COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF WAVERLY, IOWA FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by the
Finance Department
Jack Bachhuber, Finance Director

CITY OF WAVERLY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013
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December 16, 2013

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, 2013. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to U.S. generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

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

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

PROFILE OF THE CITY OF WAVERLY

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

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

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

FINANCIAL INFORMATION

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

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

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

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

State laws require audits for cities such as Waverly to be conducted by the auditor of the state or by certified public accountants. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small town atmosphere while being only a 25 minute drive to a large metropolitan area. The last census showed Waverly's growth at 10.1% compared to the state's increase of 4.1%. The steady sale of building permits is a good sign for Waverly. The total value is comparable to last year, however; the number of new home permits increased from 25 to 35, with a valuation increase of over $2M. The FY 2013 was still a strong building year with numerous projects. General Machine and Tool, a diversified large contract manufacturer headquartered in Waverly, continued expansion efforts with a $.5M addition to the East Bremer Facility. A local dentistry purchased a vacant space at the Willow Lawn Mall and completed a $475,000 renovation. Some of the continued growth is due to the increase of students in the Waverly-Shell Rock Schools District. This year the district saw an increase of 107 students making the seventh consecutive year of increases. All these developments and factors will allow the City to continue receiving increased intergovernmental revenues.

The City benefits from a prosperous downtown retail area plus other shopping areas, both on the south and north side of the City. The retail economy is very important to Waverly and has gone through a period of expansion. This year the downtown benefited from the addition of several new shops and dining boutiques. This year the City

received a Multi-family Rental Unit Production Grant for $2.5M. The grant will create and enhance residential upper-floor housing in the downtown district. The project consists of six property owners and seven buildings, containing a total of 26 units.

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

The City of Waverly is a growing manufacturing, retailing, educational, and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 515, Waverly Health Center with 436 employees, Wartburg College with 500 employees, Nestle Beverage food products with 283 employees, Waverly Shell-Rock Schools with 381 employees, and GMT Corporation with 310 employees.

Collected sales tax and taxable sales is one method to determine positive economic growth. Taxable sales in Waverly showed a 3.02 percent increase compared to the 2011-2012 fiscal year, and the number of sales tax returns increased by 2.87 percent over the same time period. This is a substantial increase and is a positive business sign for the area. Projections for next year include the construction of several new businesses along the southern & eastern business highways, along with continued emphasis on promoting business development in the downtown area. In July 2003 the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, while controlling property taxes. This revenue will continue to pay for safety project debt, along with drainage and street improvements. The revenue stream has been consistent over the years with total receipts of $874,065 in FY 2013. The less than one percent decrease from the prior year could have been a timing difference between collection and distribution. Future projects for these funds include additional bond payments and various street improvements.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's July 2013 unemployment rate of 3.8% compares favorably to the State's rate of 5.3 % for the same period. The tax base for the City is showing favorable increases. At an average increase of 4.2% a year since 2009, growth of the City's taxable valuation has been excellent compared to other cities of similar size. Assessed valuations for the same period increased at a rate of 3.7%, but the state's residential rollback continues to affect the taxing ability of cities. Although the state rollback affected taxable valuation again this year, the percentage improved from the prior year. The FY 2013 residential rollback was 50.7518 percent compared to 48.5299 percent in FY 2012. Detail figures are provided in the statistical section.

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

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

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

The certificate of deposit annual interest rate averaged 0.0419% compared to 0.041% last year. The return of Iowa Public Agency Investment Trust averaged 0.010% compared to 0.015% last year. These are two major investment areas, and the decreased rate of return affected interest revenue by $12,208, compared to last year. A solid fund balance in major funds helped cover most of the reduction in revenue. At June 30, 2013 the city's investment position for all funds totaled $6,839,658 compared to $6,273,212 in 2012. The increase was due to the sale of bonds for various projects not yet completed, and the positive yearend balance in several funds.

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, 2012. 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 2013 annual financial report to GFOA for review to determine its eligibility for an award.

