68,622
2018	1,695,866	1,645,111	515,526	50,755	337,931	63,896
2019	1,837,309	1,717,150	522,519	120,159	345,861	57,989
2020	1,944,024	1,811,736	526,753	132,288	353,793	51,951
2021	2,121,115	1,713,149	547,793	407,966	356,725	46,145
2022	2,257,532	1,793,752	553,046	463,780	369,655	174,771
2023	\$ 2,527,371	\$ 2,008,852	\$ 581,912	\$ 518,519	\$ 683,000	\$ 211,391

Notes

¹ GAAP Basis

Total Debt Service Payments		Coverage	Net Revenue Available For Debt Service Plus Depreciation		Coverage Without Depreciation
\$	321,871	(0.11)	\$	488,087	1.52
	256,307	0.67		697,628	2.72
	405,548	0.42		695,995	1.72
	403,622	(0.15)		508,220	1.26
	401,827	0.13		566,281	1.41
	403,850	0.30		642,678	1.59
	405,744	0.33		659,041	1.62
	402,870	1.01		955,759	2.37
	544,426	0.85		1,016,826	1.87
\$	894,391	0.58	\$	1,100,431	1.23

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income ²</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2020	10,235	297,756,620	29,092	35.4	4,012	2,268	3.75%
2023	10,522 (3)	\$ 433,864,148	\$ 41,234 (3)	33.3 (4)	4,293 (5)	2,279 (6)	2.30% (7)

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. Taken from <https://www.census.gov/quickfacts/fact/table/waverlycityiowa/INC910222>
4. Estimate from worldpopulationreview.com
5. Estimate from census.gov
6. WSR school enrollment for 22-23
7. Waverly Economic Development

**City of Waverly, Iowa
Principal Employers
Current Year and Nine Years Ago**

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wartburg College	510	1	3.59%	515	1	6.40%
Waverly Health Center	490	2	3.45%	500	2	6.21%
Waverly Shell Rock Schools	422	3	2.97%	436	3	5.42%
Walmart	250	4	1.76%	381	4	4.73%
Bartels Lutheran Retirement Comm	208	5	1.46%	310	6	3.85%
Nestle USA	198	6	1.39%	283	7	3.52%
GMT Corporation	189	7	1.33%	266	8	3.30%
Bremer County	177	8	1.25%	200	9	2.48%
UEA	168	9	1.18%	-	-	-
Trustage (formerly known as CUNA Mutual Life Insurance)	147	10	1.04%	-	-	-
Terex Cranes, Inc., Waverly	-	-	-	350	5	4.35%
Lutheran Services in Iowa, Inc	-	-	-	170	10	2.11%
Total Employees of Principal Employers	2,759		19.42%	3,411		42.37%
Other Employees	11,441		80.58%	4,639		57.63%
Adjusted Labor Force ¹	14,200		100.00%	8,050		100.00%

Source:
Waverly Economic Development

Note:

1 Includes full-time and part-time employees based on [Iowa Work Force Development](#)

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	13.5	13	13	13	15.5	13	14.35	14.6	14.75	12
Library	10.5	11	11	11.3	11.3	11.3	11.2	11.2	11.2	10.2
Public Safety										
Police										
Officers	16	16	16	16	16	16	16	16	17	17
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	8	8	8	9	9	9	9	9	9	9
Volunteers	29	29	29	28	28	28	28	28	31	33
Highways and Streets										
Public Works Admin/Engineering	6	6	6	6	6	5.5	5.2	5.2	6.2	6.2
Zoning/Economic	4	5	5	5	5	5	4	4	4	5
Equipment Maintenance	2	2	2	2	2	2	2	2	2	3
Street Maintenance	7	7	7	7	6.75	8	7.78	7.78	7	8.5
Sanitation	8.5	8.5	8.5	8.5	8.7	9	9	9	9	9.6
Culture and Recreation	18	18	18	18	18	19	18	21.3	21.25	20
Water	3.5	3.5	3.5	3.75	3.75	3.25	3.25	3.5	3.5	3.7
Sewer	5.5	3.5	3.5	5.75	5.75	5.25	5.25	6.5	6.3	6.3
	<u>132.5</u>	<u>131.5</u>	<u>131.5</u>	<u>134.3</u>	<u>136.75</u>	<u>135.3</u>	<u>134.03</u>	<u>139.08</u>	<u>143.2</u>	<u>144.5</u>

Source: City of Waverly Accounting Department

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

Function	Fiscal Year			
	2014	2015	2016	2017
Police				
Physical Arrests	340	504	623	465
Parking Violations	728	528	548	579
Traffic Violations	847	818	754	649
Fire				
Number of Calls Answered	76	112	106	110
Highways and Streets				
Street Maintenance (Blocks)	95	88	78	100
Street Reconstruction (Blocks)	10	10	6	-
Building Permits				
Number	388	422	440	428
Value	\$ 15,692,981	\$ 35,672,014	\$ 27,773,351	\$ 23,430,006
Permit Fees	\$ 139,127	\$ 139,265	\$ 126,235	\$ 123,002
Sanitation				
Solid Waste Collected (tons)	3,910	3,995	4,239	4,464
Recyclables Collected (pounds)	1,840,308	1,397,998	2,276,000	2,064,840
Water				
Water Pumped (in thousands of gallons)	327,477	375,445	352,702	356,489
Water Billed (in thousands of gallons)	270,427	260,622	254,403	247,064
Percent Accountable	81%	83%	69%	72%

