

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF WAVERLY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

Prepared by the  
Finance Department  
Jenifer Mein, Finance Director

**CITY OF WAVERLY, IOWA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2018  
 TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<b>Page</b>
Letter of Transmittal .....	1 – 3
Organization Chart .....	4
List of Principal Officials .....	5
Certificate of Achievement .....	6 – 7

**FINANCIAL SECTION**

Independent Auditors' Report .....	8 – 10
Management's Discussion and Analysis .....	11 – 20

**Basic Financial Statements:**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position .....	21
Statement of Activities .....	22 – 23

**FUND FINANCIAL STATEMENTS**

**Governmental Funds Financial Statements**

Balance Sheet .....	24 – 25
Reconciliation of the Balance Sheet to the Statement of Net Position .....	26
Statement of Revenues, Expenditures and Changes in Fund Balances .....	27 – 28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities .....	29

**Proprietary Funds Financial Statements**

Combining Statement of Net Position .....	30
Combining Statement of Revenues, Expenses and Changes in Net Position .....	31 – 32
Combining Statement of Cash Flows .....	33 – 36

**Fiduciary Funds Financial Statements**

Statement of Fiduciary Net Position .....	37
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NOTES TO FINANCIAL STATEMENTS .....	38 – 72
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**Required Supplementary Information**

Budgetary Comparison Schedules .....	73 – 76
Schedule of Changes in the City's Total OPEB Liability Related Ratios and Notes .....	77
Schedule of the City's Proportionate Share of Net Pension Liability – IPERS .....	78
Schedule of City's Proportionate Share of Net Pension Liability – MFPRSI .....	79
Schedule of City's Contribution – IPERS .....	80
Schedule of City's Contribution – MFPRSI .....	81
Notes to RSI – Pension Liability .....	82 – 83

**CITY OF WAVERLY, IOWA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2018  
 TABLE OF CONTENTS**

**FINANCIAL SECTION – (CONTINUED)**

	<b>Page</b>
<hr/>	
<b>Other Supplementary Information</b>	
<b>Governmental Non-Major Funds Combining Financial Statements</b>	
Balance Sheet .....	84 – 89
Schedule of Revenues, Expenditures and Changes in Fund Balances .....	90 – 95
<b>Fiduciary Funds Combining Financial Statements</b>	
Schedule of Changes in Assets and Liabilities .....	96
 <b>STATISTICAL SECTION</b> 	
Government-Wide Net Position by Component .....	97 – 98
Changes in Net Position .....	99 – 102
Tax Revenue by Source .....	103
Fund Balances of Governmental Funds .....	104 – 105
Changes in Fund Balances of Governmental Funds .....	106 – 107
Assessed and Taxable Value of Taxable Property .....	108
Property Tax Rates-Direct and Overlapping Governments .....	109
Principal Taxpayers and Their Assessed Valuations .....	110
Property Tax Levies and Collections .....	111
Ratios of Outstanding Debt by Type .....	112
Ratios of General Bonds Debt Outstanding .....	113
Computation of Direct and Overlapping Debt .....	114
Legal Debt Margin Information .....	115 – 116
Water Revenue Bond Coverage .....	117 – 118
Sewer Revenue Bond Coverage .....	119 – 120
Demographic and Economic Statistics .....	121
Principal Employers .....	122
Full-Time Equivalent City Government Employees by Function .....	123
Operating Indicators by Function .....	124 – 125
Capital Asset Statistics by Function .....	126 – 127
 <b>COMPLIANCE SECTION</b> 	
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 <i>Government Auditing Standards</i> .....	128 - 129
Schedule of Findings .....	130 - 131



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**January 14, 2019**

Honorable Mayor and City Council  
City of Waverly  
Waverly, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2018. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to U.S. generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

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

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

### **PROFILE OF THE CITY OF WAVERLY**

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

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

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

**FINANCIAL INFORMATION**

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

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

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

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

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

**FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy.** The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small-town atmosphere while being only a twenty-five-minute drive to a large metropolitan area. The last census showed Waverly’s growth at 10.1% compared to the state’s increase of 4.1%. The steady sale of building permits is a good sign for Waverly. The total value is less than last year, however; the overall growth is consistent with a five average. The fiscal year 2018 was still a strong building year with numerous projects. At times it is more important to add to the culture and livability in a community, compared to increasing valuations. Some of the continued growth is due to the number of students in the Waverly-Shell Rock Schools District and the high marks received for the quality of education. All these developments and factors will allow the City to continue receiving increased intergovernmental revenues.

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

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

The City of Waverly is a growing manufacturing, retailing, educational, and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 550, Wartburg College with 500 employees, Waverly Health Center with 484 employees, Waverly Shell-Rock Schools with 404 employees, GMT Corporation with 276 employees, and Bartels Lutheran Retirement Community with 239 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 \$936,872 in fiscal year 2018. Future projects for these funds include additional bond payments and various street improvements. After a vote by the citizens in 2016, the collection of the local option sales tax will continue through June 30, 2037.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's July 2018 unemployment rate of 1.9% compares favorably to the State's 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 excellent compared to other cities of similar size. Assessed valuations for the same period increased, but the state's residential rollback continues to affect the taxing ability of cities. A new property class was established for multi-residential property in fiscal year 2017 and will likely have long-term impact for Waverly.

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

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

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

**Awards and Acknowledgments.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2017. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2018 annual financial report to GFOA for review to determine its eligibility for an award.

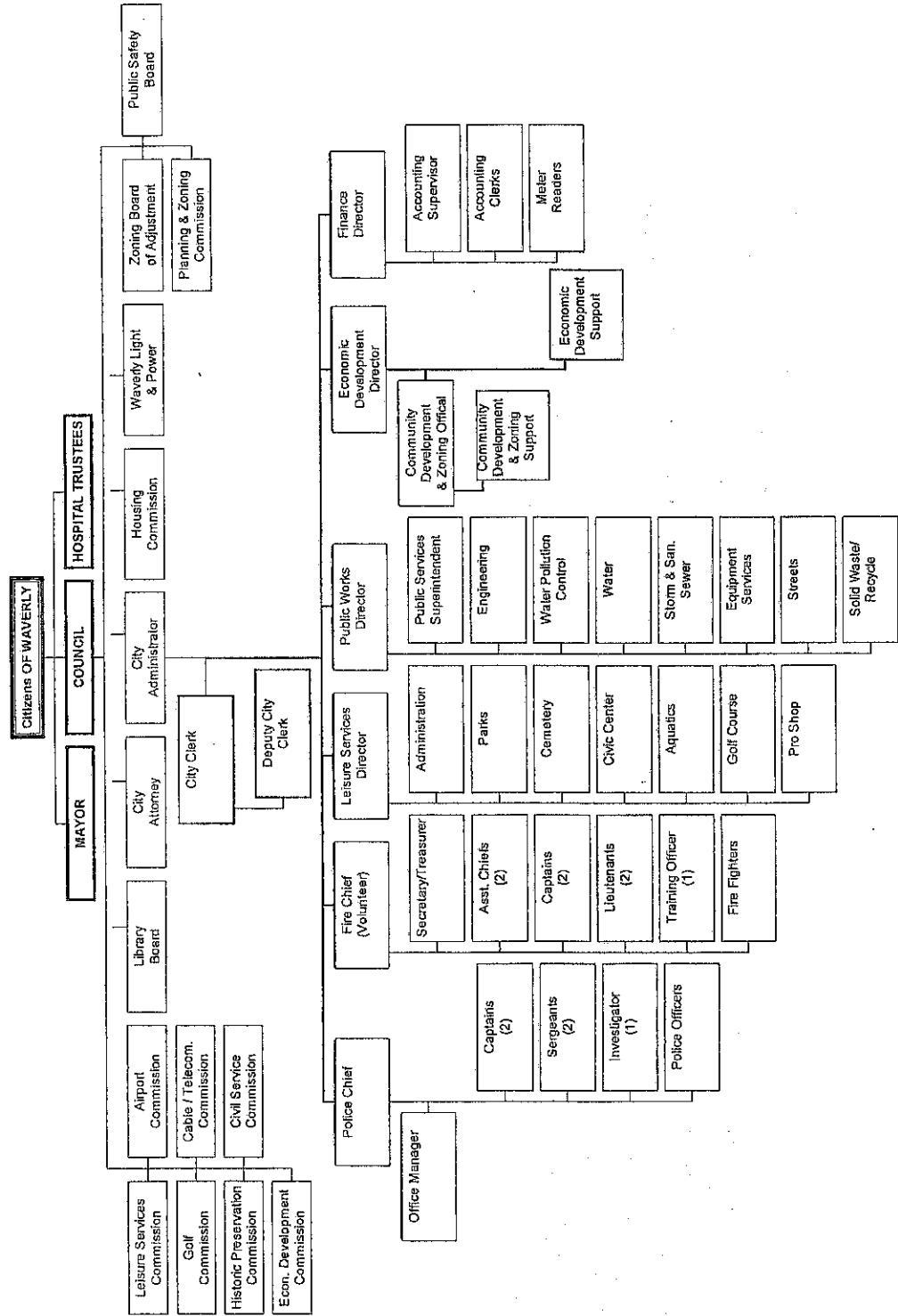
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in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

Respectfully submitted,

James W. Bronner  
City Administrator

Jenifer J. Mein  
Director of Finance

# Organizational Flow Chart The City Of Waverly, Iowa



**CITY OF WAVERLY, IOWA**

**List of Principal Officials  
June 30, 2018**

**ELECTED OFFICIALS**

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Mayor.....	Dean Soash
Council Member – Ward 1.....	Brian Birgen
Council Member – Ward 2.....	Dan McKenzie
Council Member – Ward 3.....	Rodney Drenkow
Council Member – Ward 4.....	Mike Sherer
Council Member – Ward 5.....	Tim Kangas
Council Member – At Large.....	Ann Rathe
Council Member – At Large.....	Edith Waldstein

**APPOINTED OFFICIALS**

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City Administrator .....	James W. Bronner
City Clerk .....	Carla Guyer
Community Development Director/City Attorney .....	William D. Werger
Director of Finance .....	Jenifer J. Mein
City Engineer/Director of Public Works .....	Michael Cherry
Police Chief.....	Richard Pursell
Leisure Services Director .....	Tabor Ray
Fire Chief .....	Dennis Happel
Library Director .....	Sarah Meyer-Reyerson
Community Development and Zoning Manager.....	Ben Kohout
Public Services Superintendent.....	Brian Sullivan





Government Finance Officers Association

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

Presented to

**City of Waverly  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Waverly Health Center and Waverly Utilities (discretely presented component units), which statements reflect total assets of \$38,753,357 and \$63,871,804 as of June 30, 2018 and December 31, 2017, respectively, and total program revenues of \$54,094,029 and \$21,237,363 for the years then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for Waverly Health Center and Waverly Utilities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 21 to the financial statements, the City of Waverly, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter. As described in Note 21 to the financial statements, cash was understated in fiscal year 2017 was a correction of error and is corrected on the accompanying financial statements. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the City's total OPEB liability, related ratios and notes, schedule of the City's proportionate share of net pension liability, and schedule of the City's contributions on pages 77 and 78 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, 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.

  
Certified Public Accountants

Le Mars, Iowa  
January 14, 2019

## Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2018 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, 2018, by \$65,361,514. Of this amount, \$1,230,725 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net position increased by \$1,305,878 during the year. Of this amount the net position of our Governmental Activities increased by \$342,355 and the net position of our Business Activities increased \$963,523.
- The City's long-term debt decreased approximately \$1,550,000. The City issued \$2,115,000 in new bonds in 2018. The debt limit is \$36.8M. Outstanding general obligation debt totals \$17,855,000 and other notes payable total \$188,808, and revenue bonds total \$2,740,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$3,126,763.

### Overview of the Financial Statements

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

### Reporting the City as a Whole

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the

underlying event occurs, giving rise to the change regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

The City of Waverly maintains 36 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

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

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

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

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

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

### **Reporting the City's Fiduciary Responsibilities**

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

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

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

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



The following comparative chart shows the changes in net position for the years ended June 30, 2018 and 2017.

	General Governmental Activities 2017 2018		Business-Type Activities 2017 2018		Total 2017 2018	
		(Not Restated)		(Not Restated)		(Not Restated)
<b>ASSETS</b>						
Current and Other Assets	\$14,678,524	\$14,759,224	\$4,313,877	\$4,093,067	\$18,992,401	\$18,852,291
Capital Assets	65,964,400	64,472,128	16,632,407	16,605,257	82,596,807	81,077,385
Total Assets	80,642,924	79,231,352	20,946,284	20,698,324	101,589,208	99,929,676
<b>DEFERRED OUTFLOWS</b>						
	1,307,899	1,469,592	235,483	216,365	1,543,382	1,685,957
<b>LIABILITIES</b>						
Other Liabilities	2,293,011	626,477	186,681	144,590	2,479,692	771,067
Noncurrent Liabilities	22,882,197	23,163,450	5,104,624	5,852,890	27,986,821	29,016,340
Total Liabilities	25,175,208	23,789,927	5,291,305	5,997,480	30,466,513	29,787,407
<b>DEFERRED INFLOWS</b>						
	7,274,608	7,387,840	29,955	20,225	7,304,563	7,408,065
<b>NET POSITION</b>						
Net Investment in						
Capital Assets	48,702,502	46,400,267	12,439,840	11,615,461	61,142,342	58,015,728
Restricted	2,893,954	3,236,491	94,493	103,401	2,988,447	3,332,548
Unrestricted	(2,095,449)	(106,237)	3,326,174	3,178,122	1,230,725	3,071,885
Total Net Position	\$49,501,007	\$49,523,177	\$15,860,507	\$14,896,984	\$65,361,514	\$64,420,161

This summary reflects a decrease in the governmental net position and an increase in the business-type net position.

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

An additional portion of the City's net position, \$2,988,447, represents resources that are subject to external restriction on how they may be used. Restricted net position include the amounts restricted for airport expansion of \$261,550, FEMA flood projects of \$6,248, cemetery perpetual care of \$513,603, Tax Increment Financing allowable purposes of \$319,335, Local Option Sales Tax allowable purposes of \$829,167, Road Purposes of \$836,613 and other specific revenue restrictions of \$221,931. The remaining balance of unrestricted net position of \$1,230,725 may be used to meet the government's ongoing obligations.

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

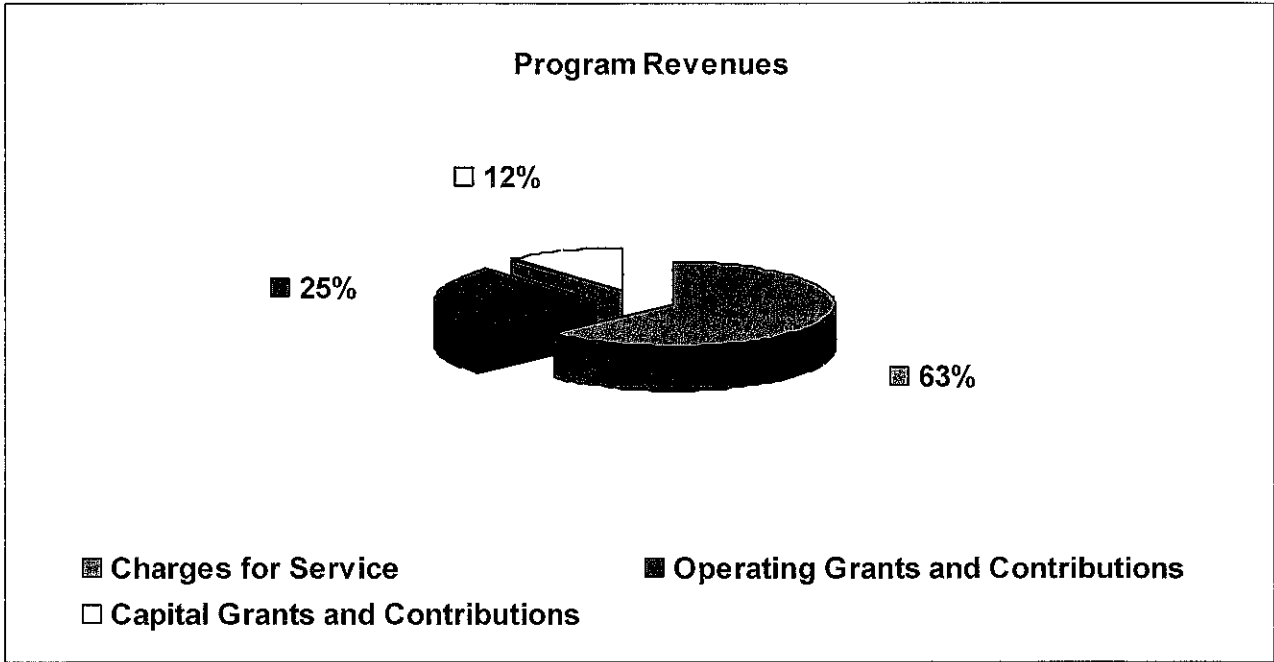
City reported positive balances in all categories of net position other than governmental unrestricted.

Total revenue reported in Fiscal year 2018 was \$18,181,285. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2018 and 2017.