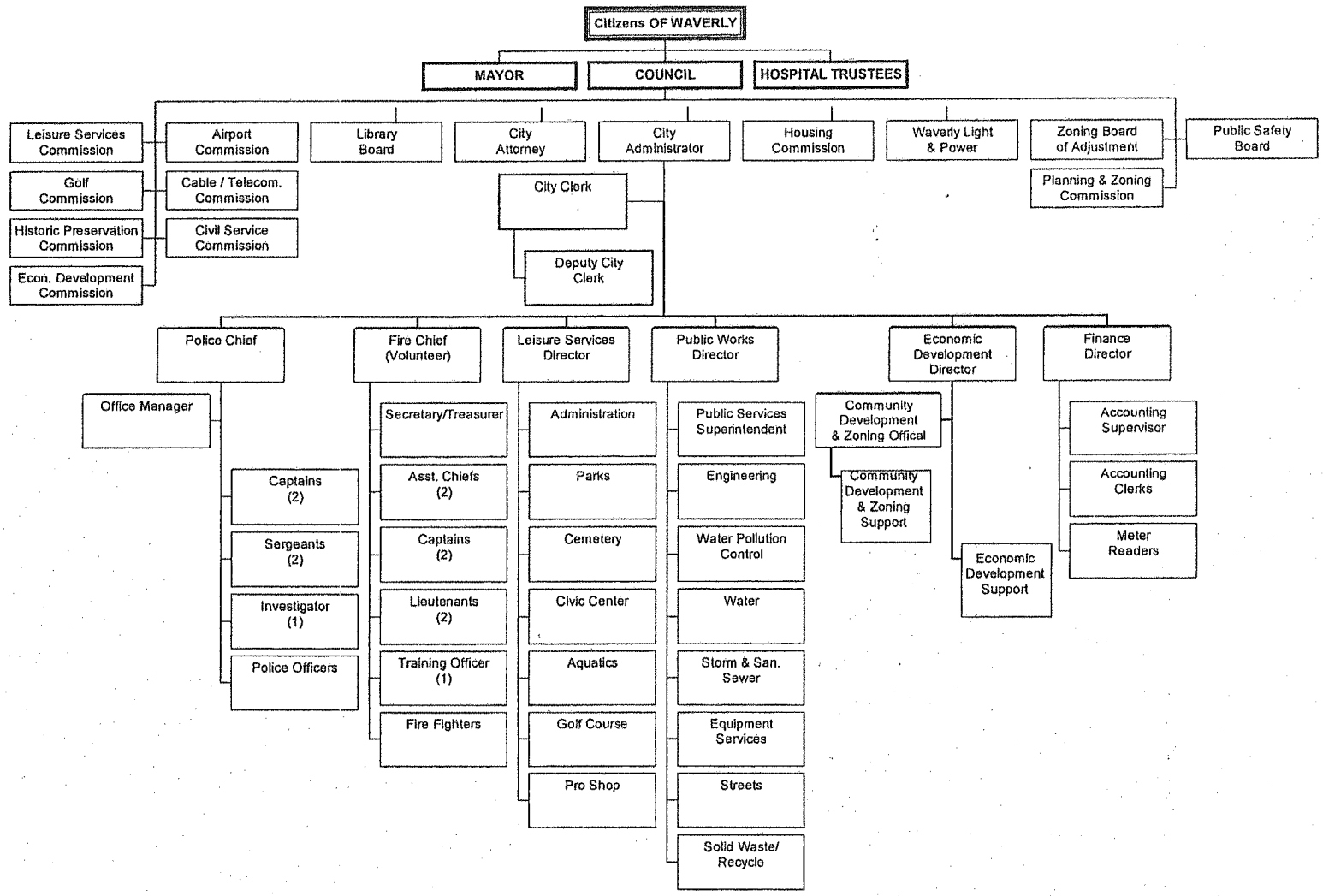
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in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

Respectfully submitted,

Phil Jones
City Administrator

Jack A. Bachhuber
Director of Finance

Organizational Flow Chart
The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

List of Principal Officials
June 30, 2013

ELECTED OFFICIALS

Mayor	Bob Brunkhorst
Council Member – Ward 1	Eugene Lieb
Council Member – Ward 2	Dan McKenzie
Council Member – Ward 3	Wes Gade
Council Member – Ward 4	Chris Neuendorf
Council Member – Ward 5	Tim Kangas
Council Member – At Large	Kathy Olson
Council Member – At Large	Gary Boorom

APPOINTED OFFICIALS

City Administrator/Clerk	Phil Jones
Deputy City Clerk	JoEllen Raap
Attorney	William D. Werger
Director of Finance	Jack Bachhuber
City Engineer/Director of Public Works	Michael Cherry
Police Chief	Richard Pursell
Leisure Services Director	Tabor Ray
Fire Chief	Dennis Happel
Library Director	Sarah Meyer-Reyerson
Economic Development Director	Brent Matthias
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, 2012

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, 2012. 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.