Source: Annual reports from each department.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
451	400	291	407	430	524	
602	514	399	532	579	596	
706	646	526	536	545	709	
123	111	117	145	153	135	
125	60	90	110	110	82	
36	40	15	-	5	1	
370	396	349	364	341	312	
\$ 21,702,076	\$ 25,493,654	\$ 45,975,454	\$ 16,481,831	\$ 63,964,233	\$ 19,636,677	
\$ 111,581	\$ 120,598	\$ 158,347	\$ 91,996	\$ 198,348	\$ 177,488	
4,472	4,635	4,663	4,663	4,839	4,647	
2,766,960	2,393,008	2,051,650	2,060,000	1,986,000	1,824,690	
358,615	341,884	349,624	384,774	338,991	354,682	
250,852	243,332	250,099	268,223	266,292	258,762	
69%	70%	72%	70%	79%	73%	

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

Function	Fiscal Year			
	2014	2015	2016	2017
Police:				
Stations	1	1	1	1
Patrol Units	8	8	8	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	4	4	4	4
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	67	67	67	69
State Highway (miles)	7	7	7	7
Culture and Recreation				
Parks Acreage	140	140	146	175
Parks	25	25	25	25
Miles of Recreational Trails	15	15	15	15
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	1	1	1	1
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemetery (acres)	47	47	47	47
Water				
Water Mains (miles)	74	71	74	76
Number of Service Connections	3,664	3,674	3,966	4,059
Daily Ave. Consumption in Gallons	1,059,384	1,028,616	966,307	976,682
Fire Hydrants	690	690	692	693
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	63	61	63	60
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,595	3,620	3,675	3,688
Daily Ave. Treatments in Gallons	1,202,904	1,102,000	1,020,000	1,588,904
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

	Fiscal Year					
	2018	2019	2020	2021	2022	2023
	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
	69.6	69.6	69.6	69.6	69.6	70
	7	7	7	7	7	7
	175	175	175	175	199	199
	25	25	25	25	25	25
	15	15	20	20	20	20
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	2	2	2	2	2	2
	1	1	1	1	1	1
	1	1	1	1	1	1
	47	47	47	47	47	47
	74	74	76	76	76	76.2
	4,099	4,231	4,333	4,380	4,391	4,418
	976,583	936,583	955,333	1,053,075	928,416	971,333
	639	639	709	727	737	744
	7,000,000	7,000,000	7,632,000	7,632,000	7,632	7,632
	60	60	61.4	62.8	63.7	64
	1	1	1	1	1	1
	3,745	3,760	4,000	4,000	3,912	3,935
	1,154,000	2,064,000	1,404,000	1,054,400	1,154,000	1,198,000
	2,330,000	2,330,000	2,330,000	2,330,000	2,330	2,330

CITY OF WAVERLY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number	Federal Expenditures
Direct:			
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0096-010-2023	\$ 72,639
U.S. Department of Treasury:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	FY23	1,178,741
Indirect:			
U.S. Department of Housing and Urban Development:			
Passed through the Iowa Department of Economic Development Community Development Block Grant	14.228	19-HSG-023	3,679
U.S. Department of Transportation			
Passed through the Iowa Department of Transportation: Highway Planning and Construction	20.205	21-TAP-148	141,275
Total expenditures of federal awards			<u>\$ 1,396,334</u>

Note 1 - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Waverly, Iowa under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waverly, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waverly.

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



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

Honorable Members of the City Council
City of Waverly, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of and for the year ended June 30, 2023 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 27, 2023. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Utilities, as described in our report on the City of Waverly's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Waverly's Response to Findings

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

Purpose of this Report

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

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.

William J. Company P.C.

Certified Public Accountants

Onawa, Iowa
December 27, 2023



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

Honorable Members of the City Council
Waverly, Iowa

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Waverly, Iowa's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Waverly, Iowa's major federal program for the year ended June 30, 2023. The City of Waverly, Iowa's major federal program is identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs. The City of Waverly's basic financial statements include the operations of Waverly Utilities and Waverly Health Center which received no federal awards. Our audit, described below, did not include the operations of Waverly Utilities and Waverly Health Center because these financial statements were audited by other auditors.

In our opinion, the City of Waverly, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Waverly, Iowa and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Waverly, Iowa's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Waverly's federal programs.

Auditors' responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Waverly, Iowa's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Waverly, Iowa's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Waverly, Iowa's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Waverly, Iowa's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Waverly, Iowa's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Williams + Company P.C.

Certified Public Accountants

Onawa, Iowa

December 27, 2023

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance Section 200.516.
- (g) The major program was Assistance Listing Number 21.027 – COVID-19, Coronavirus State and Local Fiscal Recovery Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) City of Waverly did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

2023-001 Financial Reporting

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

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

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

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

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

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

No material weaknesses in internal control over the major program were noted.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-23 - Certified Budget – Disbursements during the year ended June 30, 2023 exceeded their budget in the debt service 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.

IV-B-23 - Questionable Expenditures – No expenditures we believe may not meet the requirements of public purposes as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-23 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-23 - Business Transactions – Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Business Connection</u>	<u>Description</u>	<u>Amount</u>
Advantage Administrators, Council Member	Medical Claim Processing	\$9,929

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

IV-E-23 - Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

- IV-F-23 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- IV-G-23 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- IV-H-23 - Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- IV-I-23 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- IV-J-23 - Annual Urban Renewal Report – The annual urban renewal report was property approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.



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**CITY OF WAVERLY, IOWA
Schedule of Audit Prior Findings
For the Year Ended June 30, 2023**

FINANCIAL STATEMENT AUDIT

2022-001 - **Financial Reporting**

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

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

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

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

Current Status – The recommendation is still in process. See finding 2023-001. The City continues to look at its processes in order to make sure all amounts and adjustments are properly recorded.