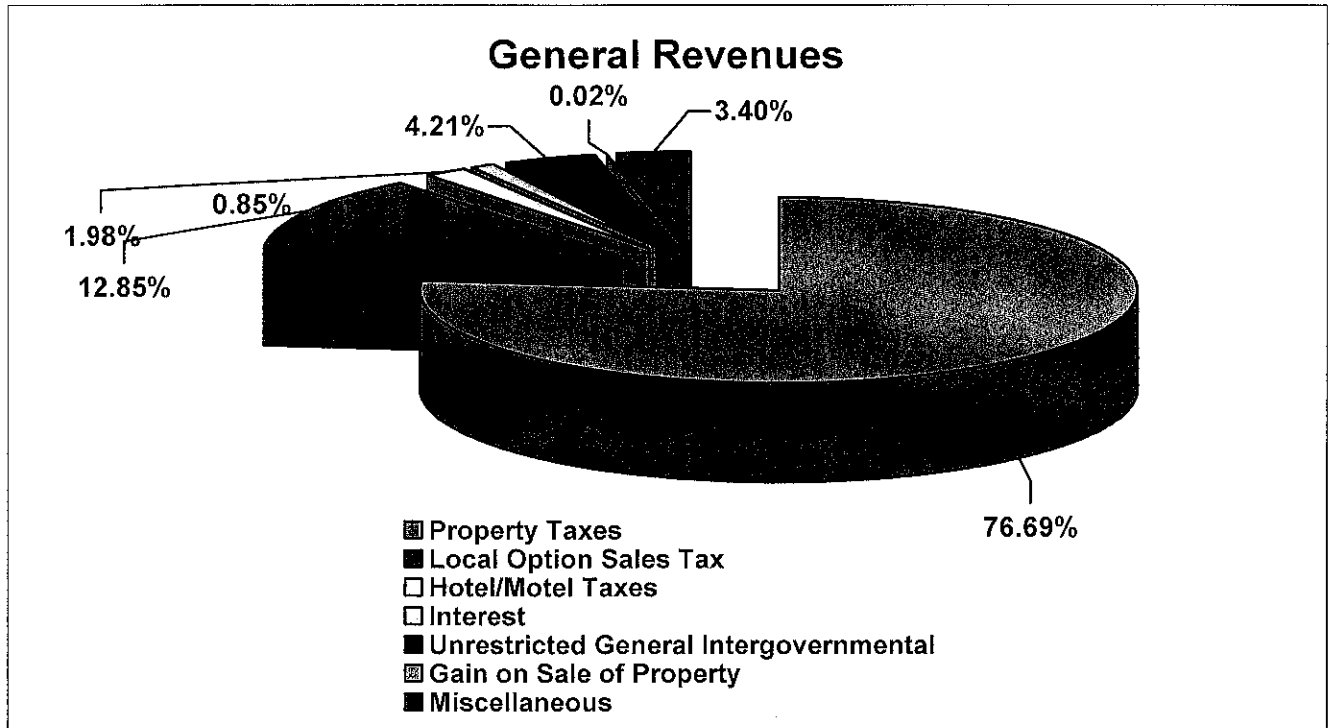
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
<b>Program Revenues:</b>						
Charges for Services	\$ 989,052	\$1,028,452	\$4,490,157	\$4,400,392	\$5,479,209	\$5,428,844
Operating Grants and Contributions	2,157,667	2,217,432	-	-	2,157,667	2,217,432
Capital Grants and Contributions	681,523	330,201	359,703	2,348	1,041,226	332,549
<b>Total Program Revenues</b>	<b>3,828,242</b>	<b>3,576,085</b>	<b>4,849,860</b>	<b>4,402,740</b>	<b>8,678,102</b>	<b>7,978,825</b>
<b>General Revenues and Transfers:</b>						
Property Taxes	7,287,523	7,504,828	-	-	7,287,523	7,504,828
Local Option Sales Tax	1,222,010	1,502,733	-	-	1,222,010	1,502,733
Hotel / Motel Taxes	188,106	232,582	-	-	188,106	232,582
Interest	45,347	50,928	35,407	17,637	80,754	68,565
Unrestricted General Intergovernmental Revenues	399,892	400,122	-	-	399,892	400,122
Gain on Sale of Property	-	30,735	1,500	10,726	1,500	41,461
Miscellaneous	224,921	8,280	98,477	97,443	323,398	105,723
Interfund Transfers	(108,102)	(1,018,464)	108,102	1,018,464	-	-
<b>Total General Revenues and Transfers</b>	<b>9,259,697</b>	<b>8,711,744</b>	<b>243,486</b>	<b>1,144,270</b>	<b>9,503,183</b>	<b>9,856,014</b>
<b>Total Revenues</b>	<b>\$13,087,939</b>	<b>\$12,287,829</b>	<b>\$5,093,346</b>	<b>\$5,547,010</b>	<b>\$18,181,285</b>	<b>\$17,834,839</b>

Program revenues totaled \$8,678,102 for fiscal year 2018. Governmental Activities provided \$3,828,242 and Business-Type Activities provided \$4,849,860.

The city continues to develop projects to move the city forward. Property tax revenue was down slightly in fiscal year 2018. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2018 totaled \$9,503,183. Governmental Activities provided \$9,259,697 and Business-Type Activities provided \$243,486. Property Tax Revenues for fiscal year 2018 totaled \$7,287,523, accounting for 76.69% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2018 totaled \$16,875,407. Expenses for General Governmental Activities totaled \$12,745,584 accounting for 75.53% of the total expenses. Business-Type Activity expenses totaled \$4,129,823 for 24.47% of the total. There was little change from fiscal year 2017. The breakdown of expenses by activity and program are as follows:

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Public Safety	\$ 2,701,599	\$ 2,478,198	\$ -	\$ -	\$ 2,701,599	\$ 2,478,198
Public Works	5,104,045	4,374,264	-	-	5,104,045	4,374,264
Health & Social Services	9,874	9,874	-	-	9,874	9,874
Culture and Recreation	2,605,857	2,505,856	-	-	2,605,857	2,505,856
Community and Economic Development	729,567	1,292,607	-	-	729,567	1,292,607
General Government	1,149,385	1,149,474	-	-	1,149,385	1,149,474
Debt Service	445,257	437,831	-	-	445,257	437,831
Water System	-	-	1,211,683	1,225,589	1,211,683	1,225,589
Sewer System	-	-	1,698,567	1,780,570	1,698,567	1,780,570
Solid Waste	-	-	1,219,573	1,218,735	1,219,573	1,218,735
Total Expenses	\$ 12,745,584	\$ 12,248,104	\$ 4,129,823	\$ 4,224,894	\$ 16,875,407	\$ 16,472,998

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 \$2,701,599 and received \$70,753 in charges for services and grants, leaving a cost to the taxpayer of \$2,630,846 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The net cost of governmental activities this year was \$8,917,342. 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	
	2018	2017 (Not Restated)
<b>Governmental Activities:</b>		
Public Safety	\$(2,630,846)	\$(2,401,796)
Public Works	(2,512,655)	(2,083,873)
Health & Social Services	(9,874)	(9,874)
Culture and Recreation	(1,907,195)	(1,783,400)
Community and Economic Development	(514,855)	(1,078,296)
General Government	(896,660)	(876,949)
Debt Service	(445,257)	(437,831)
Total Net (Expense) Governmental Activities	(8,917,342)	(8,672,019)
General Revenues and Interfund Transfers	9,259,697	8,711,744
Change in Net Position	\$ 342,355	\$ 39,725

### Business-Type Activities

The cost of all Proprietary Activities this year was \$4,129,823. As shown in the Statement of Activities, the amount paid by users of the systems was \$4,490,157, and capital grants and contributions paid for \$359,703, resulting in a total Net Revenue increase for Business-Type Activities of \$720,037. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2018	2017
Water System	\$ 173,513	\$ 83,136
Sewer System	114,269	(111,465)
Solid Waste System	432,255	206,175
Total Net Revenue	720,037	177,846
General Revenues & Interfund Transfers	243,486	1,144,270
Change in Net Position	\$ 963,523	\$ 1,322,116

## **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 \$4,943,538. The combined Governmental Funds fund balance decreased \$1,606,665 mostly as a result of continuing capital projects.

The General Fund is the primary operating fund of the City. During the year, revenue and other financing sources exceeded expenditures in the General Fund by \$408,250. The total unassigned fund balance of \$3,126,763 is 58% of expenditures, which exceeds the goal set by the city council. The Employee Benefit fund balance was reduced substantially as a smaller amount was transferred to the fund. The Tax Increment Financing Fund decreased but still has a favorable ending balance. The Debt Service fund increased due to more being transferred into the fund. The Cedar River Parkway decreased substantially due to the construction that took place on the new roadway.

## **Capital Assets**

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

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

## **Debt Administration**

On June 30, 2018 the City had \$17,855,000 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 \$36,810,958 for the 2018 fiscal year. With outstanding General Obligation Debt applicable to this limit of \$19,202,505 the City is at 52% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

## **Economic Factors**

The City of Waverly reports an average of 21 residential building projects per year in the past five years. In fiscal year 2018 the City had 10 new single-family house permits which is 17 less than last year. New commercial building permits have averaged three per year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

### **Requests for Information**

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

CITY OF WAVERLY, IOWA  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,965,664	\$ 2,772,222	\$ 8,737,886	\$ 13,273,968	\$ 7,593,480
Investments	867,569	434,872	1,302,441	2,547,322	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	5,504	362,948	368,452	6,547,350	3,237,821
Taxes	27,209	-	27,209	-	-
Subsequent Year Taxes	7,148,945	-	7,148,945	-	-
Accrued Interest	-	-	-	25,330	40,133
Other	-	-	-	94,066	-
Estimated third-party payor settlements	-	-	-	195,000	-
Estimated Unbilled Usage	-	121,737	121,737	-	-
Special Assessments	67,265	65,313	132,578	-	-
Notes Receivable	90,000	-	90,000	-	-
Due from Other Governmental Agencies	389,084	-	389,084	-	-
Inventories	87,795	119,785	207,580	1,203,882	1,888,121
Prepaid Assets	-	-	-	454,284	282,891
Other	-	-	-	77,438	3,621,543
Restricted Assets:					
Cash and Cash Equivalents	-	437,000	437,000	-	1,484,304
Investment in Joint Venture	29,489	-	29,489	-	-
Land	15,322,725	117,723	15,440,448	2,206,302	351,624
Construction in Progress	3,824,681	204,443	4,029,124	286,473	660,322
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,816,994	16,310,241	63,127,235	11,841,942	44,711,555
<b>Total Assets</b>	<b>80,642,924</b>	<b>20,946,284</b>	<b>101,589,208</b>	<b>38,753,357</b>	<b>63,871,804</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	3,109	-	3,109	-	-
Pension Related Deferred Outflows	1,304,790	235,483	1,540,273	6,179,927	888,450
<b>Total Deferred Outflows of Resources</b>	<b>1,307,899</b>	<b>235,483</b>	<b>1,543,382</b>	<b>6,179,927</b>	<b>888,450</b>
<b>LIABILITIES</b>					
Accounts Payable	1,779,279	47,670	1,826,949	1,373,473	1,367,296
Accrued Wages	207,569	49,319	256,888	2,415,466	3,579,328
Line of Credit	-	-	-	700,170	-
Other Accrued Expenses	-	-	-	815,377	147,839
Customer Deposits	-	23,495	23,495	-	-
Accrued Claims	46,426	-	46,426	-	-
Unearned Revenue	-	25,210	25,210	-	104,034
Deferred Good Faith Bond Deposit	220,000	33,100	253,100	-	-
Accrued Interest Payable	39,737	7,887	47,624	-	44,892
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	335,000	335,000	-	1,217,045
General Obligation Bonds	2,555,000	300,000	2,855,000	-	-
Notes Payable	39,002	73,663	112,665	268,299	-
Compensated Absences and Benefits	264,843	62,158	327,001	-	-
Due in more than one year:					
Revenue Bonds Payable	-	2,462,587	2,462,587	-	16,439,996
General Obligation Bonds	14,684,411	945,174	15,629,585	-	-
Notes Payable	-	76,143	76,143	489,267	-
OPEB Liability	796,232	-	796,232	-	378,987
Net Pension Liability	4,366,147	808,460	5,174,607	20,602,087	2,317,011
Compensated Absences and Benefits	176,562	41,439	218,001	-	-
<b>Total Liabilities</b>	<b>25,175,208</b>	<b>5,291,305</b>	<b>30,466,513</b>	<b>26,664,139</b>	<b>25,596,428</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Subsequent Year Taxes	7,148,945	-	7,148,945	-	-
Pension Related Deferred Inflows	125,663	29,955	155,618	531,660	66,907
Regulator credits - Rate Stabilization	-	-	-	-	1,525,294
<b>Total Deferred Inflows of Resources</b>	<b>7,274,608</b>	<b>29,955</b>	<b>7,304,563</b>	<b>531,660</b>	<b>1,592,201</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	48,702,502	12,439,840	61,142,342	13,577,151	29,205,835
Restricted for:					
Debt Service	88,528	94,493	183,021	-	323,619
Tax Increment Financing	319,335	-	319,335	-	-
Road Purposes	836,613	-	836,613	-	-
Local Option Sales Tax	829,167	-	829,167	-	-
Airport Expansion	261,550	-	261,550	-	-
FEMA Flood Projects	6,248	-	6,248	-	-
Cable TV	38,910	-	38,910	-	-
Endowments:					
Nonexpendable	513,603	-	513,603	-	-
Unrestricted	(2,095,449)	3,326,174	1,230,725	4,160,334	8,042,171
<b>Total Net Position</b>	<b>\$ 49,501,007</b>	<b>\$ 15,860,507</b>	<b>\$ 65,361,514</b>	<b>\$ 17,737,485</b>	<b>\$ 37,571,625</b>

See Accompanying Notes to Financial Statements



**CITY OF WAVERLY, IOWA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 2,701,599	\$ 47,839	\$ 22,914	\$ -
Public Works	5,104,045	87,868	1,828,014	675,508
Health and Social Services	9,874	-	-	-
Culture and Recreation	2,605,857	592,286	100,361	6,015
Community and Economic Development	729,567	9,334	205,378	-
General Government	1,149,385	251,725	1,000	-
Debt Service	445,257	-	-	-
Total governmental activities	<u>12,745,584</u>	<u>989,052</u>	<u>2,157,667</u>	<u>681,523</u>
<b>Business-Type Activities:</b>				
Water System	1,211,683	1,335,896	-	49,300
Sewer System	1,698,567	1,695,866	-	116,970
Solid Waste System	1,219,573	1,458,395	-	193,433
Total Business-Type Activities:	<u>4,129,823</u>	<u>4,490,157</u>	<u>-</u>	<u>359,703</u>
Total Primary Government	<u>\$ 16,875,407</u>	<u>\$ 5,479,209</u>	<u>\$ 2,157,667</u>	<u>\$ 1,041,226</u>
Component Unit:				
Waverly Health Center	<u>\$ 55,248,806</u>	<u>\$ 53,949,907</u>	<u>\$ 144,122</u>	<u>\$ -</u>
Waverly Utilities	<u>\$ 23,034,857</u>	<u>\$ 21,237,363</u>	<u>\$ -</u>	<u>\$ -</u>

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

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Utilities
\$ (2,630,846)		\$ (2,630,846)		
(2,512,655)		(2,512,655)		
(9,874)		(9,874)		
(1,907,195)		(1,907,195)		
(514,855)		(514,855)		
(896,660)		(896,660)		
<u>(445,257)</u>		<u>(445,257)</u>		
<u>(8,917,342)</u>		<u>(8,917,342)</u>		
	\$ 173,513	173,513		
	114,269	114,269		
	<u>432,255</u>	<u>432,255</u>		
	<u>720,037</u>	<u>720,037</u>		
<u>(8,917,342)</u>	<u>720,037</u>	<u>(8,197,305)</u>		
			\$ (1,154,777)	
				\$ (1,797,494)
7,287,523	-	7,287,523	-	-
1,222,010	-	1,222,010	-	-
188,106	-	188,106	-	-
45,347	35,407	80,754	371,564	200,780
399,892	-	399,892	-	-
-	1,500	1,500	-	17,770
224,921	98,477	323,398	-	7,090
<u>(108,102)</u>	<u>108,102</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,259,697</u>	<u>243,486</u>	<u>9,503,183</u>	<u>371,564</u>	<u>225,640</u>
342,355	963,523	1,305,878	(783,213)	(1,571,854)
49,523,177	14,896,984	64,420,161	15,985,676	39,143,479
<u>(364,525)</u>	<u>-</u>	<u>(364,525)</u>	<u>2,535,022</u>	<u>-</u>
<u>49,158,652</u>	<u>14,896,984</u>	<u>64,055,636</u>	<u>18,520,698</u>	<u>39,143,479</u>
<u>\$ 49,501,007</u>	<u>\$ 15,860,507</u>	<u>\$ 65,361,514</u>	<u>\$ 17,737,485</u>	<u>\$ 37,571,625</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2018**

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,105,472	\$ 318,281	\$ 14,605
Investments	867,569	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	5,504	-	-
Taxes	15,577	1,054	5,482
Subsequent Year Taxes	3,502,698	1,014,010	1,340,380
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	1,336,171	-	-
Due from Other Governmental Agencies	82,636	-	-
Inventories	87,795	-	-
<b>Total Assets</b>	<b>7,003,422</b>	<b>1,333,345</b>	<b>1,360,467</b>
<b>Liabilities</b>			
Accounts Payable	69,657	-	20,742
Accrued Wages	192,960	-	-
Due to Other Funds	-	-	-
Deferred Good Faith Bond Deposit	-	-	-
<b>Total Liabilities</b>	<b>262,617</b>	<b>-</b>	<b>20,742</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	3,502,698	1,014,010	1,340,380
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>3,502,698</b>	<b>1,014,010</b>	<b>1,340,380</b>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Inventory	87,795	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	319,335	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	22,703	-	-
Municipal Band	846	-	-
Capital Improvement	-	-	-
Unassigned	3,126,763	-	(655)
<b>Total Fund Balances (Deficits)</b>	<b>3,238,107</b>	<b>319,335</b>	<b>(655)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 7,003,422</b>	<b>\$ 1,333,345</b>	<b>\$ 1,360,467</b>

See Accompanying Notes to Financial Statements

	Capital Projects		Other Governmental Funds	Total Governmental Funds
	Debt Service	2017 Cedar River Parkway		
\$	123,169	\$ -	\$ 4,002,172	\$ 5,563,699
	-	-	-	867,569
	-	-	-	5,504
	5,096	-	-	27,209
	1,291,857	-	-	7,148,945
	-	-	67,265	67,265
	-	-	90,000	90,000
	-	-	-	1,336,171
	-	-	306,448	389,084
	-	-	-	87,795
	1,420,122	-	4,465,885	15,583,241
	-	1,401,803	178,449	1,670,651
	-	-	14,609	207,569
	-	873,323	462,848	1,336,171
	-	183,000	37,000	220,000
	-	2,458,126	692,906	3,434,391
	1,291,857	-	-	7,148,945
	-	-	56,367	56,367
	1,291,857	-	56,367	7,205,312
	-	-	-	87,795
	-	-	513,603	513,603
	128,265	-	-	128,265
	-	-	-	319,335
	-	-	836,613	836,613
	-	-	829,167	829,167
	-	-	267,798	267,798
	-	-	38,910	38,910
	-	-	-	22,703
	-	-	-	846
	-	-	1,755,210	1,755,210
	-	(2,458,126)	(524,689)	143,293
	128,265	(2,458,126)	3,716,612	4,943,538
\$	1,420,122	\$ -	\$ 4,465,885	\$ 15,583,241

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, 2018**

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

Total Fund Balance - Governmental Funds (page 25)		\$ 4,943,538	
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.			65,964,400
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.			29,489
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.			(549,321)
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.			56,367
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.			(39,737)
Deferred charges on refundings are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			3,109
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	\$ 1,304,790		
Deferred inflows of resources	(125,663)		
			1,179,127
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
General Obligation Bonds (net of unamortized premium)	\$ (17,239,411)		
Notes Payable	(39,002)		
Net Pension Liability	(4,366,147)		
Compensated Absences	(441,405)		
			(22,085,965)
Total Net Position - Governmental Activities (page 21)			<u>\$49,501,007</u>