WILLIAMS & COMPANY P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Waverly Health Center and Waverly Light and Power (discretely presented component units), which statements reflect total assets of $39,088,531 and $51,314,030 as of June 30, 2013 and December 31, 2012, respectively, and total operating revenues of $47,331,504 and $17,296,715 for the years then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for Waverly Health Center and Waverly Light and Power, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As described in Note 18 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 12 through 22 and 65 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waverly's internal control over financial reporting and compliance.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 16, 2013

CITY OF WAVERLY, IOWA

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2013 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 of the City of Waverly exceeded liabilities at June 30, 2013, by $61,572,461. Of this amount, $4,870,330 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 $810,443 during the year. Of this amount the net position of our Governmental Activities increased by $990,098 and the net position of our Business-Type Activities decreased $179,655. The 2.1% increase of Governmental Activities is attributed to the purchase of additional homes from the flood of 2008. This was completed in FY 2013. The decrease in Business Activities was due to the auto meter reading project started in fiscal 2013.
- The City's long-term debt decreased approximately $850,000. The City issued $3,655,000 of general obligation bonds. Of that, $700,000 was used to purchase land and will be paid by property taxes, and $2,955,000 was used to complete Water and Sewer projects and will be paid by those Enterprise Funds. Despite these issues the City continues to pay off debt at a rate that keeps the debt limit well below the capacity of $31M. Outstanding general obligation debt totals $13,205,000, other notes payable total $22,193, and revenue bonds total $175,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was $1,590,215. This represents 24 percent of total general fund expenditures, which is an increase over last year but slightly below the city goal of maintaining a 25 percent fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waverly's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waverly's finances, in a manner similar to a private-sector business. The *statement of net 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, economic development, and culture and recreation. The business-type activities of the City include a water, sewer, and solid waste utility.

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

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

Reporting the City's Most Significant Funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 26-31 of this report.

Proprietary funds. The City of Waverly maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Solid Waste Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the partially self–funded insurance program.

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

The basic proprietary fund financial statements can be found on pages 32-38 of this report.

Reporting the City's Fiduciary Responsibilities

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-64 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, 2013 and 2012.

	General Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and Other Assets	$13,845,631	$17,054,364	$2,670,652	$ 1,802,213	$16,516,283	$18,856,577
Capital Assets	53,352,741	52,446,032	13,973,850	12,845,441	67,326,591	65,291,473
Total Assets	67,198,372	69,500,396	16,644,502	14,647,654	83,842,874	84,148,050
DEFERRED OUTFLOWS	51,056	65,315	12,677	17,502	63,733	82,817
LIABILITIES						
Other Liabilities	3,252,305	5,464,817	743,619	706,860	3,995,924	6,171,677
Noncurrent Liabilities	8,387,149	9,565,564	2,865,327	713,063	11,252,476	10,278,627
Total Liabilities	11,639,454	15,030,381	3,608,946	1,419,923	15,248,400	16,450,304
DEFERRED INFLOWS	7,085,746	6,774,040	-	-	7,085,746	6,774,040
NET POSITION						
Net Investment in Capital Assets	43,321,391	42,386,586	10,591,981	11,902,943	53,913,372	54,289,529
Restricted	2,699,291	2,369,707	89,468	89,088	2,788,759	2,458,795
Unrestricted	2,503,546	3,004,997	2,366,784	1,253,202	4,870,330	4,258,199
Total Net Position	$48,524,228	$47,761,290	$13,048,233	$ 13,245,233	$61,572,461	$61,006,523

This summary reflects an increase of 1.6 percent increase in the governmental net position and a 1.5 percent decrease in the business-type net position.

By far the largest portion of the City's net position (88%) 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, $2,788,759 (4.5%), represents resources that are subject to external restriction on how they may be used. Restricted net position include the amounts restricted for debt service of $543,099, cemetery perpetual care of $485,084, Tax Increment Financing allowable purposes of $407,831, Local Option Sales Tax allowable purposes of $720,182, Road Purposes of $575,192 and other specific revenue restrictions of $57,371. The remaining balance of unrestricted net position of $4,870,330 may be used to meet the government's ongoing obligations to citizens and creditors.

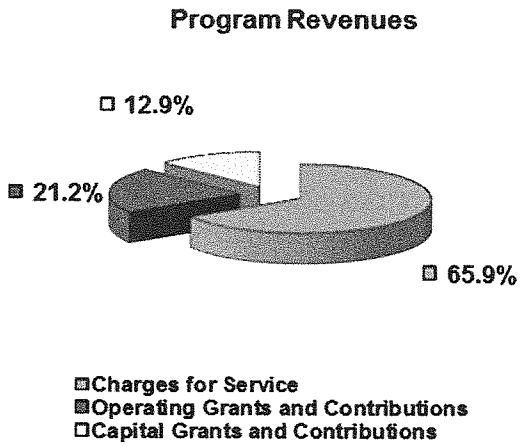
At the end of the current fiscal year, the City of Waverly is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Total revenue reported in Fiscal year 2013 was $15,434,495. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2013 and 2012.

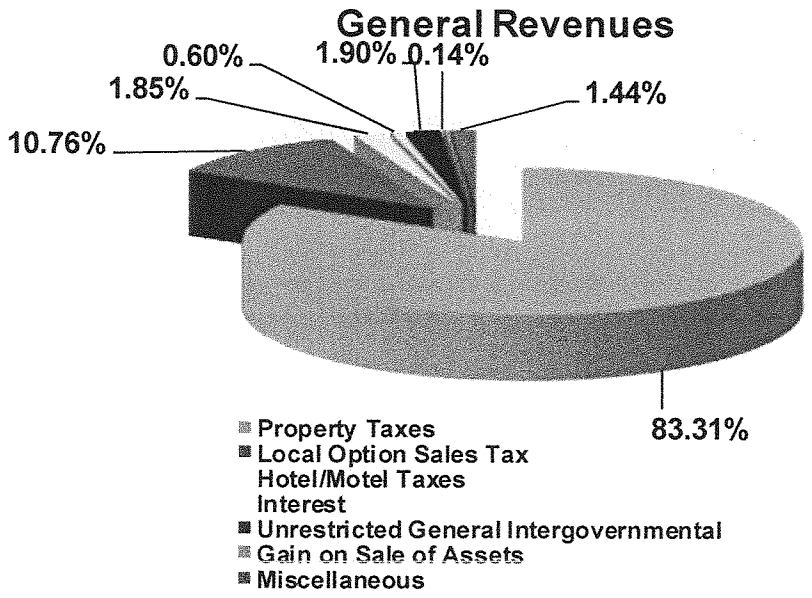
	General Governmental Activities		Business-Type Activities		Total	
Revenue Source	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for Services	$ 993,976	$ 998,805	$ 3,842,376	$ 3,808,594	$ 4,836,352	$ 4,807,399
Operating Grants and Contributions	1,556,417	1,594,594	-	-	1,556,417	1,594,594
Capital Grants and Contributions	945,531	3,862,415	-	12,293	945,531	3,874,708
Total Program Revenues	3,495,924	6,455,814	3,842,376	3,820,887	7,338,300	10,276,701
General Revenues:						
Property Taxes	6,745,028	6,318,501	-	-	6,745,028	6,318,501
Local Option Sales Tax	871,022	882,114	-	-	871,022	882,114
Hotel / Motel Taxes	150,172	153,154	-	-	150,172	153,154
Interest	43,479	31,481	5,031	4,855	48,510	36,336
Unrestricted General Intergovernmental Revenues	153,540	168,924	-	-	153,540	168,924
Gain on Sale of Property	11,186	21,192	-	-	11,186	21,192
Miscellaneous	40,697	98,233	76,040	73,076	116,737	171,309
Total General Revenues	8,015,124	7,673,599	81,071	77,931	8,096,195	7,751,530
Total Revenues	$ 11,511,048	$ 14,129,413	$ 3,923,447	$ 3,898,818	$ 15,434,495	$ 18,028,231

Program revenues totaled $7,338,300 for fiscal year 2013. Governmental Activities provided $3,495,924 and Business-Type Activities provided $3,842,376. Revenue collected for Charges for Services during fiscal year 2013 was $4,836,352 accounting for 65.9% of the total program revenues. This is an increase of .006% from last year due to an increase in utility revenue.