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
<b>Revenue:</b>			
Taxes	\$ 3,560,129	\$ 1,182,931	\$ 1,261,886
Licenses and Permits	55,831	-	-
Intergovernmental Revenue	1,059,106	2,204	42,046
Charges for Services	758,549	-	-
Fines and Forfeits	54,876	-	-
Contributions	31,666	-	-
Revenue from Use of Property	76,897	-	-
Interest on Investments	38,394	1,530	-
Miscellaneous	170,937	-	-
Total Revenue	<u>5,806,385</u>	<u>1,186,665</u>	<u>1,303,932</u>
<b>Expenditures:</b>			
Public Safety	1,627,351	-	626,222
Public Works	523,824	-	116,183
Health and Social Services	9,874	-	-
Culture and Recreation	2,022,963	-	370,515
Community and Economic Development	502,553	110,230	109,189
General Government	747,520	-	276,106
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>5,434,085</u>	<u>110,230</u>	<u>1,498,215</u>
Excess (deficiency) of revenues over expenditures	<u>372,300</u>	<u>1,076,435</u>	<u>(194,283)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	-	-	-
Premium on Bonds Issued	-	-	-
Transfers In	185,950	-	100,000
Transfers Out	(150,000)	(1,242,888)	-
Total other financing sources (uses)	<u>35,950</u>	<u>(1,242,888)</u>	<u>100,000</u>
Net Change in Fund Balance	408,250	(166,453)	(94,283)
Fund balances (deficits) - beginning of year	2,815,854	485,788	93,628
Prior Period Adjustment	14,003	-	-
Fund balances (deficits)- beginning of year, as restated	<u>2,829,857</u>	<u>485,788</u>	<u>93,628</u>
Fund balances (deficits) - end of year	<u>\$ 3,238,107</u>	<u>\$ 319,335</u>	<u>\$ (655)</u>

See Accompanying Notes to Financial Statements

	<u>Capital Projects</u>			
	<u>2017</u>		<u>Other</u>	<u>Total</u>
<u>Debt</u>	<u>Cedar River</u>		<u>Governmental</u>	<u>Governmental</u>
<u>Service</u>	<u>Parkway</u>		<u>Funds</u>	<u>Funds</u>
\$ 1,283,610	\$ -	\$ 1,222,010	\$ 8,510,566	
-	-	23,054	78,885	
38,266	-	1,977,700	3,119,322	
-	-	35,023	793,572	
-	-	-	54,876	
-	-	6,015	37,681	
-	-	19,845	96,742	
1,419	-	4,004	45,347	
-	5,000	71,904	247,841	
<u>1,323,295</u>	<u>5,000</u>	<u>3,359,555</u>	<u>12,984,832</u>	
-	-	-	2,253,573	
-	-	1,215,463	1,855,470	
-	-	-	9,874	
-	-	21,369	2,414,847	
-	-	-	721,972	
-	-	-	1,023,626	
-	3,470,227	1,715,238	5,185,465	
3,222,561	160,930	11,423	3,394,914	
<u>3,222,561</u>	<u>3,631,157</u>	<u>2,963,493</u>	<u>16,859,741</u>	
(1,899,266)	(3,626,157)	396,062	(3,874,909)	
-	1,235,000	880,000	2,115,000	
-	25,639	5,502	31,141	
2,018,118	71,847	788,889	3,164,804	
-	-	(1,663,816)	(3,056,704)	
<u>2,018,118</u>	<u>1,332,486</u>	<u>10,575</u>	<u>2,254,241</u>	
118,852	(2,293,671)	406,637	(1,620,668)	
9,413	(164,455)	3,309,975	6,550,203	
-	-	-	14,003	
<u>9,413</u>	<u>(164,455)</u>	<u>3,309,975</u>	<u>6,564,206</u>	
\$ 128,265	\$ (2,458,126)	\$ 3,716,612	\$ 4,943,538	

**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, 2018**

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

Net change in fund balances - total governmental funds (page 28) \$ (1,620,668)

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

Expenditures for capital assets	\$ 4,525,557	
Depreciation expense	<u>(3,175,008)</u>	1,350,549

Governmental fixed assets are not recorded in governmental funds. In the current year an asset was transferred from governmental activities to business type activities. The net book value of the asset was recorded as a transfer out on the Statement of Activities. (21,608)

Capital contributions reported in the Statement of Activities do not provide current financial resources and are not reported as revenues in the funds 212,242

Loss on investment in joint venture not recorded at the fund level. (2,875)

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net position on the statement of activities. (48,911)

Governmental funds report special assessments and notes receivable as revenue when it becomes available, but the statement of activities includes as revenue when levied. (1,033)

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. 6,959

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. (21,103)

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. (182,775)

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. (124,979)

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

Repayments of long-term debt	\$ 2,878,279	
Proceeds from Premium on issuance of long-term debt	(31,141)	
Proceeds from issuance of long-term debt	<u>(2,115,000)</u>	732,138

The governmental funds report the effect of premiums, discounts, and deferred charges on refundings when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. 64,419

Change in net position of governmental activities (page 23) \$ 342,355



CITY OF WAVERLY, IOWA  
STATEMENT OF NET POSITION  
Proprietary Funds  
JUNE 30, 2018

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Activities Internal Service
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 423,032	\$ 1,726,704	\$ 622,486	\$ 2,772,222	\$ 401,965
Investments	434,872	-	-	434,872	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	120,147	137,451	105,350	362,948	-
Estimated Unbilled Usage	54,727	67,010	-	121,737	-
Special Assessments	-	65,313	-	65,313	-
Inventories	64,422	55,363	-	119,785	-
Restricted Assets:					
Cash and Cash Equivalents	187,000	250,000	-	437,000	-
Total Current Assets	1,284,200	2,301,841	727,836	4,313,877	401,965
<b>Noncurrent Assets:</b>					
Land	-	117,723	-	117,723	-
Construction in Progress	9,849	194,594	-	204,443	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,848,800	8,410,760	2,050,681	16,310,241	-
Total Noncurrent Assets	5,858,649	8,723,077	2,050,681	16,632,407	-
<b>Total Assets</b>	<b>7,142,849</b>	<b>11,024,918</b>	<b>2,778,517</b>	<b>20,946,284</b>	<b>401,965</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related Deferred Outflows	57,279	84,090	94,114	235,483	-
<b>Total Deferred Outflows of Resources</b>	<b>57,279</b>	<b>84,090</b>	<b>94,114</b>	<b>235,483</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	7,114	15,229	25,327	47,670	108,628
Accrued Wages	12,083	16,477	20,759	49,319	-
Compensated Absences and Benefits	23,660	11,351	27,147	62,158	-
Customer Deposits	23,495	-	-	23,495	-
Unearned Revenue	1,048	1,148	23,014	25,210	-
Deferred Good Faith Bond Deposit	33,100	-	-	33,100	-
Accrued Interest Payable	2,780	4,727	380	7,887	-
Accrued Claims	-	-	-	-	46,426
Notes Payable	-	-	73,663	73,663	-
Revenue Bonds	165,000	170,000	-	335,000	-
General Obligation Bonds	124,138	175,862	-	300,000	-
Total Current Liabilities	392,418	394,794	170,290	957,502	155,054
<b>Noncurrent Liabilities:</b>					
Due in more than one year:					
Notes Payable	-	-	76,143	76,143	-
Revenue Bonds	1,070,000	1,392,587	-	2,462,587	-
General Obligation Bonds	391,107	554,067	-	945,174	-
OPEB Liability	-	-	-	-	796,232
Net Pension Liability	195,133	288,155	325,172	808,460	-
Compensated Absences and Benefits	15,774	7,567	18,098	41,439	-
Total Noncurrent Liabilities	1,672,014	2,242,376	419,413	4,333,803	796,232
<b>Total Liabilities</b>	<b>2,064,432</b>	<b>2,637,170</b>	<b>589,703</b>	<b>5,291,305</b>	<b>951,286</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Deferred Inflows	7,230	10,677	12,048	29,955	-
<b>Total Deferred Inflows of Resources</b>	<b>7,230</b>	<b>10,677</b>	<b>12,048</b>	<b>29,955</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in Capital Assets	4,108,404	6,430,561	1,900,875	12,439,840	-
Restricted for:					
Debt Service	19,220	75,273	-	94,493	-
Unrestricted	1,000,842	1,955,327	370,005	3,326,174	(549,321)
<b>Total Net Position</b>	<b>\$ 5,128,466</b>	<b>\$ 8,461,161</b>	<b>\$ 2,270,880</b>	<b>\$ 15,860,507</b>	<b>\$ (549,321)</b>

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, 2018**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,329,103	\$ 1,692,555
Miscellaneous	6,793	3,311
Reimbursement from Employees/Insurance	-	-
<b>Total Operating Revenues</b>	<u>1,335,896</u>	<u>1,695,866</u>
<b>Operating Expenses:</b>		
General Government	-	-
Employee Services	369,485	525,570
Contract Services	216,040	309,477
Supplies	89,287	112,633
Repairs and Maintenance	46,513	31,313
Utilities	117,814	145,907
Miscellaneous	3,458	4,685
Depreciation	328,522	515,526
<b>Total Operating Expenses</b>	<u>1,171,119</u>	<u>1,645,111</u>
<b>Operating Income (Loss)</b>	164,777	50,755
<b>Non-Operating Income (Expense):</b>		
Interest Income	10,939	19,117
Special Assessment Revenue	-	-
Revenue from Use of Property	98,477	-
Gain (Loss) on Disposition of Equipment	-	-
Interest Expense	(40,564)	(53,456)
<b>Total Non-Operating Income (Expenses)</b>	<u>68,852</u>	<u>(34,339)</u>
<b>Income (Loss) before Contributions and Transfers</b>	233,629	16,416
Contributed Capital Revenue	49,300	311,564
Transfers In	125,000	-
Transfers (Out)	(83,100)	-
<b>Change in Net Position</b>	324,829	327,980
<b>Net Position - Beginning</b>	4,803,637	8,133,181
<b>Prior Period Adjustment</b>	-	-
<b>Net Position - Beginning, as Restated</b>	<u>4,803,637</u>	<u>8,133,181</u>
<b>Net Position - Ending</b>	<u>\$ 5,128,466</u>	<u>\$ 8,461,161</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 1,446,353	\$ 4,468,011	\$ -
12,042	22,146	-
-	-	1,363,380
<u>1,458,395</u>	<u>4,490,157</u>	<u>1,363,380</u>
-	-	1,546,155
588,400	1,483,455	-
340,426	865,943	-
31,540	233,460	-
113,597	191,423	-
6,846	270,567	-
-	8,143	-
120,521	964,569	-
<u>1,201,330</u>	<u>4,017,560</u>	<u>1,546,155</u>
257,065	472,597	(182,775)
5,351	35,407	-
-	-	-
-	98,477	-
(10,187)	(10,187)	-
(6,556)	(100,576)	-
<u>(11,392)</u>	<u>23,121</u>	<u>-</u>
245,673	495,718	(182,775)
215,041	575,905	-
-	125,000	-
<u>(150,000)</u>	<u>(233,100)</u>	<u>-</u>
310,714	963,523	(182,775)
1,960,166	14,896,984	11,982
-	-	(378,528)
<u>1,960,166</u>	<u>14,896,984</u>	<u>(366,546)</u>
\$ 2,270,880	\$ 15,860,507	\$ (549,321)

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,341,634	\$ 1,716,659
Cash Paid to Suppliers for Goods and Services	(456,744)	(585,591)
Cash Paid to Employees for Services	(356,420)	(514,095)
Other Nonoperating Revenue	98,477	-
Net Cash Provided by Operating Activities	<u>626,947</u>	<u>616,973</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(207,310)	(112,189)
Proceeds from Sale of Assets	-	-
Deferred Good Faith Bond Deposit	33,100	-
Principal Paid on Notes and Bonds	(377,069)	(337,931)
Interest Paid on Notes and Bonds	(41,721)	(63,896)
Net Cash (Used) for Capital and Related Financing Activities	<u>(593,000)</u>	<u>(514,016)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers to Other Funds	(83,100)	-
Transfers from Other Funds	125,000	-
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>41,900</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	<u>6,738</u>	<u>19,117</u>
Net Cash Provided for Investing Activities	<u>6,738</u>	<u>19,117</u>
Net Increase in Cash and Cash Equivalents	82,585	122,074
Cash and Cash Equivalents at Beginning of Year	<u>527,447</u>	<u>1,854,630</u>
Cash and Cash Equivalents at End of Year	<u>\$ 610,032</u>	<u>\$ 1,976,704</u>

See Accompanying Notes to Financial Statements

<b>Business Type Activities</b>		<b>Governmental Activities</b>
<b>Solid Waste</b>	<b>Total</b>	<b>Internal Service</b>
\$ 1,460,637	\$ 4,518,930	\$ 1,363,380
(487,953)	(1,530,288)	(1,332,394)
(568,012)	(1,438,527)	-
-	98,477	-
<u>404,672</u>	<u>1,648,592</u>	<u>30,986</u>
(108,003)	(427,502)	-
1,500	1,500	-
-	33,100	-
(71,723)	(786,723)	-
(6,738)	(112,355)	-
<u>(184,964)</u>	<u>(1,291,980)</u>	<u>-</u>
(150,000)	(233,100)	-
-	125,000	-
<u>(150,000)</u>	<u>(108,100)</u>	<u>-</u>
5,351	31,206	-
<u>5,351</u>	<u>31,206</u>	<u>-</u>
75,059	279,718	30,986
<u>547,427</u>	<u>2,929,504</u>	<u>370,979</u>
<u>\$ 622,486</u>	<u>\$ 3,209,222</u>	<u>\$ 401,965</u>

(Continued)

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 164,777	\$ 50,755
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Other Nonoperating Income	98,477	-
Depreciation	328,522	515,526
<b>(Increase) Decrease in Assets:</b>		
Accounts Receivable	3,067	(103)
Estimated Unbilled Usage	15,838	19,748
Inventories	16,540	5,980
Deferred Outflows of Pension Related Costs	(5,292)	(6,002)
<b>Increase (Decrease) in Liabilities</b>		
Accounts Payable	(172)	12,444
Accrued Wages	1,401	1,637
Accrued Compensated Absences	5,611	3,927
Unearned Revenue	1,048	1,148
Customer Deposits	(14,215)	-
Net Pension Liability	8,998	8,571
Deferred Inflows of Pension Related Costs	2,347	3,342
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	<u>462,170</u>	<u>566,218</u>
Net Cash Provided by Operating Activities	<u>\$ 626,947</u>	<u>\$ 616,973</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Capital Contributions	<u>\$ 49,300</u>	<u>\$ 311,564</u>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>		
Cash and Cash Equivalents	\$ 423,032	\$ 1,726,704
Restricted Cash and Cash Equivalents	187,000	250,000
	<u>\$ 610,032</u>	<u>\$ 1,976,704</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 257,065	\$ 472,597	\$ (182,775)
-	98,477	-
120,521	964,569	-
2,039	5,003	-
-	35,586	-
-	22,520	-
(8,872)	(20,166)	-
4,456	16,728	23,407
2,315	5,353	-
2,931	12,469	-
203	2,399	-
-	(14,215)	-
19,973	37,542	-
4,041	9,730	-
-	-	174,842
-	-	15,512
147,607	1,175,995	213,761
\$ 404,672	\$ 1,648,592	\$ 30,986
<u>\$ 215,041</u>	<u>\$ 575,905</u>	<u>\$ -</u>
\$ 622,486	\$ 2,772,222	\$ 401,965
-	437,000	-
\$ 622,486	\$ 3,209,222	\$ 401,965

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Agency Funds**  
**JUNE 30, 2018**

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**ASSETS**

Cash and Cash Equivalents	\$	15,897
Receivables:		
Due from Other Governments		<u>43,349</u>
<b>Total Assets</b>		<u>59,246</u>

**LIABILITIES**

Due to Other Governments		15,019
Other Payables		<u>44,227</u>
<b>Total Liabilities</b>		<u>59,246</u>

**NET POSITION**

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



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The City's financial statements are prepared in accordance with 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, 2018**

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**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, 2018, Waverly Utilities transferred \$861,864 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, 2017.

Jointly Governed Organizations

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

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

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

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

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

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

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2018

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

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

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

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

**C. Fund Accounting**

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

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

**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, 2018**

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

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

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

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

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

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

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

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

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

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

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

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

**E. Budgets**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the General Government and Enterprise functions.

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

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

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**G. Property Tax Receivable**

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2018 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2017. Any county collections on the 2017-2018 tax levy remitted to the City within 60 days subsequent to June 30, 2018, 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, 2018, 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, 2018 are recorded as prepaid items.

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2018

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

**K. Restricted Assets**

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

**L. Property and Equipment**

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

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

**M. Deferred Outflows of Resources**

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

**N. Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

**O. Long-Term Obligations**

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



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**P. Fund Equity**

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

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

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

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

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

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

**Q. Net Position Flow Assumption**

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

**R. Fund Balance Flow Assumptions**

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2018

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

**S. Interfund Transactions**

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

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

**T. Deferred Inflows of Resources**

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

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

**U. Pensions**

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

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, 2018, were entirely covered by federal depository insurance or by

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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, 2018.

At June 30, 2018 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

<b>City Investments</b>	<b>Credit Risk</b>	<b>Fair Value</b>	<b>Maturity</b>	<b>Fair Value Hierarchy</b>
Mutual Funds	N/A	\$ 93,623	1 year	Level 2
IPAIT	N/A	\$ 1,060,673	1 year	N/A
Community Foundation of NW Iowa	N/A	\$ 121,473	1 year	Level 3

<b>Component Unit Investments</b>	<b>Credit Risk</b>	<b>Fair Value</b>	<b>Maturity</b>	<b>Fair Value Hierarchy</b>
Money Market	AAA	\$ 101,487	1 year	Level 1
Fixed income securities	AA	\$ 263,693	1 year	Level 2
Fixed income securities	BBB	\$ 195,947	1 year	Level 2
Fixed income securities	N/A	\$ 494,942	1 year	Level 2
Common Stocks	N/A	\$ 1,491,253	1 year	Level 1

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

In addition, the City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,060,673 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. Investment policies are followed to maintain a constant net position value of \$1.00 per unit for the portfolio.

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

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.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 3 - RECEIVABLES**

Receivables at June 30, 2018 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$11,613 at June 30, 2018. The Waverly Health Center component unit had an allowance for uncollectibles of \$4,410,000 at June 30, 2018.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2018, amounts due from other governments were as follows:

Due from the Federal Aviation Administration Grant Funding	\$ 135,579
Due from the State of Iowa for Hotel/Motel taxes	52,419
Due from the State of Iowa for local option sales taxes	76,703
Due from the Iowa Department of Transportation for road use tax allocations	94,166
Due from other various sources	30,217
Total Due from Other Governments	<u>\$ 389,084</u>

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2018, 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 Funds	<u>\$ 1,336,171</u>

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$14,364,221	\$ 958,504	\$ -	\$ -	\$ 15,322,725
Construction in Progress	642,754	3,474,829	292,902	-	3,824,681
Total capital assets not being depreciated	15,006,975	4,433,333	292,902	-	19,147,406
Capital assets being depreciated:					
Buildings and Improvements	12,843,232	33,019	-	-	12,876,251
Equipment	7,114,090	304,466	245,045	(75,850)	7,097,661
Infrastructure	62,884,534	259,883	-	-	63,144,417
Total capital assets being depreciated	82,841,856	597,368	245,045	(75,850)	83,118,329
Less: Accumulated Depreciation for:					
Buildings and Improvements	4,481,618	331,859	-	-	4,413,477
Equipment	4,332,380	521,604	196,134	(54,242)	4,603,608
Infrastructure	24,562,705	2,321,545	-	-	26,884,250
Total Accumulated Depreciation	33,376,703	3,175,008	196,134	(54,242)	36,301,335
Total capital assets being depreciated, net	49,465,153	(2,577,640)	48,911	(21,608)	46,816,994
Governmental activities capital assets, net	\$64,472,128	\$ 1,855,693	\$ 341,813	\$ (21,608)	\$ 65,964,400

Construction in progress at June 30, 2018, 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, 2018**

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

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 117,723	\$ -	\$ -	\$ -	\$ 117,723
Construction in Progress	18,500	525,512	339,569	-	204,443
Total capital assets not being depreciated	136,223	525,512	339,569	-	322,166
Capital assets being depreciated:					
Buildings and Improvements	11,147,391	-	-	-	11,147,391
Equipment	2,468,327	530,521	323,634	120,587	2,795,801
Lines and Structures	20,730,382	339,569	-	(44,737)	21,025,214
Total capital assets being depreciated	34,346,100	870,090	323,634	75,850	34,968,406
Less: Accumulated Depreciation					
Buildings and Improvements	4,738,768	198,533	-	-	4,937,301
Equipment	1,169,967	162,408	237,712	116,382	1,211,045
Lines and Structures	11,968,331	603,628	-	(62,140)	12,509,819
Total Accumulated Depreciation	17,877,066	964,569	237,712	54,242	18,658,165
Total capital assets being depreciated, net	16,469,034	(94,479)	85,922	21,608	16,310,241
Business-type activities capital assets, net	\$16,605,257	\$ 431,033	\$ 425,491	\$ 21,608	\$16,632,407

Construction in progress at June 30, 2018 for the business type activities consisted of costs associated with various water and sewer infrastructure projects.

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

<b>Governmental Activities:</b>	
Public Safety	\$ 281,202
Public Works	2,545,406
Culture and Recreation	258,941
General Government	89,459
Total depreciation expense – governmental activities	<u>\$ 3,175,008</u>
<b>Business-Type Activities:</b>	
Water	\$ 328,522
Sewer	515,526
Solid Waste	120,521
Total depreciation expense – business-type activities	<u>\$ 964,569</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Waverly Health Center:</b>				
Capital assets not being depreciated:				
Land	\$ 2,206,302	\$ -	\$ -	\$ 2,206,302
Construction in Progress	137,446	203,252	-	286,473
Total capital assets not being depreciated	2,343,748	203,252	-	2,492,775
Capital assets being depreciated:				
Land Improvements	2,450,705	-	-	2,450,705
Buildings and Fixed Equipment	26,590,683	207,510	-	26,798,194
Major Movable Equipment	19,787,884	740,846	98,315	20,494,639
Total capital assets being depreciated	48,829,272	948,356	98,315	49,733,538
Less: Accumulated Depreciation	35,834,107	2,149,366	91,877	37,891,596
Total capital assets being depreciated, net	12,995,165	(1,201,010)	6,438	11,841,942
Component unit capital assets, net	\$ 15,338,913	\$ (997,758)	\$ 6,438	\$ 14,334,717

Construction in progress at June 30, 2018 for the Waverly Health Center consists of costs related to equipment deposits and equipment installations in progress.

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<b>Waverly Utilities:</b>				
Capital assets not being depreciated:				
Land	\$ 351,624	\$ -	\$ -	\$ 351,624
Construction in Progress	2,378,952	580,175	2,298,805	660,322
Total capital assets not being depreciated	2,730,576	580,175	2,298,805	1,011,946
Capital assets being depreciated:				
Improvements	49,174,122	2,407,695	122,557	51,459,260
Buildings	4,205,586	179,144	-	4,384,730
Equipment	9,182,983	2,188,914	40,043	11,331,854
Louisa Plant	10,382,253	511,329	3,280	10,890,302
WS4 Plant	5,403,977	66,309	7,533	5,462,753
Total capital assets being depreciated	78,348,921	5,353,391	173,413	83,528,899
Less: Accumulated Depreciation	35,847,439	3,115,095	145,190	38,817,344
Total capital assets being depreciated, net	42,501,482	2,238,296	28,223	44,711,555
Component unit capital assets, net	\$ 45,232,058	\$ 2,818,471	\$ 2,327,028	\$ 45,723,501

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

	Reconciliation of Net Investment in Capital Assets:		Component Units	
	Governmental Activities	Business-type Activities	Waverly Health Center	Waverly Utilities
Land	\$ 15,322,725	\$ 117,723	\$ 2,206,302	\$ 351,624
Construction in Progress	3,824,681	204,443	286,473	660,322
Capital Assets (net of accumulated depreciation)	46,816,994	16,310,241	11,841,942	44,711,555
Less: General Obligation Bonds Payable	17,239,411	1,245,174	757,566	-
Notes Payable	39,002	149,806	-	-
Revenue Bonds	-	2,797,587	-	17,657,041
Retainage Payable	107,259	-	-	-
Add: Deferred Loss on Refunding	3,109	-	-	-
Unspent Bond Proceeds	120,665	-	-	-
Reserve from Borrowing	-	-	-	1,139,375
<b>Net Investment in Capital Assets</b>	<b>\$ 48,702,502</b>	<b>\$ 12,439,840</b>	<b>\$ 13,577,151</b>	<b>\$ 29,205,835</b>

**Note 7 - LONG-TERM LIABILITIES**

The City's computed legal debt limit as of June 30, 2018, is \$36,810,958 of which \$19,202,505 is committed for outstanding general obligation debt and development agreements.

The following is a summary of bond transactions of the City for the year ended June 30, 2018:

	Governmental Activities		Business Type Activities		Notes Payable		Total
	General Obligation						
	Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Revenue Bonds	Notes Paid by Enterprise Fund	Notes Paid by Debt Service Fund		
<i>Primary Government:</i>							
Bonds payable July 1, 2017	\$ 17,220,000	\$ 1,620,000	\$ 3,065,000	\$ 221,529	\$ 207,281		\$ 22,333,810
Plus: Issued	2,115,000	-	-	-	-		2,115,000
Less: Payments	2,710,000	390,000	325,000	71,723	168,279		3,665,002
<b>Bonds Payable June 30, 2018</b>	<b>\$ 16,625,000</b>	<b>\$ 1,230,000</b>	<b>\$ 2,740,000</b>	<b>\$ 149,806</b>	<b>\$ 39,002</b>		<b>\$ 20,783,808</b>
Due within one year	\$ 2,555,000	\$ 300,000	\$ 335,000	\$ 73,663	\$ 39,002		\$ 3,302,665

The City of Waverly's general obligation bonds are shown gross of the unamortized premium of \$614,411 for governmental activities and \$72,761 for business-type activities between the GO Bonds and Revenue Bonds on the Statement of Net Position.



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

	Waverly Health Center	Waverly Utilities	Total Component Units
<i>Component Unit:</i>			
Bonds Payable / Notes Payable- June 30, 2017/December 31, 2016	\$ 2,925,259	\$ 17,347,097	\$ 20,272,356
Plus: Issued	-	1,085,912	1,085,912
Less: Retired	2,167,693	863,421	3,031,114
Bonds Payable / Notes Payable- June 30, 2018 / December 31, 2017	\$ 757,566	\$ 17,569,588	\$ 18,327,154
Due within one year	\$ 268,299	\$ 1,217,045	\$ 1,485,344

The component unit's debt is shown gross of unamortized premium of \$87,453.

**Notes Payable**

On July 21, 2014, the City approved the purchase of property for \$160,000 from Stuart Macrey for the Cedar River Parkway Project. This purchase agreement allowed the City to purchase the property on contract over the course of 9 years at an interest rate of 5%. This note was paid off early in fiscal year 2018.

On May 27, 2016, the City borrowed funds from a local bank to purchase new garbage trucks in the amount of \$363,938 accruing interest at 3% and due in annual installments through May, 2020.

On July 18, 2016 the City borrowed funds from a local bank to purchase equipment for the golf course in the amount of \$111,927 accruing interest at 2.75% and due in annual installments of \$40,132 through July, 2018.

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

	Governmental		Business-Type	
	Golf Purchase Principal	Interest	Garbage Truck Principal	Interest
2019	\$ 39,002	\$ 1,089	\$ 73,663	\$ 4,798
2020	-	-	76,143	2,319
	\$ 39,002	\$ 1,089	\$ 149,806	\$ 7,117

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

General Obligation

General obligation bonds outstanding as of June 30, 2018 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2018
<b>General Obligation:</b>						
2009 GO Refunding	2009	2.5-3.65%	2019	255,000-555,000	\$ 4,360,000	\$ 280,000
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	2,455,000	720,000
*2012B GO LOSST Bonds	2012	.65-1.5%	2019	365,000-380,000	2,195,000	380,000
*2012C GO Bonds	2013	1-1.75%	2022	290,000-315,000	2,955,000	1,230,000
2013A GO Bonds	2013	.7-1.7%	2020	100,000-105,000	700,000	210,000
2014A GO Bonds	2014	2.0-3.0%	2029	205,000-725,000	7,306,200	6,110,000
2015B GO Bonds	2015	2.0-4.0%	2027	120,000-940,000	8,245,000	7,030,000
2017A GO Bonds	2018	2.00%	2026	155,000- 185,000	1,500,000	1,345,000
2017B Go Bonds	2018	1.7-2.75%	2026	65,000-80,000	615,000	550,000
Total General Obligation					<u>\$ 30,331,200</u>	<u>\$ 17,855,000</u>

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

**Revenue Bonds**

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Revenue bonds outstanding as of June 30, 2018 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2018
<b>Revenue Bonds:</b>						
2014B – Water	2014	0.50-2.7%	2025	160,000-190,000	\$ 1,870,000	\$ 1,235,000
2015 - Sewer	2015	2.0-4.0%	2026	155,000-210,000	1,990,000	1,505,000
Total Revenue Bonds					<u>3,860,000</u>	<u>2,740,000</u>
<b>Component Units:</b>						
<b>Waverly Utilities</b>						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	942,105
2015 Utility Rev. Bonds	2015	2-4%	2030	100,000-185,000	4,980,000	4,755,000
2013 Revenue Bond	2013	.4-.67%	2023	365,000-420,000	4,000,000	2,510,000
2015 Comm Utility Rev. Bonds	2015	4.3%	2030	350,000-530,000	5,586,571	6,672,483
2016 Revenue Bonds	2016	2%	2030	135,000-170,000	2,860,000	2,690,000
					<u>20,252,887</u>	<u>17,569,588</u>
Grand Total Revenue Bonds					<u>\$ 24,112,887</u>	<u>\$ 20,309,588</u>

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

Year Ending June 30,	General Obligation				Revenue Bond	
	Paid by Debt Service Fund		Paid by Enterprise Fund		Principal	Interest
	Principal	Interest	Principal	Interest		
2019	\$ 2,555,000	\$ 463,786	\$ 300,000	\$ 19,238	\$ 335,000	\$ 70,845
2020	2,015,000	410,110	305,000	14,738	345,000	65,135
2021	1,990,000	361,320	310,000	10,163	345,000	58,915
2022	1,755,000	310,773	315,000	5,513	360,000	50,605
2023	1,815,000	258,975	-	-	370,000	39,705
2024-2028	6,075,000	493,950	-	-	985,000	51,935
2029	420,000	12,600	-	-	-	-
	<u>\$16,625,000</u>	<u>\$ 2,311,514</u>	<u>\$1,230,000</u>	<u>\$ 49,652</u>	<u>\$ 2,740,000</u>	<u>\$ 337,140</u>

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

Waverly Health Center

Year Ending June 30,	Notes Payable	Interest	Total
2019	\$ 268,299	\$ 25,264	\$ 293,563
2020	161,073	17,419	178,492
2021	167,949	10,544	178,493
2022	160,245	3,374	163,619
	<u>\$ 757,566</u>	<u>\$ 56,601</u>	<u>\$ 814,167</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

**Waverly Utilities**

Year Ending December 31	Revenue Bond Principal	Interest	Total
2018	\$ 1,217,045	\$ 542,641	\$ 1,759,686
2019	1,360,738	513,526	1,874,264
2020	1,394,792	475,627	1,870,419
2021	1,433,622	437,309	1,870,931
2022	1,472,687	398,417	1,871,104
2023-2027	8,430,704	2,047,285	10,477,989
2028-2030	2,260,000	126,623	2,386,623
	<u>\$ 17,569,588</u>	<u>\$ 4,541,428</u>	<u>\$ 22,111,016</u>

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

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2018.

	July 1, 2017 (As restated)	Additions	Reductions	June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 420,302	\$ 273,284	\$ 252,181	\$ 441,405	\$ 264,843
OPEB Liability	621,390	174,842	-	796,232	-
Equipment Note	207,281	-	168,279	39,002	39,002
Net Pension Liability	4,421,925	-	55,778	4,366,147	-
	<u>\$ 5,670,898</u>	<u>\$ 448,126</u>	<u>\$ 476,238</u>	<u>\$ 5,642,786</u>	<u>\$ 303,845</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 91,128	\$ 66,451	\$ 53,982	\$ 103,597	\$ 62,158
Equipment Note	221,529	-	71,723	149,806	73,663
Net Pension Liability	770,918	37,542	-	808,460	-
	<u>\$ 1,083,575</u>	<u>\$ 103,993</u>	<u>\$ 125,705</u>	<u>\$ 1,061,863</u>	<u>\$ 135,821</u>

**Note 8 - TRANSFERS**

The following is a summary of transfers between funds:

	General	Employee Benefit	Debt Service	Cedar River Parkway	Nonmajor Governmental	Water	Total Transfers Out
General Fund	\$ -	\$ 100,000	\$ -	\$ -	\$ 50,000	\$ -	\$ 150,000
Tax Increment Financing	50,000	-	1,067,888	-	-	125,000	1,242,888
Nonmajor Governmental	135,950	-	950,230	71,847	505,789	-	1,663,816
Water	-	-	-	-	83,100	-	83,100
Solid Waste	-	-	-	-	150,000	-	150,000
Total Transfers In	<u>\$ 185,950</u>	<u>\$ 100,000</u>	<u>\$ 2,018,118</u>	<u>\$ 71,847</u>	<u>\$ 788,889</u>	<u>\$ 125,000</u>	<u>\$ 3,289,804</u>

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2018

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**Note 8 – TRANSFERS (CONTINUED)**

Transfers are used to:

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

**Note 9 - PENSION PLAN**

*Plan description* – IPERS membership is mandatory for employees of the City and its component unit, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

**Pension Benefits**

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

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

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

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 9 - PENSION PLAN (CONTINUED)**

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

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

**Disability and Death Benefits**

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

**Contributions**

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

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of pay and the City contributed 9.84 percent for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2018 were \$317,219 and total contributions for the component units were \$2,434,466.

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

At June 30, 2018, the City reported a liability of \$3,040,688 and the component units reported a combined liability of \$22,919,098 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN (CONTINUED)**

the net pension liability was determined by an actuarial valuation as of that date. The City and the component unit's proportion of the net pension liability was based on their share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2017, the City's collective proportion was 0.0456473 percent, which was a decrease of 0.0005265 percent from its proportion measured as of June 30, 2016. The component unit's collective proportion was 0.3127917 percent, which was a decrease of 0.0290083 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City and its component units recognized pension expense of \$412,364 and \$2,744,370, respectively. At June 30, 2018 the City and component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>City</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 27,957	\$ 26,530
Changes of assumptions	530,264	-
Net difference between projected and actual earnings on pension plan investments	-	31,922
Changes in proportion and differences between City contributions and proportionate share of contributions	12,276	54,212
City contributions subsequent to the measurement date	317,219	-
Total	\$ 887,716	\$ 112,664

	<b>Component Units</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 212,603	\$ 208,535
Changes of assumptions	4,086,357	120
Net difference between projected and actual earnings on pension plan investments	-	248,192
Changes in proportion and differences between Component Units contributions and proportionate share of contributions	451,903	141,720
Component Units contributions subsequent to the measurement date	2,317,514	-
Total	\$ 7,068,377	\$ 598,567

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 9 - PENSION PLAN (CONTINUED)**

\$317,219 and \$2,317,514 were reported as deferred outflows of resources related to pensions resulting from the City and component unit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>City</b>	<b>Component Units</b>
2019	\$ 66,485	\$ 610,845
2020	220,922	1,898,363
2021	127,230	1,184,549
2022	8,761	172,078
2023	34,435	286,461
	<b>\$ 457,833</b>	<b>\$ 4,152,296</b>

There were no non-employer contributing entities to IPERS.

*Actuarial assumptions* – The total pension liability in the June 30, 2017 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, 2017 valuation were based on the results of actuarial experience studies dated March 24, 2017.

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

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



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN (CONTINUED)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed equity	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private Credit	3.0	4.25
<b>Total</b>	<b>100.0%</b>	

*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 will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City and component unit's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's and component unit's proportionate share of the net pension liability calculated using the discount rate of 7 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.

	<b>1% Decrease 6%</b>	<b>Discount Rate 7%</b>	<b>1% Increase 8%</b>
City's proportionate share of the net pension liability	\$ 5,018,345	\$ 3,040,688	\$ 1,379,085
Component Unit's proportionate share of the net pension liability	\$38,219,373	\$ 22,919,098	\$ 10,064,408

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to the pension plan**

At June 30, 2018, the component unit reported payables to the defined benefit pension plan of approximately \$258,000 for legally required employer contributions and approximately \$172,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 9 - PENSION PLAN (CONTINUED)**

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

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://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, 2018**

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**Note 9 - PENSION PLAN (CONTINUED)**

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40 percent of earnable compensation for the year ended June 30, 2018.

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 27.68 percent for the year ended June 30, 2018.