The City has continued to close out many of the 2008 Flood projects so capital grants this year showed a $2,929,177 decrease. Operating grants held steady for fiscal year 2013 as the city continues to develop projects to move the city forward. Property tax revenue was up in fiscal year 2013 due primarily to increased TIF and Employee Benefit tax receipts. Interest revenue increased over last year due to additional cash from the sale of bonds. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2013 totaled $8,096,195. Governmental Activities provided $8,015,124 and Business-Type Activities provided $81,071. Property Tax Revenues for fiscal year 2013 totaled $6,745,028, accounting for 83.31% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2013 totaled $14,624,052. Expenses for General Governmental Activities totaled $10,520,950 accounting for 71.9% of the total expenses. Business-Type Activity expenses totaled $4,103,102 for 28.1% of the total. The breakdown of expenses by activity and program are as follows:

Program Level	General Governmental Activities 2013	General Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Public Safety	$ 2,313,898	$ 2,176,921	$ -	$ -	$ 2,313,898	$ 2,176,921
Public Works	3,455,969	3,423,797	-	-	3,455,969	3,423,797
Health & Social Services	159,562	183,493	-	-	159,562	183,493
Culture and Recreation	2,308,768	2,364,603	-	-	2,308,768	2,364,603
Community and Economic Development	1,122,593	1,063,706	-	-	1,122,593	1,063,706
General Government	854,130	819,187	-	-	854,130	819,187
Debt Service	306,030	374,287	-	-	306,030	374,287
Water System	-	-	1,239,221	1,045,903	1,239,221	1,045,903
Sewer System	-	-	1,793,911	1,391,096	1,793,911	1,391,096
Solid Waste	-	-	1,069,970	1,056,793	1,069,970	1,056,793
Total Expenses	10,520,950	10,405,994	4,103,102	3,493,792	14,624,052	13,899,786
Change in Net Position	$ 990,098	$ 3,903,949	($ 179,655)	$ 224,496	$ 810,443	$ 4,128,445

For the most part, expenses closely paralleled inflation and the constant demand for services. Water and sewer business-type activities were up 16 and 29 percent due to additional contract services for the auto meter reading project. Other programs are in line with last year.

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

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

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent $2,313,898 and received $79,749 in charges for services and grants, leaving a cost to the taxpayer of $2,234,149 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general

revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The total cost of governmental activities this year was $10,520,950. Of these costs, $993,976 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were $2,501,948, leaving a net cost of $7,025,026 for Governmental Activities. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue 2013	2012
Governmental Activities:		
Public Safety	$ (2,234,149)	$ (2,031,652)
Public Works	(1,209,456)	1,650,904
Health & Social Services	(158,826)	(183,493)
Culture and Recreation	(1,455,096)	(1,453,029)
Community and Economic Development	(1,032,323)	(973,476)
General Government	(629,146)	(585,147)
Debt Service	(306,030)	(374,287)
Total Net (Expense) Revenue Governmental Activities	(7,025,026)	(3,950,180)
General Revenues	8,015,124	7,673,599
Change in Net Position before Transfers	990,098	3,723,419
Transfers	-	180,530
Change in Net Position	$ 990,098	$ 3,903,949

Total resources available during this year to finance governmental operations were $59,045,178, consisting of Net Position at July 1, 2012, as restated, of $47,534,130, Program Revenues of $3,495,924, and General Revenues of $8,015,124. Total Governmental Activities during the year expended $10,520,950 thus; Net Position was increased by $990,098, to $48,524,228.

Business-Type Activities

Business-Type Activities decreased the City's net position by $179,655, which was primarily due to expenses incurred with the auto meter reading project.

The cost of all Proprietary Activities this year was $4,103,102. As shown in the Statement of Activities, the amount paid by users of the systems was $3,842,376, resulting in a total Net Revenue decrease

for Business-Type Activities of $260,726. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue 2013	2012
Water System	($ 43,804)	$ 123,467
Sewer System	(220,911)	184,183
Solid Waste System	3,989	19,445
Total Net (Expense) Revenue Business-Type Activities	(260,726)	327,095
General Revenues & Interfund Transfers	81,071	(102,599)
Change in Net Position	($179,655)	$ 224,496

Total resources available during the year to finance Proprietary Fund activities were $17,151,335, consisting of Net Position at July 1, 2012, as restated, of $13,227,888; program Revenues of $3,842,376, General Revenues of $81,071, Total Proprietary Fund Activities during the year expended $4,103,102; thus Net Position was decreased by $179,655, to $13,048,233.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of $5,169,331. The combined Governmental Funds balance decreased $3,095,975, as a result of the completion of the bonds issued for the crossover advance refunding of the Series 2006 Local Option Sales and Service Tax bonds, and the purchase of a fire truck in the general fund.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded and revenue and other financing sources in the General Fund by $333,100. As noted, this was due to the use of restricted funds for the fire truck purchase. The total fund balance of $1,674,863 less the restricted amount is 25% of expenditures, which meets the goal set by the city council. The Employee Benefit fund saw very minimal changes during the year maintaining a fund balance consistent with recent years. The Debt Service fund decreased significantly due to the payment of $2,135,000 GO Local Option and Services Tax Refunding Bonds in a crossover advance refunding of the Series 2006 GO Local Option Sales Tax Bonds. The Tax Increment Financing Fund decreased due to additional TIF projects in 2013.

Budgetary Highlights

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

Expenditures	Amended Budget	Actual	Variance
Public Safety	$ 2,459,339	$ 2,385,590	$ 73,749
Public Works	2,635,376	1,620,682	1,014,694
Health & Social Services	165,000	159,562	5,438
Culture and Recreation	2,773,911	2,094,598	679,313
Community and Economic Development	486,103	1,113,418	(627,315)
General Government	873,757	785,250	88,507
Debt Service	5,900,000	3,123,745	2,776,255
Capital Projects	2,347,670	2,108,430	239,240
Business Type/Enterprise	3,563,697	6,135,028	(2,571,331)
Total Expenditures	$ 21,204,853	$ 19,526,303	$1,678,550

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

- The total original revenue budget of $20,865,478 was amended to $20,278,218 (a decrease of $587,245). This decrease was due to the timing of some grant revenue and bond sale.
- The City received over $1.59M from Federal and State emergency funds, for an EDA dam project, and for street projects.
- The total original expenditure budget of $20,302,096 was amended to $21,204,853 (an increase of $902,757).
- The above amendments to budgets were mainly related to the timing of capital projects and purchases, an increase in workers compensation insurance, and some unforeseen repairs. Total actual expenditures came in below budget projections by $1,678,550. The largest change came with the approval of a $2.9M bond sale for water and sewer projects. The City did very well this year controlling expenses based on original budget projections. The two programs, Community and Economic Development, and Business Type/Enterprise, exceeded amended budget amounts. A shift in expenses from Culture and Recreation to Community and Economic Development overage, and the bond sale and related projects affected the Business Type/Enterprise program.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2013 was $53,913,372 (net of accumulated depreciation and outstanding financings). This is a decrease of

$376,157 from fiscal 2012. The gross additions to capital assets for Fiscal 2013 and 2012 are as follows:

	General Governmental Activities		Business Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	$ 1,068,825	$ 1,031,607	$ 9,580	$ 88,952	$ 1,078,405	$ 1,120,559
Construction in Progress	1,192,022	4,465,744	1,891,407	503,900	3,083,429	4,969,644
Buildings and Improvements	-	-	-	-	-	-
Equipment	802,316	694,186	83,106	158,526	885,422	852,712
Infrastructure	953,158	3,885,694	2,395,308	-	3,348,466	3,885,694
	$ 4,016,321	$10,077,231	$4,379,401	$751,378	$ 8,395,722	$10,828,609

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, 2013 the City had $13,402,193 of debt outstanding. Even though the City sold $3.655 M of new bonds, the total outstanding debt decreased by $854,075. This was as a result of the payoff of the a crossover advance refunding of the Series 2006 GO Local Option Sales Tax Bonds and the rapid payoff of existing debt. This shows Waverly's commitment to pay down and control overall debt.

Debt administration is an important aspect of the City's financial obligation to its citizens. Any new debt is amortized over no more than ten years. At the end of the fiscal year the City's schedule showed that 89% of the existing general obligation debt would be paid off in five years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has aided in the City maintaining an Aa2 rating from Moody's.

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to $31,542,084 at the end of the 2013 fiscal year. With outstanding General Obligation Debt applicable to this limit of $12,759,413 the City is at 40% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Waverly continues to report above average residential and commercial building projects. In FY 2013 the City had 35 new single family house permits which is ten more than last year. New commercial building permits have averaged between six and eight a year over the past five years. Property tax is a major source of revenue and Waverly is fortunate it has seen small, but consistent increases in assessed and taxable valuation.

This steady growth has allowed the City to maintain its high level of service. The City has approved a balanced budget in General Fund for two years, but has actually increased the balance the previous two years. The unassigned General Fund Balance continues to remain solid at 24% of expenditures, which is slightly below the percentage set by city council of 25%.