The City's contributions to MFPRSI for the year ended June 30, 2018 was \$274,026.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2018.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$2,133,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 0.363855 percent which was a decrease of 0.001909 percent from its proportions measured as of June 30, 2016.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN (CONTINUED)**

For the year ended June 30, 2018, the City recognized pension expense of \$330,967. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,889	\$ 1,298
Changes of assumptions	181,337	24,237
Net difference between projected and actual earnings on pension plan investments	87,434	-
Changes in proportion and differences between City contributions and proportionate share Of contributions	27,871	17,419
City contributions subsequent to the Measurement date	274,026	-
<b>Total</b>	<b>\$ 652,557</b>	<b>\$ 42,954</b>

\$274,026 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 54,568
2020	198,422
2021	102,410
2022	(33,327)
2023	13,504
<b>Total</b>	<b>\$ 335,577</b>

Actuarial Assumptions The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary increases	4.50 to 15.00 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 9 - PENSION PLAN (CONTINUED)**

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

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

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

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

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$3,506,967	\$2,133,919	\$991,893

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://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, 2018.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 10 - DEFICIT FUND EQUITY**

The City has ten funds with deficit equity balances at June 30, 2018. 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:

Special Revenue-Employee Benefit .....	\$ 655
Capital Project – Adams Parkway Bridge Deck .....	245
Capital Project – 2017 Airport Runway Ext .....	7,400
Capital Project – Hwy 3 Reconstruction .....	19,164
Capital Project – 2017 Bituminous Seal Coat .....	54,628
Capital Project – 20 <sup>th</sup> St. NW RR X Road .....	272,013
Capital Project – 2017 Cedar River Parkway .....	2,458,126
Capital Project – 3 <sup>rd</sup> St. Bridge .....	45,482
Capital Project – WPC Improvements .....	64,412
Capital Project – Sidewalk Program .....	60,925
Capital Project – South Riverside Park .....	420

**Note 11 - RISK MANAGEMENT**

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

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

Claims payable @ June 30, 2017	\$ 30,914
Claims paid	(1,332,394)
Claims incurred	1,347,906
Claims payable @ June 30, 2018	\$ 46,426

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

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

Plan Description – The City administers a single-employer benefit plan accounted for under the alternative measurement method 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 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	65
Total	71

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Total OPEB Liability – The City's total OPEB liability of \$796,232 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00% per annum
Rates of salary increase (effective June 30, 2018)	3.00% per annum including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2018)	5% for all years

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% 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 2014 United States Life Tables.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 621,390
Changes for the year:	
Service cost	28,192
Interest	28,740
Differences between expected and actual experiences	40,096
Changes in assumptions	99,682
Benefit payments	<u>(21,868)</u>
Net changes	174,842
Total OPEB liability end of year	<u>\$ 796,232</u>

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2017 to 3.87% in fiscal year 2018 and a change in the turnover table used for fiscal year ended June 30, 2018

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Sensitivity of the City's Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 854,384	\$ 796,232	\$ 738,346

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 712,180	\$ 796,232	\$ 896,104

For the year ended June 30, 2018, the City recognized OPEB expense of \$196,710.

**Note 13 - COMMITMENTS**

During the year ended June 30, 2018, and in previous years the City had entered into several construction contracts totaling approximately \$13,139,665 of which approximately \$4,821,896 has been expended to date. The remaining balance will be paid as work progresses.

**Note 14 - CONTINGENCY**

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2018, the City estimates that no material liabilities will result from such audits.

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

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began October 1, 2007. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$40.25/ton of solid waste delivered to the landfill.



**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 16 - JOINT VENTURE**

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 27% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net 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.

**Note 17 - CONDUIT DEBT OBLIGATIONS**

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2018 was \$733,624.

**Note 18 – URBAN RENEWAL DEVELOPMENT AGREEMENTS**

The City entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$846,185.

During the year ended June 30, 2018, the City rebated \$109,280 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$452,960. The outstanding balance on the agreements at June 30, 2018 was \$393,225.

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

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

**Note 19 - TAX ABATEMENTS**

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 19 - TAX ABATEMENTS (CONTINUED)**

City Tax Abatements

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

For the year ended June 30, 2018, the City abated \$46,559 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

<b>Entity</b>	<b>Tax Abatement Program</b>	<b>Amount of Tax Abated</b>
Bremer County	Urban renewal and economic development projects	\$ 64,115

**Note 20- SUBSEQUENT EVENTS**

On July 11, 2018 the City issued \$11,000,000 General Obligation Bonds Series 2018A and \$1,655,000 Water Revenue Bonds Series 2018B for various capital projects. The 2018A and 2018B Series have a true interest cost of 2.75% & 2.81% respectively. The 2018A Series matures on June 1, 2029 and the 2018B Series matures on June 1, 2028.

On December 31, 2018 Waverly Utilities issued \$3,045,000 of Electric Revenue Capital Loan Notes Series 2018 for various capital projects. The 2018 capital loan note matures on December 1, 2030.

On December 27, 2018 the Waverly Health Center issued \$27,063,000 in Hospital Bond Anticipation Notes Series 2018.

**Note 21- ACCOUNTING CHANGE/RESTATEMENT**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows;

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 21- ACCOUNTING CHANGE/RESTATEMENT (CONTINUED)**

It was determined in the current year cash was misstated in the prior year financial statements. A prior period adjustment was recorded on the financial statements to restate beginning cash. The prior period adjustment increased the General Fund's beginning fund balance, and the Governmental Activities net position by \$14,003.

The Waverly Health Center did not disclose the related Foundation in Fiscal 2017. Starting in Fiscal 2018, the Foundation was added to the Health Center's Financial Statements causing a prior period adjustment increasing the beginning fund balance by \$2,535,022.

	General Fund	Internal Service Fund	Governmental Activities	Waverly Health Center
Net position June 30, 2017, as previously reported	\$ 2,815,854	\$ 11,982	\$ 49,523,177	\$ 15,985,676
Net OPEB obligation measured under previous standards	-	242,862	242,862	-
Total OPEB liability at June 30, 2017	-	(621,390)	(621,390)	-
Other prior period adjustments	14,003	-	14,003	2,535,022
Net Position July 1, 2017, as restated	<u>\$ 2,829,857</u>	<u>\$ (366,546)</u>	<u>\$ 49,158,652</u>	<u>\$ 18,520,698</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WAVERLY, IOWA**  
**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN**  
**BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**  
**Governmental Funds and Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
<b>Receipts:</b>			
Taxes	\$ 8,694,730	\$ -	\$ 8,694,730
Special Assessments	-	-	-
Licenses and Permits	86,685	-	86,685
Intergovernmental Revenue	3,209,523	-	3,209,523
Charges for Services	793,572	4,518,930	5,312,502
Fines and Forfeits	54,876	-	54,876
Contributions	37,681	-	37,681
Revenue from Use of Property	186,742	98,477	285,219
Interest on Investments	45,347	35,407	80,754
Miscellaneous	483,200	-	483,200
Total Receipts	<u>13,592,356</u>	<u>4,652,814</u>	<u>18,245,170</u>
<b>Disbursements:</b>			
Public Safety	2,234,193	-	2,234,193
Public Works	1,843,152	-	1,843,152
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,414,784	-	2,414,784
Community and Economic Development	724,269	-	724,269
General Government	1,006,222	-	1,006,222
Capital Projects	4,136,442	-	4,136,442
Debt Service	3,394,914	-	3,394,914
Business Type/Enterprises	-	4,295,395	4,295,395
Total Disbursements	<u>15,763,850</u>	<u>4,295,395</u>	<u>20,059,245</u>
Excess (deficiency) of revenues over expenditures	<u>(2,171,494)</u>	<u>357,419</u>	<u>(1,814,075)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	2,335,000	33,100	2,368,100
Premium on Bonds Issued	31,141	-	31,141
Proceeds from Sale of Capital Assets	-	1,500	1,500
Transfers In	3,164,804	-	3,164,804
Transfers Out	(3,056,704)	(108,100)	(3,164,804)
Total other financing sources (uses)	<u>2,474,241</u>	<u>(73,500)</u>	<u>2,400,741</u>
Net Change in Fund Balance	302,747	283,919	586,666
Balances - beginning of year	6,114,518	3,360,175	9,474,693
Prior Period Adjustment	<u>14,003</u>	<u>-</u>	<u>14,003</u>
Balances - beginning of year- Restated	<u>6,128,521</u>	<u>3,360,175</u>	<u>9,488,696</u>
Balances - end of year	<u>\$ 6,431,268</u>	<u>\$ 3,644,094</u>	<u>\$ 10,075,362</u>
<b>Reconciliation of Ending Fund Balance - Cash Basis:</b>			
Cash and Cash Equivalents	\$ 5,563,699	\$ 2,772,222	\$ 8,335,921
Investments	867,569	434,872	1,302,441
Restricted Cash and Cash Equivalents	-	437,000	437,000
	<u>\$ 6,431,268</u>	<u>\$ 3,644,094</u>	<u>\$ 10,075,362</u>

<b>Budgeted Amounts</b>		<b>Final to Actual Variance</b>
<b>Original</b>	<b>Final</b>	
\$ 8,557,778	\$ 8,568,886	\$ 125,844
-	70,568	(70,568)
32,460	32,460	54,225
3,210,265	3,605,377	(395,854)
5,116,686	5,183,878	128,624
-	-	54,876
-	-	37,681
202,074	220,614	64,605
-	-	80,754
357,728	473,754	9,446
<u>17,476,991</u>	<u>18,155,537</u>	<u>89,633</u>
2,260,768	2,286,194	52,001
1,816,516	1,847,078	3,926
23,874	23,874	14,000
2,448,384	2,479,484	64,700
758,066	772,261	47,992
955,625	997,885	(8,337)
2,928,800	4,980,981	844,539
3,935,011	3,935,011	540,097
3,905,645	3,986,748	(308,647)
<u>19,032,689</u>	<u>21,309,516</u>	<u>1,250,271</u>
<u>(1,555,698)</u>	<u>(3,153,979)</u>	<u>1,339,904</u>
1,515,836	2,192,170	175,930
-	-	31,141
-	-	1,500
4,415,461	5,547,376	(2,382,572)
<u>(4,415,461)</u>	<u>(5,547,376)</u>	<u>2,382,572</u>
<u>1,515,836</u>	<u>2,192,170</u>	<u>208,571</u>
(39,862)	(961,809)	1,548,475
9,474,693	9,474,693	-
-	-	14,003
<u>9,474,693</u>	<u>9,474,693</u>	<u>14,003</u>
<u>\$ 9,434,831</u>	<u>\$ 8,512,884</u>	<u>\$ 1,576,481</u>

**CITY OF WAVERLY, IOWA**  
**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**For the Year Ended June 30, 2018**

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
<b>Revenue:</b>			
Taxes	\$ 8,694,730	\$ (184,164)	\$ 8,510,566
Licenses and Permits	86,685	(7,800)	78,885
Intergovernmental Revenue	3,209,523	(90,201)	3,119,322
Charges for Services	5,312,502	(50,919)	5,261,583
Fines and Forfeits	54,876	-	54,876
Contributions	37,681	-	37,681
Revenue from Use of Property	285,219	(90,000)	195,219
Interest on Investments	80,754	-	80,754
Miscellaneous	483,200	(213,213)	269,987
<b>Total Revenue</b>	<u>18,245,170</u>	<u>(636,297)</u>	<u>17,608,873</u>
<b>Expenditures/Expenses:</b>			
Public Safety	2,234,193	19,380	2,253,573
Public Works	1,843,152	12,318	1,855,470
Health and Social Services	9,874	-	9,874
Culture and Recreation	2,414,784	63	2,414,847
Community and Economic Development	724,269	(2,297)	721,972
General Government	1,006,222	17,404	1,023,626
Capital Projects	4,136,442	1,049,023	5,185,465
Debt Service	3,394,914	-	3,394,914
Business Type/Enterprises	4,295,395	(167,072)	4,128,323
<b>Total Expenditures/Expenses</b>	<u>20,059,245</u>	<u>928,819</u>	<u>20,988,064</u>
<b>Excess (Deficiency) of Revenues Over Expenditures/Expenses</b>	<u>(1,814,075)</u>	<u>(1,565,116)</u>	<u>(3,379,191)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	2,368,100	(253,100)	2,115,000
Premium on Bonds Issued	31,141	-	31,141
Contributed Capital Revenue	-	575,905	575,905
Proceeds from Sale of Capital Assets	1,500	(1,500)	-
Transfers In	3,164,804	125,000	3,289,804
Transfers Out	(3,164,804)	(125,000)	(3,289,804)
<b>Total other financing sources (uses)</b>	<u>2,400,741</u>	<u>321,305</u>	<u>2,722,046</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)</b>	586,666	(1,243,811)	(657,145)
Fund Balance/Retained Earnings - beginning of year	<u>9,488,696</u>	<u>11,972,494</u>	<u>21,461,190</u>
Fund Balance/Retained Earnings - end of year	<u>\$10,075,362</u>	<u>\$10,728,683</u>	<u>\$20,804,045</u>

**CITY OF WAVERLY**  
**Required Supplementary Information – Budgetary Reporting**  
**June 30, 2018**

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

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$2,269,827. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2018, disbursements exceeded the amounts budgeted in the General Government and Business Type/Enterprise functions.

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



**CITY OF WAVERLY, IOWA**  
**Schedule of Changes in the City's**  
**Total OPEB Liability, Related Ratios and Notes**  
**For the Year Ended June 30, 2018**  
**Required Supplementary Information**

	2018
Service Cost	\$ 28,192
Interest Cost	28,740
Difference between expected and actual experiences	40,096
Changes in assumptions	99,682
Benefit payments	(21,868)
Net change in total OPEB liability	174,842
Total OPEB liability beginning of year, as restated	621,390
Total OPEB liability end of year	\$ 796,232
Covered-employee payroll	\$ 3,944,782
Total OPEB liability as a percentage of covered-employee payroll	20.18%

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

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

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

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

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

The turnover table used in the fiscal year ended June 30, 2017 was non-group specific age-based turnover date from GASB Statement 45. The turnover table used in the fiscal year ended June 30, 2018 used rates based on Scale T-3 from the Actuary's Pension Handbook.

**CITY OF WAVERLY, IOWA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR\***  
**(IN THOUSANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	City			
	2018	2017	2016	2015
Proportion of the net pension liability	0.0456473%	0.0461738%	0.047006%	0.0486613%
Proportionate share of the net pension liability	\$ 3,041	\$ 2,906	\$ 2,337	\$ 1,930
Covered-employee payroll	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180
Proportionate share of the net pension liability as a percentage of its covered employee payroll	88.74%	87.74%	72.22%	60.69%
Plan fiduciary net position as a percentage of the total pension liability	82%	82%	85%	88%

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

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

	Component Units			
	2018	2017	2016	2015
Proportion of the net pension liability	0.3127917%	0.3418%	0.334315%	0.313143%
Proportionate share of the net pension liability	\$ 22,919	\$ 21,492	\$ 16,521	\$ 12,419
Covered-employee payroll	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310
Proportionate share of the net pension liability as a percentage of its covered employee payroll	90.48%	88.65%	69.12%	53.28%
Plan fiduciary net position as a percentage of the total pension liability	82%	82%	85%	88%

**CITY OF WAVERLY  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
LAST FISCAL YEAR \* (IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017	2016	2015
City's proportion of the net pension liability	0.363855%	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-employee payroll	\$ 1,030	\$ 991	\$ 945	\$ 930
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	200.07%	230.78%	179.26%	142.15%
Plan fiduciary net 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, IOWA  
SCHEDULE OF THE CITY CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN YEARS (IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>City</b>	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 employee payroll	\$ 3,550	\$ 3,427	\$ 3,312	\$ 3,236	\$ 3,180
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.93%

<b>City</b>	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 266	\$ 273	\$ 207	\$ 189	\$ 177
Contributions in relation to the statutorily required contribution	(266)	(273)	(207)	(189)	(177)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 3,068	\$ 3,383	\$ 2,978	\$ 2,842	\$ 2,787
Contributions as a percentage of covered-employee payroll	8.67%	8.07%	6.95%	6.65%	6.35%

<b>Component Unit</b>	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 employee payroll	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310
Contributions as a percentage of covered-employee payroll	8.34%	8.93%	8.93%	8.3%	8.3%

<b>Component Unit</b>	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 1,835	\$ 1,674	\$ 1,367	\$ 1,162	\$ 1,089
Contributions in relation to the statutorily required contribution	(1,835)	(1,674)	(1,367)	(1,162)	(1,089)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered employee payroll	\$ 22,829	\$ 22,475	\$ 20,550	\$ 18,367	\$ 18,165
Contributions as a percentage of covered-employee payroll	8.0%	7.5%	6.7%	6.3%	6.0%

See accompanying independent auditors' report

**CITY OF WAVERLY  
SCHEDULE OF THE CITY CONTRIBUTIONS  
MUNICIPAL FIRE AND RETIREMENT SYSTEM OF IOWA  
LAST TEN YEARS (IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 employee payroll	\$ 1,053	\$ 1,030	\$ 991	\$ 945	\$ 930
Contributions as a percentage of covered-employee payroll	26.02%	25.92%	27.77%	30.41%	30.12%
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Statutorily required contribution	\$ 232	\$ 215	\$ 171	\$ 137	\$ 143
Contributions in relation to the statutorily required contribution	(232)	(215)	(171)	(137)	(143)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 888	\$ 868	\$ 859	\$ 806	\$ 763
Contributions as a percentage of covered-employee payroll	26.12%	24.77%	19.90%	17.00%	18.75%

See accompanying independent auditors' report

**CITY OF WAVERLY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Iowa Public Employees' Retirement System**

**Changes of Benefit Terms:**

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

**Changes of Assumptions**

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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

CITY OF WAVERLY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018

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**Municipal Fire & Police Retirement System of Iowa**

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

**OTHER SUPPLEMENTARY INFORMATION**



CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2018

	Special Revenue Funds				
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund	Downtown TIF	Cable TV
<b>Assets</b>					
Cash and Cash Equivalents	\$ 776,034	\$ 504,464	\$ 248,000	\$ -	\$ 38,910
Receivables (Net, where applicable, of allowance for uncollectibles)					
Special Assessments	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	94,166	76,703	-	-	-
<b>Total Assets</b>	<b>870,200</b>	<b>581,167</b>	<b>248,000</b>	<b>-</b>	<b>38,910</b>
<b>Liabilities</b>					
Accounts Payable	18,978	-	-	-	-
Accrued Wages	14,609	-	-	-	-
Due to Other Funds	-	-	-	-	-
Deferred Good Faith Bond Deposit	-	-	-	-	-
<b>Total Liabilities</b>	<b>33,587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - special assessments	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable:					
Perpetual Care	-	-	-	-	-
Restricted for:					
Road Purposes	836,613	-	-	-	-
Local Option Sales Tax	-	581,167	248,000	-	-
Capital Expenditures	-	-	-	-	-
Cable TV	-	-	-	-	38,910
Assigned for:					
Capital Improvement	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>836,613</b>	<b>581,167</b>	<b>248,000</b>	<b>-</b>	<b>38,910</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 870,200</b>	<b>\$ 581,167</b>	<b>\$ 248,000</b>	<b>\$ -</b>	<b>\$ 38,910</b>

Capital Project Funds						
Airport Runway Reconstruction	2017 Airport Runway Ext	Sidewalk Program	Fair/Ball Diamond Project	16th Street Reconstruction	2017 Bituminous Seal Coat	
\$ -	\$ -	\$ -	\$ 244,459	\$ -	\$ 6,596	
-	-	22,313	-	-	-	
-	96,738	-	90,000	-	-	
-	96,738	22,313	334,459	-	6,596	
-	-	499	-	-	61,224	
-	104,138	66,829	-	-	-	
-	104,138	67,328	-	-	61,224	
-	-	15,910	-	-	-	
-	-	15,910	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	334,459	-	-	
-	(7,400)	(60,925)	-	-	(54,628)	
-	(7,400)	(60,925)	334,459	-	(54,628)	
\$ -	\$ 96,738	\$ 22,313	\$ 334,459	\$ -	\$ 6,596	

CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2018

	Capital Project Funds			
	Capital Improvement Fund	Alley Reconstruction Project	South Riverside Park	Trail Projects
<b>Assets</b>				
Cash and Pooled Investments	\$ 190,958	\$ 5,661	\$ 4,500	\$ 500
Receivables (Net, where applicable, of allowance for uncollectibles)				
Special Assessments	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
<b>Total Assets</b>	<u>190,958</u>	<u>5,661</u>	<u>4,500</u>	<u>500</u>
<b>Liabilities</b>				
Accounts Payable	-	2,379	420	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Good Faith Bond Deposit	-	-	4,500	-
<b>Total Liabilities</b>	<u>-</u>	<u>2,379</u>	<u>4,920</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - special assessments	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Expenditures	-	-	-	-
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	190,958	3,282	-	500
Unassigned	-	-	(420)	-
<b>Total Fund Balances (Deficits)</b>	<u>190,958</u>	<u>3,282</u>	<u>(420)</u>	<u>500</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<u>\$ 190,958</u>	<u>\$ 5,661</u>	<u>\$ 4,500</u>	<u>\$ 500</u>

Capital Project Funds						
WPC Improvements	Adams Parkway Bridge Deck	Storm Drainage Improvement	Hwy 3 Reconstruction	South Industrial Park	FEMA Flood Projects	Historical Survey
\$ -	\$ -	\$ 24,911	\$ -	\$ 764,594	\$ 6,248	\$ -
-	-	-	44,952	-	-	-
-	-	-	-	-	-	-
-	-	24,911	44,952	764,594	6,248	-
63,138	-	3,720	2,200	-	-	-
-	-	-	-	-	-	-
1,274	245	-	21,459	-	-	-
-	-	-	-	-	-	-
64,412	245	3,720	23,659	-	-	-
-	-	-	40,457	-	-	-
-	-	-	40,457	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,248	-
-	-	-	-	-	-	-
-	-	21,191	-	764,594	-	-
(64,412)	(245)	-	(19,164)	-	-	-
(64,412)	(245)	21,191	(19,164)	764,594	6,248	-
\$ -	\$ -	\$ 24,911	\$ 44,952	\$ 764,594	\$ 6,248	\$ -

CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2018

	Capital Project Funds			
	City Bridge Projects	Various Small Projects	20th St NW RR X-Road	Public Services Facility
<b>Assets</b>				
Cash and Pooled Investments	\$ -	\$ 101,234	\$ -	\$ 348,791
Receivables (Net, where applicable, of allowance for uncollectibles)				
Special Assessments	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
<b>Total Assets</b>	-	101,234	-	348,791
<b>Liabilities</b>				
Accounts Payable	-	9,799	16,092	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	223,421	-
Deferred Good Faith Bond Deposit	-	-	32,500	-
<b>Total Liabilities</b>	-	9,799	272,013	-
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - special assessments	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	-	-	-	-
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Expenditures	-	-	-	-
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	-	91,435	-	348,791
Unassigned	-	-	(272,013)	-
<b>Total Fund Balances (Deficits)</b>	-	91,435	(272,013)	348,791
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	\$ -	\$ 101,234	\$ -	\$ 348,791

Capital Project Funds				Permanent		Governmental Nonmajor Funds
3rd Street Bridge Project	Cedar River Parkway	Dry Run Project	Airport Land Acquisition	Perpetual Care		
\$ -	\$ -	\$ -	\$ 222,709	\$ 513,603	\$	4,002,172
-	-	-	-	-	-	67,265
-	-	-	-	-	-	90,000
-	-	-	38,841	-	-	306,448
-	-	-	261,550	513,603	-	4,465,885
-	-	-	-	-	-	178,449
-	-	-	-	-	-	14,609
45,482	-	-	-	-	-	462,848
-	-	-	-	-	-	37,000
45,482	-	-	-	-	-	692,906
-	-	-	-	-	-	56,367
-	-	-	-	-	-	56,367
-	-	-	-	513,603	-	513,603
-	-	-	-	-	-	836,613
-	-	-	-	-	-	829,167
-	-	-	261,550	-	-	267,798
-	-	-	-	-	-	38,910
-	-	-	-	-	-	1,755,210
(45,482)	-	-	-	-	-	(524,689)
(45,482)	-	-	261,550	513,603	-	3,716,612
\$ -	\$ -	\$ -	\$ 261,550	\$ 513,603	\$	4,465,885

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds				
	Road Use Tax	Local Option Sales Tax	Sales Tax Increment Fund	Downtown TIF	Cable TV
Revenue:					
Taxes	\$ -	\$ 861,153	\$ 360,857	\$ -	\$ -
Licenses and Permits	-	-	-	-	23,054
Intergovernmental Revenue	1,226,066	-	-	-	-
Charges for Services	-	-	-	-	-
Contributions	-	-	-	-	-
Rental Income	-	-	-	-	-
Interest	-	1,414	587	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	1,226,066	862,567	361,444	-	23,054
Expenditures:					
Public Works	1,215,463	-	-	-	-
Culture and Recreation	-	-	-	-	21,369
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Expenditures	1,215,463	-	-	-	21,369
Excess (deficiency) of revenues over expenditures	10,603	862,567	361,444	-	1,685
Other financing sources (uses):					
Issuance of Debt	-	-	-	-	-
Premium on Bond Issuance	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(150,000)	(616,985)	(440,150)	(129,045)	-
Total other financing sources (uses)	(150,000)	(616,985)	(440,150)	(129,045)	-
Net Change in Fund Balance	(139,397)	245,582	(78,706)	(129,045)	1,685
Fund balances (deficits) - beginning of year	976,010	335,585	326,706	129,045	37,225
Fund balances (deficits) - end of year	\$ 836,613	\$ 581,167	\$ 248,000	\$ -	\$ 38,910

Capital Project Funds					
Airport Runway Reconstruction	2017 Airport Runway Ext	Sidewalk Program	Fair/Ball Diamond Project	16th Street Reconstruction	2017 Bituminous Seal Coat
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	96,738	-	-	-	-
-	-	35,023	-	-	-
-	-	-	19,845	-	-
-	-	-	-	-	-
-	96,738	35,023	19,845	-	-
-	-	-	-	-	-
-	108,952	128,953	-	-	254,355
-	-	-	6,552	-	-
-	108,952	128,953	6,552	-	254,355
-	(12,214)	(93,930)	13,293	-	(254,355)
-	-	-	615,000	-	-
-	5,010	-	-	-	200,000
(5,010)	-	-	-	(1,256)	-
(5,010)	5,010	-	615,000	(1,256)	200,000
(5,010)	(7,204)	(93,930)	628,293	(1,256)	(54,355)
5,010	(196)	33,005	(293,834)	1,256	(273)
\$ -	\$ (7,400)	\$ (60,925)	\$ 334,459	\$ -	\$ (54,628)



CITY OF WAVERLY, IOWA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended June 30, 2018

	Capital Project Funds			
	Capital Improvement Fund	Alley Reconstruction Project	South Riverside Park	Trail Projects
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	280,842	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	708	-	-	-
Miscellaneous	1,809	-	-	500
Total Revenue	283,359	-	-	500
Expenditures:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Projects	145,093	71,155	420	-
Debt Service	-	-	-	-
Total Expenditures	145,093	71,155	420	-
Excess (deficiency) of revenues over expenditures	138,266	(71,155)	(420)	500
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Premium on Bond Issuance	-	-	-	-
Transfers In	50,000	75,000	-	-
Transfers Out	(70,000)	-	-	-
Total other financing sources (uses)	(20,000)	75,000	-	-
Net Change in Fund Balance	118,266	3,845	(420)	500
Fund balances (deficits) - beginning of year	72,692	(563)	-	-
Fund balances (deficits) - end of year	\$ 190,958	\$ 3,282	\$ (420)	\$ 500

Capital Project Funds						
WPC Improvements	Adams Parkway Bridge Deck	Storm Drainage Improvement	Hwy 3 Reconstruction	South Industrial Park	FEMA Flood Projects	Historical Survey
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	14,766	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	68,434	1,295	-	-
-	-	-	68,434	500	-	-
-	-	-	68,434	1,795	14,766	-
-	-	-	-	-	-	-
64,412	245	3,809	73,629	20,028	11,010	1,078
64,412	245	3,809	73,629	20,028	11,010	1,078
(64,412)	(245)	(3,809)	(5,195)	(18,233)	3,756	(1,078)
-	-	-	-	-	-	-
-	-	24,189	33,100	1,278	1,278	-
-	-	-	-	(3,472)	(25,467)	-
-	-	24,189	33,100	(2,194)	(24,189)	-
(64,412)	(245)	20,380	27,905	(20,427)	(20,433)	(1,078)
-	-	811	(47,069)	785,021	26,681	1,078
\$ (64,412)	\$ (245)	\$ 21,191	\$ (19,164)	\$ 764,594	\$ 6,248	\$ -

CITY OF WAVERLY, IOWA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended June 30, 2018

	Capital Project Funds			
	City Bridge Projects	Small Projects	20th St NW RR X-Road	Public Services Facility
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	661	-	-
Total Revenue	-	661	-	-
Expenditures:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Projects	-	199,595	215,224	-
Debt Service	-	4,871	-	-
Total Expenditures	-	204,466	215,224	-
Excess (deficiency) of revenues over expenditures	-	(203,805)	(215,224)	-
Other financing sources (uses):				
Issuance of Debt	-	265,000	-	-
Premium on Bond Issuance	-	5,502	-	-
Transfers In	20,000	25,000	-	200,000
Transfers Out	(150,584)	-	-	-
Total other financing sources (uses)	(130,584)	295,502	-	200,000
Net Change in Fund Balance	(130,584)	91,697	(215,224)	200,000
Fund balances (deficits) - beginning of year	130,584	(262)	(56,789)	148,791
Fund balances (deficits) - end of year	\$ -	\$ 91,435	\$ (272,013)	\$ 348,791

Capital Project Funds				Permanent		Governmental Nonmajor Funds
3rd Street Bridge Project	Cedar River Parkway	Dry Run Project	Airport Land Acquisition	Perpetual Care		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,222,010
-	-	-	-	-	-	23,054
-	-	-	359,288	-	-	1,977,700
-	-	-	-	-	-	35,023
-	-	-	-	6,015	-	6,015
-	-	-	-	-	-	19,845
-	-	-	-	-	-	4,004
-	-	-	-	-	-	71,904
-	-	-	359,288	6,015	-	3,359,555
-	-	-	-	-	-	1,215,463
-	-	-	-	-	-	21,369
16,508	-	3,250	397,522	-	-	1,715,238
-	-	-	-	-	-	11,423
16,508	-	3,250	397,522	-	-	2,963,493
(16,508)	-	(3,250)	(38,234)	6,015	-	396,062
-	-	-	-	-	-	880,000
-	-	-	-	-	-	5,502
150,584	-	3,450	-	-	-	788,889
-	(71,847)	-	-	-	-	(1,663,816)
150,584	(71,847)	3,450	-	-	-	10,575
134,076	(71,847)	200	(38,234)	6,015	-	406,637
(179,558)	71,847	(200)	299,784	507,588	-	3,309,975
\$ (45,482)	\$ -	\$ -	\$ 261,550	\$ 513,603	\$ -	3,716,612

**CITY OF WAVERLY, IOWA**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>Electric Utility</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	\$ 1,073,490	\$ 17,811,788	\$ 18,884,400	\$ 878
Accounts Receivable	1,358,483	15,755,050	17,113,533	-
Other Receivable	26,656	570,933	597,589	-
Due from Other Governments	-	43,349	-	43,349
Total Assets	<u>2,458,629</u>	<u>34,181,120</u>	<u>36,595,522</u>	<u>44,227</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	2,425,918	33,552,165	35,978,083	-
Other Payables	32,711	628,955	617,439	44,227
Total Liabilities	<u>2,458,629</u>	<u>34,181,120</u>	<u>36,595,522</u>	<u>44,227</u>
<b><u>Warburg-Waverly Wellness Center</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	15,663	1,016,604	1,017,248	15,019
Total Assets	<u>15,663</u>	<u>1,016,604</u>	<u>1,017,248</u>	<u>15,019</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	15,663	1,016,604	1,017,248	15,019
Total Liabilities	<u>15,663</u>	<u>1,016,604</u>	<u>1,017,248</u>	<u>15,019</u>
<b><u>Totals</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	1,089,153	18,828,392	19,901,648	15,897
Accounts Receivable	1,358,483	15,755,050	17,113,533	-
Other Receivable	26,656	570,933	597,589	-
Due from Other Governments	-	43,349	-	43,349
Total Assets	<u>2,474,292</u>	<u>35,197,724</u>	<u>37,612,770</u>	<u>59,246</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	2,441,581	34,568,769	36,995,331	15,019
Other Payables	32,711	628,955	617,439	44,227
Total Liabilities	<u>\$ 2,474,292</u>	<u>\$ 35,197,724</u>	<u>\$ 37,612,770</u>	<u>\$ 59,246</u>

## CITY OF WAVERLY STATISTICAL SECTION

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

Contents:	Pages
Financial Trends	97 – 107
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	108 – 111
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	112 – 120
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	121 - 122
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	123 - 127
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

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

	<b>Fiscal Year</b>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$23,672,634	\$31,003,445	\$38,301,899	\$42,386,586
Restricted	2,056,639	2,240,151	2,828,214	2,369,707
Unrestricted	<u>2,566,051</u>	<u>2,646,083</u>	<u>2,727,228</u>	<u>3,004,997</u>
Total Governmental Activities Net Position	<u>\$28,295,324</u>	<u>\$35,889,679</u>	<u>\$43,857,341</u>	<u>\$47,761,290</u>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$11,575,601	\$11,665,128	\$11,417,580	\$11,902,943
Restricted	541,706	474,334	475,584	89,088
Unrestricted	<u>711,666</u>	<u>993,468</u>	<u>1,127,573</u>	<u>1,253,202</u>
Total Business-type Activities Net Position	<u>\$12,828,973</u>	<u>\$13,132,930</u>	<u>\$13,020,737</u>	<u>\$13,245,233</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$35,248,235	\$42,668,573	\$49,719,479	\$54,289,529
Restricted	2,598,345	2,714,485	3,303,798	2,458,795
Unrestricted	<u>3,277,717</u>	<u>3,639,551</u>	<u>3,854,801</u>	<u>4,258,199</u>
Total Primary Government Activities Net Position	<u>\$41,124,297</u>	<u>\$49,022,609</u>	<u>\$56,878,078</u>	<u>\$61,006,523</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$43,321,391	\$45,860,962	\$44,889,601	\$45,139,066	\$46,400,267	\$48,702,502
2,699,291	2,509,661	2,043,840	2,706,371	3,236,491	2,893,954
2,503,546	976,180	149,599	1,638,015	(113,581)	(2,095,449)
<u>\$48,524,228</u>	<u>\$49,346,803</u>	<u>\$47,083,040</u>	<u>\$49,483,452</u>	<u>\$49,523,177</u>	<u>\$49,501,007</u>
\$10,591,981	\$10,274,538	\$ 8,167,297	\$10,659,431	\$11,615,461	\$12,439,840
89,468	88,279	-	22,734	103,401	94,493
2,366,784	2,509,368	4,581,247	2,892,703	3,178,122	3,326,174
<u>\$13,048,233</u>	<u>\$12,872,185</u>	<u>\$12,748,544</u>	<u>\$13,574,868</u>	<u>\$14,896,984</u>	<u>\$15,860,507</u>
\$53,913,372	\$56,135,500	\$53,056,894	\$55,798,497	\$58,015,728	\$61,142,342
2,788,759	2,597,940	2,043,840	2,729,105	3,339,892	2,988,447
4,870,330	3,485,548	4,730,846	4,530,718	3,064,541	1,230,725
<u>\$61,572,461</u>	<u>\$62,218,988</u>	<u>\$59,831,580</u>	<u>\$63,058,320</u>	<u>\$64,420,161</u>	<u>\$65,361,514</u>



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

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 722,714	\$ 806,618	\$ 842,098	\$ 819,187	\$ 854,130
Public Safety	1,842,773	1,890,848	2,174,059	2,176,921	2,313,898
Public Works	3,525,685	3,091,315	2,910,741	3,423,797	3,455,969
Health and Social Services	752,457	160,307	185,670	183,493	159,562
Community & Economic Development	439,362	1,081,165	1,024,662	1,063,706	1,122,593
Culture and Recreation	2,266,639	2,218,807	2,322,625	2,364,603	2,308,768
Debt Service	533,573	410,454	360,531	374,287	306,030
Total Governmental Activities Expenses	<u>10,083,203</u>	<u>9,659,514</u>	<u>9,820,386</u>	<u>10,405,994</u>	<u>10,520,950</u>
Business-type Activities					
Water	1,015,570	1,046,779	987,418	1,045,903	1,239,221
Sewer	1,371,630	1,449,551	1,426,007	1,391,096	1,793,911
Solid waste	960,872	945,847	1,010,520	1,056,793	1,069,970
Total Business-type Activities Expenses	<u>3,348,072</u>	<u>3,442,177</u>	<u>3,423,945</u>	<u>3,493,792</u>	<u>4,103,102</u>
Total Primary Government Expenses	<u><u>13,431,275</u></u>	<u><u>13,101,691</u></u>	<u><u>13,244,331</u></u>	<u><u>13,899,786</u></u>	<u><u>14,624,052</u></u>
<b>Program Revenues (2)</b>					
Governmental Activities:					
Charges for Services					
General Government	220,787	225,423	242,245	234,040	224,984
Public Safety	40,546	44,690	69,828	72,235	60,096
Public Works	106,013	85,054	60,305	54,485	82,504
Community & Economic Development	28,000	19,231	19,988	9,941	12,347
Culture and Recreation	615,094	604,391	626,784	628,104	614,045
Operating Grants and Contributions	2,562,584	1,610,920	2,044,044	1,594,594	1,556,417
Capital Grants and Contributions	448,176	6,869,966	7,153,867	3,862,415	945,531
Total Governmental Activities Program Revenues	<u>4,021,200</u>	<u>9,459,675</u>	<u>10,217,061</u>	<u>6,455,814</u>	<u>3,495,924</u>
Business-type Activities:					
Charges for services:					
Water	1,030,087	1,092,557	1,086,039	1,169,370	1,195,417
Sewer	1,397,455	1,451,773	1,412,172	1,562,986	1,573,000
Solid waste	929,328	1,054,942	1,036,883	1,076,238	1,073,959
Capital Grants and Contributions	-	109,178	-	12,293	-
Total Business-Type Activities Program Revenues	<u>3,356,870</u>	<u>3,708,450</u>	<u>3,535,094</u>	<u>3,820,887</u>	<u>3,842,376</u>
Total Primary Government Program Revenues	<u><u>\$ 7,378,070</u></u>	<u><u>\$13,168,125</u></u>	<u><u>\$ 13,752,155</u></u>	<u><u>\$ 10,276,701</u></u>	<u><u>\$ 7,338,300</u></u>