Requests for Information

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

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Light and Power
ASSETS					
Cash and Cash Equivalents	$ 4,364,905	$ 1,353,351	$ 5,718,256	$ 7,400,983	$ 12,425,123
Investments	787,073	429,577	1,216,650	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	57,318	313,901	371,219	8,388,435	2,243,705
Taxes	28,550	-	28,550	-	-
Subsequent Year Taxes	7,085,746	-	7,085,746	-	-
Accrued Interest	144	372	516	13,347	-
Other	-	-	-	202,543	-
Estimated Unbilled Usage	-	110,581	110,581	-	-
Special Assessments	9,944	65,464	75,408	-	-
Due from Other Governmental Agencies	1,231,895	-	1,231,895	-	-
Inventories	58,623	213,247	271,870	1,434,268	1,495,078
Prepaid Assets	191,212	94,159	285,371	317,817	91,582
Other	-	-	-	271,034	1,917,491
Restricted Assets:					
Cash and Cash Equivalents	-	90,000	90,000	1,027,877	600,841
Investments	-	-	-	-	95,322
Bond Issue Costs	-	-	-	-	42,054
Investment in Joint Venture	30,221	-	30,221	-	-
Land	11,800,548	117,723	11,918,271	2,206,302	357,124
Construction in Progress	7,129,639	-	7,129,639	351,037	18,167
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	34,422,554	13,856,127	48,278,681	17,474,888	32,027,543
Total Assets	67,198,372	16,644,502	83,842,874	39,088,531	51,314,030
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	51,056	12,677	63,733	298,264	-
Total Deferred Outflows of Resources	51,056	12,677	63,733	298,264	-
LIABILITIES					
Accounts Payable	1,001,015	61,048	1,062,063	1,637,487	568,140
Accrued Wages	85,045	17,150	102,195	1,838,208	1,693,090
Other Accrued Expenses	-	-	-	487,057	167,678
Customer Deposits	-	32,239	32,239	-	-
Accrued Claims	26,505	-	26,505	-	-
Unearned Revenue	-	22,300	22,300	-	-
Accrued Interest Payable	19,121	4,179	23,300	12,063	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	532	532	-	1,784
Revenue Bonds - Current	-	10,833	10,833	1,570,000	658,421
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	119,167	119,167	-	-
General Obligation Bonds	1,895,000	430,000	2,325,000	-	-
Notes Payable	22,193	-	22,193	131,307	145,000
Compensated Absences and Benefits	203,426	46,171	249,597	-	-
Due in more than one year:					
Revenue Bonds Payable	-	45,000	45,000	6,690,000	2,635,790
General Obligation Bonds	8,165,213	2,789,546	10,954,759	-	-
Notes Payable	-	-	-	154,388	1,055,000
OPEB Liabilty	86,319	-	86,319	-	-
Compensated Absences and Benefits	135,617	30,781	166,398	-	-
Total Liabilities	11,639,454	3,608,946	15,248,400	12,520,510	6,924,903
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Subsequent Year Taxes	7,085,746	-	7,085,746	-	-
Total Deferred Outflows of Resources	7,085,746	-	7,085,746	-	-
NET POSITION					
Net Investment in Capital Assets	43,321,391	10,591,981	53,913,372	11,784,796	29,498,133
Restricted for:					
Debt Service	453,631	89,468	543,099	1,027,877	304,869
Tax Increment Financing	407,831	-	407,831	-	-
Employee Benefits	40,642	-	40,642	-	-
Road Purposes	575,192	-	575,192	-	-
Local Option Sales Tax	720,182	-	720,182	-	-
Cable TV	16,729	-	16,729	-	-
Endowments:					
Nonexpendable	485,084	-	485,084	-	-
Unrestricted	2,503,546	2,366,784	4,870,330	14,053,612	14,586,125
Total Net Position	$ 48,524,228	$ 13,048,233	$ 61,572,461	$ 26,866,285	$ 44,389,127