**Fiscal Year**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 819,124	\$ 964,181	\$ 812,686	\$ 1,149,474	\$ 1,149,385
2,344,143	2,187,109	2,247,521	2,478,198	2,701,599
4,007,339	4,063,154	5,275,053	4,374,264	5,104,045
161,194	184,325	64,184	9,874	9,874
1,151,508	1,557,169	515,249	1,292,607	729,567
2,362,684	2,364,058	2,574,145	2,505,856	2,605,857
194,220	477,628	536,149	437,831	445,257
<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>
1,357,585	1,129,752	1,125,154	1,225,589	1,211,683
1,700,847	1,524,393	1,700,848	1,780,570	1,698,567
1,197,667	1,206,111	1,048,675	1,218,735	1,219,573
<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>
<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>
241,614	268,368	241,010	271,525	251,725
53,708	41,530	42,533	51,089	47,839
25,914	27,995	44,526	57,264	87,868
12,338	20,266	23,303	22,734	9,334
676,297	667,345	638,946	625,840	592,286
1,922,408	1,803,342	2,159,919	2,217,432	2,157,667
414,555	1,507,147	2,007,771	330,201	681,523
<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>
1,228,012	1,236,098	1,246,479	1,308,725	1,335,896
1,640,186	1,643,939	1,792,574	1,666,757	1,695,866
1,153,726	1,271,353	1,340,891	1,424,910	1,458,395
-	169,235	269,205	2,348	359,703
<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>
<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>

(continued on next page)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (Expense)/Revenue					
Governmental Activities:	\$(6,062,003)	\$ (199,839)	\$ 396,675	\$ (3,950,180)	\$ (7,025,026)
Business-type Activities	<u>8,798</u>	<u>266,273</u>	<u>111,149</u>	<u>327,095</u>	<u>(260,726)</u>
Total Primary Government Net Expense	<u>(6,053,205)</u>	<u>66,434</u>	<u>507,824</u>	<u>(3,623,085)</u>	<u>(7,285,752)</u>
<b>General Revenues</b>					
Governmental Activities:					
Property Taxes	5,738,820	5,854,330	6,010,599	6,318,501	6,745,028
Local Option Sales Tax	815,438	828,529	790,374	882,114	871,022
Hotel/Motel Taxes	170,557	133,201	154,851	153,154	150,172
Interest	57,397	53,120	55,902	31,481	43,479
General Intergovernmental Revenues	190,500	202,440	193,778	168,924	153,540
Gain on Sale of Assets	30,326	563,272	-	21,192	11,186
Miscellaneous	54,738	119,104	66,833	98,233	40,697
Transfers	76,489	40,198	298,650	180,530	-
Total Governmental Activities	<u>7,134,265</u>	<u>7,794,194</u>	<u>7,570,987</u>	<u>7,854,129</u>	<u>8,015,124</u>
Business-type Activities:					
Investment Earnings	26,338	9,484	5,881	4,855	5,031
Gain on Sale of Assets	-	-	-	-	-
Miscellaneous	58,180	68,398	69,427	73,076	76,040
Transfers	<u>(76,489)</u>	<u>(40,198)</u>	<u>(298,650)</u>	<u>(180,530)</u>	<u>-</u>
Total Business-type Activities	<u>8,029</u>	<u>37,684</u>	<u>(223,342)</u>	<u>(102,599)</u>	<u>81,071</u>
Total Primary Government	<u>7,142,294</u>	<u>7,831,878</u>	<u>7,347,645</u>	<u>7,751,530</u>	<u>8,096,195</u>
<b>Change in Net Position</b>					
Governmental Activities	1,072,262	7,594,355	7,967,662	3,903,949	990,098
Business-type Activities	16,827	303,957	(112,193)	224,496	(179,655)
Total Primary Government	<u>\$ 1,089,089</u>	<u>\$ 7,898,312</u>	<u>\$ 7,855,469</u>	<u>\$ 4,128,445</u>	<u>\$ 810,443</u>

Notes:

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (7,693,378)	\$ (7,461,631)	\$ (6,866,979)	\$ (8,672,019)	\$(8,917,342)
<u>(234,175)</u>	<u>460,369</u>	<u>774,472</u>	<u>177,846</u>	<u>720,037</u>
<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>
7,133,869	7,000,472	7,086,413	7,504,828	7,287,523
896,970	996,545	1,128,998	1,502,733	1,222,010
163,599	154,137	175,269	232,582	188,106
44,973	34,653	46,697	50,928	45,347
173,778	261,712	425,137	400,122	399,892
-	4,500	-	30,735	-
77,764	22,198	96,217	8,280	224,921
25,000	57,166	60,474	(1,018,464)	(108,102)
<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>
7,606	12,624	19,508	17,637	35,407
-	-	-	10,726	1,500
75,521	91,809	92,824	97,443	98,477
<u>(25,000)</u>	<u>(57,166)</u>	<u>(60,474)</u>	<u>1,018,464</u>	<u>108,102</u>
<u>58,127</u>	<u>47,267</u>	<u>51,858</u>	<u>1,144,270</u>	<u>243,486</u>
<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>
822,575	1,069,752	2,152,226	39,725	342,355
<u>(176,048)</u>	<u>507,636</u>	<u>826,330</u>	<u>1,322,116</u>	<u>963,523</u>
<u>\$ 646,527</u>	<u>\$ 1,577,388</u>	<u>\$ 2,978,556</u>	<u>\$ 1,361,841</u>	<u>\$ 1,305,878</u>

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

<b>Fiscal Year</b>	<b>General Property Tax</b>	<b>Local Option Sales Tax</b>	<b>Tax Increment Financing Taxes</b>	<b>Cable TV Franchise Tax</b>	<b>Hotel - Motel Tax</b>	<b>Total Taxes</b>
2009	\$ 4,319,975	\$ 815,438	\$ 1,418,845	\$ 46,878	\$ 170,557	\$ 6,771,693
2010	4,301,441	828,529	1,552,889	49,136	133,201	6,865,196
2011	4,460,164	790,374	1,550,435	50,836	154,851	7,006,660
2012	4,667,731	881,166	1,649,930	51,360	150,148	7,400,335
2013	4,830,132	874,064	1,915,351	51,384	148,736	7,819,667
2014	5,173,802	897,221	2,121,270	57,632	163,599	8,413,524
2015	5,418,739	983,208	1,584,732	50,150	154,137	8,190,966
2016	5,081,839	908,243	2,050,061	51,810	175,269	8,267,222
2017	5,565,696	1,372,762	1,933,728	56,752	180,074	9,109,012
2018	\$ 6,106,031	\$ 1,402,341	\$ 1,182,930	\$ 61,708	\$ 188,196	\$ 8,941,206
Percentage Change In Dollars Over 10 Years	41.34%	71.97%	-16.63%	31.64%	10.34%	32.04%

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

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 64,791	\$ 69,998	\$ -	\$ -
Unreserved	1,782,381	1,452,931	-	-
Nonspendable <sup>2</sup>	-	-	55,058	55,817
Restricted <sup>2</sup>	-	-	-	367,798
Assigned <sup>2</sup>	-	-	16,431	22,206
Unassigned <sup>2</sup>	-	-	1,492,201	1,562,142
Total General Fund	<u>\$ 1,847,172</u>	<u>\$ 1,522,929</u>	<u>\$ 1,563,690</u>	<u>\$ 2,007,963</u>
All Other Governmental Funds				
Reserved	\$ 557,818	\$ 591,774	\$ -	\$ -
Unreserved, reported in:				
Special Revenue Funds	1,495,475	1,576,193	-	-
Capital Projects Funds	314,939	809,766	-	-
Nonspendable <sup>2</sup>	-	-	476,204	478,808
Restricted <sup>2</sup>	-	-	3,471,095	4,879,176
Assigned <sup>2</sup>	-	-	1,218,091	1,559,378
Unassigned <sup>2</sup>	-	-	(422,145)	(660,019)
Total All Other Governmental Funds <sup>1</sup>	<u>\$ 2,368,232</u>	<u>\$ 2,977,733</u>	<u>\$ 4,743,245</u>	<u>\$ 6,257,343</u>
Total Governmental Funds				
Reserved	\$ 622,609	\$ 661,772	\$ -	\$ -
Unreserved, reported in:				
General Fund	1,782,381	1,452,931	-	-
Special Revenue Funds	1,495,475	1,576,193	-	-
Capital Projects Funds	314,939	809,766	-	-
Nonspendable <sup>2</sup>	-	-	531,262	534,625
Restricted <sup>2</sup>	-	-	3,471,095	5,246,974
Assigned <sup>2</sup>	-	-	1,234,522	1,581,584
Unassigned <sup>2</sup>	-	-	1,070,056	902,123
Total Governmental Funds	<u>\$ 4,215,404</u>	<u>\$ 4,500,662</u>	<u>\$ 6,306,935</u>	<u>\$ 8,265,306</u>

Notes:

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

<sup>1</sup>

<sup>2</sup> The City implemented GASB 54 in fiscal 2011, which changed fund balance classifications for periods beginning after June 15, 2010.

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
58,623	74,062	75,689	74,377	88,789	87,795
-	-	-	-	-	-
26,025	11,416	20,874	24,627	22,810	23,549
<u>1,590,215</u>	<u>2,125,165</u>	<u>2,271,397</u>	<u>2,657,093</u>	<u>2,704,255</u>	<u>3,126,763</u>
<u>\$ 1,674,863</u>	<u>\$ 2,210,643</u>	<u>\$ 2,367,960</u>	<u>\$ 2,756,097</u>	<u>\$ 2,815,854</u>	<u>\$ 3,238,107</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
485,084	490,621	496,551	767,461	507,588	513,603
2,228,356	2,034,196	1,564,753	1,714,074	2,727,209	2,420,088
1,529,851	1,263,823	9,011,683	3,079,501	1,242,751	1,755,210
(748,823)	(2,263,027)	(230,217)	(706,489)	(743,199)	(2,983,470)
<u>\$ 3,494,468</u>	<u>\$ 1,525,613</u>	<u>\$ 10,842,770</u>	<u>\$ 4,854,547</u>	<u>\$ 3,734,349</u>	<u>\$ 1,705,431</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
543,707	564,683	572,240	841,838	596,377	601,398
2,228,356	2,034,196	1,564,753	2,203,990	2,727,209	2,420,088
1,555,876	1,275,239	9,032,557	2,614,212	1,265,561	1,778,759
841,392	(137,862)	2,041,180	1,950,604	1,961,056	143,293
<u>\$ 5,169,331</u>	<u>\$ 3,736,256</u>	<u>\$ 13,210,730</u>	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>	<u>\$ 4,943,538</u>

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

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>				
Taxes	\$ 6,724,815	\$ 6,816,060	\$ 6,955,824	\$ 7,351,217
Licenses and Permits	70,932	76,995	74,274	76,835
Intergovernmental	3,133,340	8,624,439	9,302,604	5,343,456
Charges for Services	753,881	749,174	789,360	782,155
Fines and Forfeits	55,617	57,984	81,432	82,890
Investment Earnings	53,475	49,430	53,322	31,481
Rental Income	130,010	94,636	56,533	56,924
Special Assessments	8,107	13,293	11,746	9,619
Contributions	62,145	53,426	86,594	42,529
Refunds/Reimbursements	-	-	-	240,984
Miscellaneous	54,738	100,733	102,756	98,079
Total Revenues	<u>\$ 11,047,060</u>	<u>\$ 16,636,170</u>	<u>\$ 17,514,445</u>	<u>\$ 14,116,169</u>
<b>Expenditures</b>				
Public Safety	1,865,308	1,967,944	1,944,423	2,062,017
Public Works	1,398,593	1,549,928	1,648,157	2,030,615
Health and Social Services	752,457	160,307	160,670	158,493
Culture and Recreation	2,112,607	2,068,757	2,280,472	2,208,790
Community and Economic Development	379,384	1,139,355	1,133,362	1,059,750
General Government	708,822	750,950	727,688	753,230
Debt Service				
Principal	1,492,422	1,559,972	1,637,393	1,879,524
Interest	578,130	421,926	381,360	413,974
Capital Projects	3,837,918	7,365,555	8,678,411	5,866,802
Total Expenditures	<u>\$ 13,125,641</u>	<u>\$ 16,984,694</u>	<u>\$ 18,591,936</u>	<u>\$ 16,433,195</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,078,581)	(348,524)	(1,077,491)	(2,317,026)
<b>Other Financing Sources (Uses)</b>				
Issuance of Bonds, Notes, and Leases	4,360,000	680,312	2,534,318	4,690,000
Premiums on Bonds Issued	-	-	50,796	1,079
Payment of Refunded Bonds	(4,295,000)	(650,000)	-	(645,000)
Transfers In	3,383,978	3,852,667	3,480,232	3,850,901
Transfers Out	(3,238,978)	(3,812,469)	(3,181,582)	(3,670,371)
Sale of Fixed Assets	30,326	563,272	-	48,788
Total Other Financing Sources (Uses)	<u>\$ 240,326</u>	<u>\$ 633,782</u>	<u>\$ 2,883,764</u>	<u>\$ 4,275,397</u>
Net change in fund balances	<u>\$ (1,838,255)</u>	<u>\$ 285,258</u>	<u>\$ 1,806,273</u>	<u>\$ 1,958,371</u>
Debt service as a percentage of non-capital expenditures	22.29%	20.60%	20.36%	21.71%



Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 7,766,222	\$ 8,192,294	\$ 8,151,154	\$ 8,215,412	\$ 9,007,561	\$ 8,510,566
77,482	91,315	83,939	87,653	113,545	78,885
2,592,220	2,262,054	3,377,252	4,558,349	3,000,504	3,119,322
775,303	859,319	842,155	814,866	822,666	793,572
70,244	64,414	52,559	54,191	57,489	54,876
42,180	43,948	32,623	44,609	49,191	45,347
70,947	75,058	120,581	67,106	65,945	96,742
6,215	20,944	4,600	11,304	40,566	-
43,424	145,064	110,751	84,473	53,203	37,681
21,505	-	-	-	-	-
40,697	65,295	22,198	184,174	21,980	247,841
<u>\$ 11,506,439</u>	<u>\$ 11,819,705</u>	<u>\$ 12,797,812</u>	<u>\$ 14,122,137</u>	<u>\$ 13,232,650</u>	<u>\$ 12,984,832</u>
2,390,307	1,968,180	2,096,232	2,329,272	2,101,970	2,253,573
1,596,015	1,824,051	1,495,735	1,436,058	1,769,481	1,855,470
159,562	161,194	184,325	64,184	9,874	9,874
2,104,902	2,254,536	2,355,850	2,462,074	2,528,258	2,414,847
1,115,555	1,130,112	1,657,349	489,769	1,310,800	721,972
795,178	815,808	871,927	837,847	935,697	1,023,626
1,796,882	1,895,000	2,085,000	2,235,000	2,210,000	2,710,000
304,063	191,920	490,171	585,738	546,634	684,914
2,930,055	3,202,963	9,269,704	9,591,741	3,123,039	5,185,465
<u>\$ 13,192,519</u>	<u>\$ 13,443,764</u>	<u>\$ 20,506,293</u>	<u>\$ 20,031,683</u>	<u>\$ 14,535,753</u>	<u>\$ 16,859,741</u>
(1,686,080)	(1,624,059)	(7,708,481)	(5,909,546)	(1,303,103)	(3,874,909)
700,000	83,226	15,804,500	-	111,927	2,115,000
-	-	767,487	-	-	31,141
(2,135,000)	-	-	-	-	-
4,753,789	3,677,611	5,137,112	4,044,527	3,858,815	3,164,804
(4,753,789)	(3,574,023)	(5,079,946)	(3,984,053)	(3,758,815)	(3,056,704)
25,105	4,170	4,500	800	30,735	-
<u>\$ (1,409,895)</u>	<u>\$ 190,984</u>	<u>\$ 16,633,653</u>	<u>\$ 61,274</u>	<u>\$ 242,662</u>	<u>\$ 2,254,241</u>
<u>\$ (3,095,975)</u>	<u>\$ (1,433,075)</u>	<u>\$ 8,925,172</u>	<u>\$ (5,848,272)</u>	<u>\$ (1,060,441)</u>	<u>\$ (1,620,668)</u>
20.47%	20.38%	22.92%	24.01%	24.24%	27.52%

**City of Waverly, Iowa**  
**Assessed and Taxable Value of Taxable Property <sup>1</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property		Utilities <sup>3</sup>		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value <sup>2</sup>	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2009	\$ 575,400,233	\$ 324,797,829	\$ 7,911,996	\$ 5,527,775	\$ 583,312,229	\$ 330,325,604	14.781	56.63%
2010	586,382,560	336,384,219	8,780,101	5,527,775	595,162,661	341,911,994	14.340	57.45%
2011	591,931,845	345,447,343	9,051,046	5,764,139	600,982,891	351,211,482	14.504	58.44%
2012	600,246,807	359,088,087	9,218,277	5,874,314	609,465,084	364,962,401	14.604	59.88%
2013	621,511,271	382,279,300	9,330,400	6,096,518	630,841,671	388,375,818	14.254	61.56%
2014	630,243,149	410,744,591	9,122,016	5,939,377	639,365,165	416,683,968	14.247	65.17%
2015	602,476,470	422,655,243	7,091,567	5,850,431	609,568,037	428,505,674	14.149	70.30%
2016	605,883,951	363,660,524	6,689,149	5,365,197	612,573,100	369,025,721	14.048	60.24%
2017	645,945,496	382,489,321	6,611,615	4,827,675	652,557,111	387,316,996	14.027	59.35%
2018	\$ 681,955,724	\$ 420,026,282	\$ 4,661,743	\$ 2,858,190	\$ 686,617,467	\$ 422,884,472	14.179	61.59%

Source: Bremer County, Iowa; County Auditor

Notes: The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For FY 2018 this percentage is 55.9391% for Residential

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

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

<sup>3</sup> Utilities includes Railroads, Utilities, and Gas & Electric

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

Fiscal Year	City of Waverly				Overlapping Rates				Total Direct and Overlapping
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	
2009	\$ 8.564	\$ 3.601	\$ 2.616	\$ 14.781	\$ 12.375	\$ 7.098	\$ 1.001	\$ 20.474	\$ 35.255
2010	8.573	3.321	2.446	14.340	12.242	6.630	0.932	19.804	34.144
2011	8.579	3.553	2.371	14.504	13.691	6.114	0.997	20.802	35.306
2012	8.583	3.734	2.286	14.604	14.451	5.698	0.961	21.110	35.714
2013	8.564	3.657	2.033	14.254	14.058	5.616	0.961	20.635	34.889
2014	8.544	3.777	1.927	14.247	15.816	5.609	0.952	22.377	36.624
2015	8.478	3.401	2.271	14.149	15.782	5.881	0.951	22.614	36.763
2016	8.494	3.187	2.367	14.048	15.783	5.847	0.951	22.581	36.629
2017	8.440	3.181	2.406	14.027	15.184	5.703	0.951	21.838	35.865
2018	\$ 8.449	\$ 3.000	\$ 2.730	\$ 14.179	\$ 12.722	\$ 5.059	\$ 0.971	\$ 18.752	\$ 32.931

Source: Bremer County Iowa: County Auditor

**City of Waverly, Iowa**  
**Principal Taxpayers and Their Assessed Valuations**  
**June 30, 2018**

Taxpayer	2018			2009		
	Total Assessed Value	Rank	Percentage of Total Assessed Value	Total Assessed Value	Rank	Percentage of Total Assessed Value
CUNA Mutual Life Insurance	\$ 9,947,140	1	1.44%	\$ 9,070,930	1	1.56%
Wal-Mart	9,194,710	2	1.34%	7,613,500	2	1.31%
Birdworks LLC	6,816,100	3	0.99%	6,788,040	4	1.16%
Schneider Milling Inc	5,524,451	4	0.80%	-	-	0.00%
First National Bank - Waverly	4,384,060	5	0.64%	4,295,700	5	0.74%
General Machine & Tool Co	4,381,900	6	0.64%	3,324,150	7	0.57%
Nestle Beverage Company	4,360,420	7	0.64%	7,319,110	3	1.25%
Graening-Knights II LC	3,953,570	8	0.58%	-	-	0.00%
Waverly Hotel Group LLC	3,617,720	9	0.53%	-	-	0.00%
Village Square Plaza	3,500,000	10	0.51%	2,806,460	9	0.48%
Terex USA	-	-	0.00%	3,080,190	6	0.53%
MDM Partnership	-	-	0.00%	3,093,620	8	0.53%
State Bank & Trust Co	-	-	0.00%	2,562,160	10	0.44%
Total Principal Taxpayers	<u>55,680,071</u>		<u>8.11%</u>	<u>49,953,860</u>		<u>8.57%</u>
All Other Taxpayers	<u>630,937,396</u>		<u>91.89%</u>	<u>533,358,369</u>		<u>91.43%</u>
Total Assessed Valuation	<u>\$686,617,467</u>		<u>100.00%</u>	<u>\$ 583,312,229</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections (2)</b>	<b>Percent of Levy Collected</b>	<b>Collections in Subsequent Years (2)</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2009	\$ 4,307,395	\$ 4,319,975	100.29%	N/A	\$ 4,319,975	100.29%
2010	4,290,422	4,301,445	100.26%	N/A	4,301,445	100.26%
2011	4,460,591	4,469,070	100.19%	N/A	4,469,070	100.19%
2012	4,657,939	4,667,731	100.21%	N/A	4,667,731	100.21%
2013	4,780,652	4,830,133	101.04%	N/A	4,830,133	101.04%
2014	4,952,345	5,007,343	101.11%	N/A	5,007,343	101.11%
2015	5,329,955	5,362,269	100.61%	N/A	5,362,269	100.61%
2016	5,264,349	5,257,108	99.86%	N/A	5,257,108	99.86%
2017	5,529,788	5,748,010	103.95%	N/A	5,748,010	103.95%
2018	\$ 6,061,652	\$ 6,088,658	100.45%	N/A	\$ 6,088,658	100.45%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

<sup>1</sup> GAAP Basis

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

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Note Payable			
2009	\$ 11,583,018	\$ 182,156	\$ 1,363,792	\$ 1,223,214	\$ -	\$ 14,352,180	6.95%	\$ 1,600
2010	10,060,689	157,159	1,097,316	921,896	-	12,237,060	5.40%	1,365
2011	10,966,575	184,900	877,095	906,156	-	12,934,726	5.31%	1,310
2012	13,229,978	46,268	648,238	294,260	-	14,218,744	5.84%	1,440
2013	10,060,213	22,193	3,219,546	175,000	-	13,476,952	5.53%	1,334
2014	8,160,133	66,206	2,785,672	45,000	207,655	11,264,666	4.30%	1,115
2015	22,445,768	193,602	2,396,089	3,800,331	157,655	28,993,445	10.73%	2,869
2016	20,145,924	145,490	2,014,486	3,482,780	372,711	26,161,391	8.68%	2,589
2017	17,871,080	207,281	1,639,050	3,130,265	221,529	23,069,205	9.47%	2,286
2018	\$ 17,239,411	\$ 39,002	\$ 1,245,174	\$ 2,797,587	\$ 149,806	\$ 21,470,980	7.47%	\$ 2,120

Notes:

- 1 Population data used was the estimated census from the year 2017 of 10,126.
- 2 See the Schedule of Demographic and Economic Statistics on page 109 for personal income data.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual <sup>1</sup> Taxable Value of Property</b>	<b>Per Capita <sup>2</sup></b>
2009	\$ 12,946,810	\$ 91,817	\$ 12,854,993	3.89%	\$ 1,433
2010	11,158,005	101,396	11,056,609	3.23%	1,233
2011	11,843,670	72,430	11,771,240	3.35%	1,192
2012	13,878,216	2,168,236	11,709,980	3.21%	1,186
2013	13,279,759	467,780	12,811,979	3.30%	1,277
2014	10,945,805	86,345	10,859,460	2.61%	1,078
2015	24,841,857	87,198	24,754,659	5.78%	2,450
2016	22,160,410	-	22,160,410	6.01%	2,193
2017	19,510,130	9,413	19,500,717	5.03%	1,932
2018	\$ 18,484,585	\$ 128,265	\$ 18,356,320	4.74%	\$ 1,813

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

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

<sup>2</sup> Population data used was the estimated census from the year 2018 of 10,126.

**City of Waverly, Iowa**  
**Computation of Direct and Overlapping Debt<sup>3</sup>**  
**June 30, 2018**

Name of Governmental Unit	GO Debt Outstanding	Percentage <sup>4</sup> Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 18,484,585	100%	\$ 18,484,585
Overlapping:			
Bremer County <sup>1</sup>	1,805,000	18%	324,900
Waverly-Shell Rock School District <sup>2</sup>	<u>12,613,000</u>	44%	<u>5,549,720</u>
Total Overlapping Debt	<u>14,418,000</u>		<u>5,874,620</u>
Total Direct and Overlapping Debt	<u>\$ 32,902,585</u>		<u>\$ 24,359,205</u>

Sources:

<sup>1</sup> Finance Dept, Bremer County, Iowa

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

Notes:

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

<sup>4</sup> 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 29,165,611	\$ 29,758,133	\$ 30,049,145	\$ 30,473,254
Total Net Debt Applicable to Limit	<u>13,120,339</u>	<u>11,300,763</u>	<u>11,977,470</u>	<u>11,802,800</u>
Legal Debt Margin	\$ 16,045,272	\$ 18,457,370	\$ 18,071,675	\$ 18,670,454
Total Net Debt Applicable to the Limit as a percentage of debt limit	44.99%	37.98%	39.86%	38.73%

**Legal Debt Margin Calculation for Fiscal Year 2018**

<u>Assessed Value</u>		
Real and Personal Property Within the City		<u>\$ 736,219,159</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION		36,810,958
<u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable	21,470,980	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,505,000	
Sewer Revenue Bonds Premium	57,587	
Water Revenue Bonds	1,235,000	
Solid Waste Notes	149,806	
Golf Course Notes	39,002	
Amount Available for Repayment of General Obligation Debt	128,265	
Add:		
Urban Renewal Development Agreements	<u>846,185</u>	
Debt Applicable to Debt Limit		<u>19,202,505</u>
Legal Debt Margin		<u><u>\$ 17,608,453</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 31,542,084	\$ 31,968,258	\$ 32,971,505	\$ 33,601,567	\$ 35,847,307	\$ 36,810,958
<u>12,759,413</u>	<u>10,793,655</u>	<u>23,955,208</u>	<u>21,435,000</u>	<u>19,789,924</u>	<u>19,202,505</u>
\$ 18,782,671	\$ 21,174,603	\$ 9,016,297	\$ 12,166,567	\$ 16,057,383	\$ 17,608,453
40.45%	33.76%	72.65%	63.79%	55.21%	52.17%

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

<b>Fiscal Year</b>	<b>Net Operating Revenue</b>	<b>Direct Operating Expense</b>	<b>Depreciation &amp; Amortization Included in Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Payments On Principal</b>
2009	\$ 1,030,087	\$ 959,049	\$ 260,422	\$ 71,038	\$ 257,750
2010	1,092,557	999,372	268,853	93,185	272,619
2011	1,086,039	948,144	263,983	137,895	271,364
2012	1,169,370	1,015,071	263,293	154,299	280,000
2013	1,195,417	1,197,792	283,418	(2,375)	260,862
2014	1,228,012	1,326,703	305,013	(98,691)	262,931
2015	1,236,098	1,076,601	306,766	159,497	357,931
2016	1,246,479	1,071,839	306,376	174,640	370,000
2017	1,308,725	1,179,598	340,505	129,127	375,000
2018	\$ 1,335,896	\$ 1,171,119	\$ 328,522	\$ 164,777	\$ 377,069

Notes

<sup>1</sup> GAAP Basis

<u>Payments For Interest</u>	<u>Total Debt Service Payments</u>	<u>Coverage</u>	<u>Net Revenue Available For Debt Service Plus Depreciation</u>	<u>Coverage Without Depreciation</u>
\$ 56,521	\$ 314,271	0.23	\$ 331,460	1.05
47,407	320,026	0.29	362,038	1.13
39,274	310,638	0.44	401,878	1.29
30,832	310,832	0.50	417,592	1.34
41,429	302,291	(0.01)	281,043	0.93
30,882	293,813	(0.34)	206,322	0.70
51,721	409,652	0.39	466,263	1.14
53,761	423,761	0.41	481,016	1.14
47,337	422,337	0.31	469,632	1.11
\$ 41,721	\$ 418,790	0.39	\$ 493,299	1.18

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

<b>Fiscal Year</b>	<b>Net Operating Revenue</b>	<b>Direct Operating Expense</b>	<b>Depreciation &amp; Amortization Included in Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Payments On Principal</b>	<b>Payments For Interest</b>
2009	\$ 1,397,455	\$ 1,317,802	\$ 448,663	\$ 79,653	\$ 295,000	\$ 53,828
2010	1,451,773	1,406,774	471,271	44,999	300,000	42,777
2011	1,412,172	1,394,145	481,193	18,027	260,000	31,862
2012	1,562,986	1,369,322	452,542	193,664	275,000	21,774
2013	1,573,000	1,756,675	489,997	(183,675)	294,138	37,236
2014	1,640,186	1,676,045	523,946	(35,859)	297,069	24,802
2015	1,643,939	1,470,986	524,675	172,953	212,069	44,238
2016	1,792,574	1,623,141	526,562	169,433	325,000	80,548
2017	1,666,757	1,726,341	567,804	(59,584)	335,000	68,622
2018	\$ 1,695,866	\$ 1,645,111	\$ 515,526	\$ 50,755	\$ 337,931	\$ 63,896

Notes

<sup>1</sup> GAAP Basis

<b>Total Debt Service Payments</b>	<b>Coverage</b>	<b>Net Revenue Available For Debt Service Plus Depreciation</b>	<b>Coverage Without Depreciation</b>
\$ 348,828	0.23	\$ 528,316	1.51
342,777	0.13	516,270	1.51
291,862	0.06	499,220	1.71
296,774	0.65	646,206	2.18
331,374	(0.55)	306,322	0.92
321,871	(0.11)	488,087	1.52
256,307	0.67	697,628	2.72
405,548	0.42	695,995	1.72
403,622	(0.15)	508,220	1.26
\$ 401,827	0.13	\$ 566,281	1.41

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income<sup>2</sup></u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2018	10,126 (3)	\$ 287,467,014	\$ 28,389 (4)	33.9 (5)	3,734 (6)	2,270 (7)	1.90% (8)

Sources: U.S. Census Bureau

Notes:

1. Accurate statistical figures are only available every ten years.
2. Computation of per capita personal income multiplied by population.
3. Population 2018 estimate from quickfacts.census.gov
4. Taken from quickfacts.census.gov
5. Estimate from census.gov
6. Estimate from census.gov
7. WSR school enrollment for 17-18
8. Waverly Economic Development

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

<b>Employer</b>	<b>2018</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
CUNA Mutual Life Insurance	550	1	4.04%
Wartburg College	500	2	3.68%
Waverly Health Center	484	3	3.56%
Waverly Shell Rock Schools	404	4	2.97%
GMT Corporation	276	5	2.03%
Bartels Lutheran Retirement Comm	239	6	1.76%
Walmart	225	7	1.65%
Nestle USA	210	8	1.54%
Bremer County	189	9	1.39%
Life Line Emergency Vehicles	178	10	1.31%
<b>Total Employees of Principal Employers</b>	<b>3,255</b>		<b>23.93%</b>
<b>Other Employees</b>	<b>10,345</b>		<b>76.07%</b>
<b>Adjusted Labor Force<sup>2</sup></b>	<b>13,600</b>		<b>100.00%</b>

Source:  
Waverly Economic Development

**Note:**

- <sup>1</sup> Comparative data is not currently available.
- <sup>2</sup> 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	11	11	14.5	13.5	13.5	13.5	13	13	13	15.5
Library	10	10	10.5	10.5	10.5	10.5	11	11	10	10.6
Public Safety										
Police										
Officers	16	16	16	16	16	16	16	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	1	1	8	8	8	8	8	8	9	9
Volunteers	36	36	29	29	29	29	29	29	28	28
Highways and Streets										
Public Works Admin/Engineering	4.75	4.75	4.75	6	6	6	6	6	6	6
Zoning/Economic	3	3	3	3	3	4	5	5	5	0
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	6.75
Sanitation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.7
Culture and Recreation	17	17	18	18	18	18	18	18	18	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.75	3.75
Sewer	6	6	5.5	5.5	5.5	5.5	3.5	3.5	5.75	5.75
	<u>126.75</u>	<u>126.75</u>	<u>131.25</u>	<u>131.5</u>	<u>131.5</u>	<u>132.5</u>	<u>131.5</u>	<u>131.5</u>	<u>133</u>	<u>131.05</u>

Source: City of Waverly Accounting Department

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

Function	Fiscal Year			
	2009	2010	2011	2012
<b>Police</b>				
Physical Arrests	556	490	456	324
Parking Violations	937	850	881	570
Traffic Violations	1,155	1,152	1,174	1,175
<b>Fire</b>				
Number of Calls Answered	127	120	118	110
<b>Highways and Streets</b>				
Street Maintenance (Blocks)	103	112	92	92
Street Reconstruction (Blocks)	9	-	22	-
<b>Building Permits</b>				
Number	402	414	455	432
Value	\$ 21,983,939	\$ 37,596,455	\$ 16,635,779	\$ 20,192,166
Permit Fees	\$ 103,873	\$ 35,259	\$ 89,506	\$ 94,305
<b>Sanitation</b>				
Solid Waste Collected (tons)	4,186	3,939	4,111	3,910
Recyclables Collected (pounds)	1,954,793	1,816,441	1,974,000	1,911,020
<b>Water</b>				
Water Pumped (in thousands of gallons)	367,679	356,739	327,325	329,465
Water Billed (in thousands of gallons)	257,857	242,962	273,135	259,173
Percent Accountable	70%	68%	83%	79%

Source: Annual reports from each department.

Fiscal Year						
2013	2014	2015	2016	2017	2018	
299	340	504	623	465	451	
599	728	528	548	579	602	
950	847	818	754	649	706	
111	76	112	106	110	123	
97	95	95	106	117	148	
36	10	10	6	-	36	
423	388	422	440	428	370	
\$ 19,816,016	\$ 15,692,981	\$ 35,672,014	\$ 27,773,351	\$ 23,430,006	\$ 21,702,076	
\$ 111,018	\$ 139,127	\$ 139,265	\$ 126,235	\$ 123,002	\$ 111,581	
3,653	3,910	3,995	4,239	4,464	3,075	
1,956,116	1,840,308	1,397,998	2,276,000	2,064,840	2,766,960	
328,942	327,477	375,445	352,702	356,489	358,615	
266,859	270,427	260,622	254,403	247,064	250,852	
81%	83%	69%	72%	69%	70%	

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

Function	Fiscal Year			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Patrol Units	8	8	8	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	4	4	4	4
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	67	67	67	67
State Highway (miles)	-	-	7	7
Culture and Recreation				
Parks Acreage	120	120	140	140
Parks	24	24	25	25
Miles of Recreational Trails	14	14	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	2	2	2	2
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemetery (acres)	47	47	47	47
Water				
Water Mains (miles)	68	68	73	73
Number of Service Connections	3,476	3,477	3,518	3,539
Daily Ave. Consumption in Gallons	1,012,819	977,367	909,236	932,625
Fire Hydrants	660	660	679	679
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	62	62	62	62
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,427	3,423	3,461	3,477
Daily Ave. Treatments in Gallons	1,174,000	1,076,884	1,370,000	942,167
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Source: Annual reports from each department.

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
	1	1	1	1	1	1
	8	8	8	8	8	8
	1	1	1	1	1	1
	4	4	4	4	4	4
	1	1	1	1	1	1
	67	67	67	67	69	69.6
	7	7	7	7	7	7
	140	140	140	146	175	175
	25	25	25	25	25	25
	15	15	15	15	15	15
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	1	1	1	1	1	1
	2	2	2	2	2	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
	73	74	71	74	76	74
	3,591	3,664	3,674	3,966	4,059	4,099
	996,948	1,059,384	1,028,616	966,307	976,682	976,583
	679	690	690	692	693	639
	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
	62	63	61	63	60	60
	1	1	1	1	1	1
	3,527	3,595	3,620	3,912	3,966	3,973
	1,240,333	1,202,904	1,102,000	1,020,000	1,588,904	1,154,000
	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000



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

Honorable Members of the City Council  
City of Waverly, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 14, 2019. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Utilities, as described in our report on the City of Waverly's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2018-001 and 2018-002 that we consider to be material weaknesses.

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **City of Waverly's Response to Findings**

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

## **Purpose of this Report**

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

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

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

  
Certified Public Accountants

Le Mars, Iowa  
January 14, 2019

**CITY OF WAVERLY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2018**

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**Part I: Summary of the Independent Auditors' Results**

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements**

**Instances of Non-Compliance:**

No matters were noted.

There were no prior year audit findings.

**Material Weakness:**

2018-001 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.

2018-002 Utility Accounts Receivable Adjustments

Condition and Criteria – An effective internal control system provides for internal controls related to the propriety of adjustments and write-offs related to the utility accounts receivable. Adjustments are made to the utility accounts receivable in the normal course of business whether due to billing errors or the account is deemed uncollectable. Adjustments made to the utility accounts receivable balance were not reviewed for appropriateness.

Effect – This condition could result in improper adjustments and write-offs to the utility accounts receivable balance.

Cause – Policies have not been established and procedures have not been implemented to review all adjustments.



**CITY OF WAVERLY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2018**

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**Part II: Findings Related to the Financial Statements (CONTINUED)**

Recommendation - The City should establish and implement written review procedures related to utility accounts receivable adjustments.

Views of Responsible Officials – As of July 1, 2018, the Waverly Utilities took over all billing and collection and the City no longer has the capability to adjust the utility accounts receivable, but the City understands utility billing and collection procedures need to be evaluated.

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

IV-A-18 - Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amounts budgeted in the General Government and enterprise function.

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

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

Conclusion – Response accepted.

IV-B-18 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-18 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-18 - Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-18 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-18 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-18 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

IV-H-18 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-I-18 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.