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	$ 2,313,898	$ 60,096	$ 19,653	$ -
Public Works	3,455,969	82,504	1,255,978	908,031
Health and Social Services	159,562	-	736	-
Culture and Recreation	2,308,768	614,045	202,127	37,500
Community and Economic Development	1,122,593	12,347	77,923	-
General Government	854,130	224,984	-	-
Debt Service	306,030	-	-	-
Total governmental activities	10,520,950	993,976	1,556,417	945,531
Business-Type Activities:				
Water System	1,239,221	1,195,417	-	-
Sewer System	1,793,911	1,573,000	-	-
Solid Waste System	1,069,970	1,073,959	-	-
Total Business-Type Activities:	4,103,102	3,842,376	-	-
Total Primary Government	$ 14,624,052	$ 4,836,352	$ 1,556,417	$ 945,531
Component Unit:				
Waverly Health Center	$ 47,759,923	$ 47,331,504	$ 97,426	$ -
Waverly Light and Power	$ 16,184,831	$ 17,296,715	$ 150,238	$ -

General Revenues:
- Property Taxes
- Local Option Sales Tax
- Hotel/Motel Taxes
- Interest
- Unrestricted General Intergovernmental Revenues
- Gain on Sale of Property
- Miscellaneous
  - Total general revenues and transfers
  - Change in net position

Net Position - beginning

Prior Period Adjustment

Net Position - beginning, as restated

Net Position - ending

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position				
			Component Unit	
Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Light and Power
$ (2,234,149)		$ (2,234,149)		
(1,209,456)		(1,209,456)		
(158,826)		(158,826)		
(1,455,096)		(1,455,096)		
(1,032,323)		(1,032,323)		
(629,146)		(629,146)		
(306,030)		(306,030)		
(7,025,026)		(7,025,026)		
	$ (43,804)	(43,804)		
	(220,911)	(220,911)		
	3,989	3,989		
	(260,726)	(260,726)		
(7,025,026)	(260,726)	(7,285,752)		
			$ (330,993)	
				$ 1,262,122
6,745,028	-	6,745,028	-	-
871,022	-	871,022	-	-
150,172	-	150,172	-	-
43,479	5,031	48,510	126,770	92,221
153,540	-	153,540	-	-
11,186	-	11,186	-	16,893
40,697	76,040	116,737	-	25,995
8,015,124	81,071	8,096,195	126,770	135,109
990,098	(179,655)	810,443	(204,223)	1,397,231
47,761,290	13,245,233	61,006,523	27,070,508	42,991,896
(227,160)	(17,345)	(244,505)	-	-
47,534,130	13,227,888	60,762,018	27,070,508	42,991,896
$ 48,524,228	$ 13,048,233	$ 61,572,461	$ 26,866,285	$ 44,389,127

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2013

		Special Revenue	
	General	Tax Increment Financing	Employee Benefit
Assets			
Cash and Cash Equivalents	$ 372,879	$ 295,628	$ 40,692
Investments	787,073	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	42,883	-	-
Taxes	7,577	14,263	3,216
Subsequent Year Taxes	2,914,774	1,773,159	1,285,420
Accrued Interest	144	-	-
Special Assessments	-	-	-
Due from Other Funds	1,111,697	-	-
Due from Other Governmental Agencies	80,404	-	-
Inventories	58,623	-	-
Total Assets	5,376,054	2,083,050	1,329,328
Liabilities			
Accounts Payable	709,605	-	3,266
Accrued Wages	76,812	-	-
Due to Other Funds	-	-	-
Total Liabilities	786,417	-	3,266
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	2,914,774	1,773,159	1,285,420
Unavailable Revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	2,914,774	1,773,159	1,285,420
Fund Balances (Deficits)			
Nonspendable:			
Inventory	58,623	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	309,891	-
Employee Benefits	-	-	40,642
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	24,888	-	-
Municipal Band	1,137	-	-
Capital Improvement	-	-	-
Unassigned	1,590,215	-	-
Total Fund Balances (Deficits)	1,674,863	309,891	40,642
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 5,376,054	$ 2,083,050	$ 1,329,328

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
$ 460,015	$ 2,912,630	$ 4,081,844
-	-	787,073
-	14,435	57,318
2,793	701	28,550
798,257	314,136	7,085,746
-	-	144
9,944	-	9,944
-	-	1,111,697
-	1,151,491	1,231,895
-	-	58,623
1,271,009	4,393,393	14,452,834
-	283,172	996,043
-	8,233	85,045
-	1,111,697	1,111,697
-	1,403,102	2,192,785
798,257	314,136	7,085,746
4,972	-	4,972
803,229	314,136	7,090,718
-	-	58,623
-	485,084	485,084
467,780	-	467,780
-	97,940	407,831
-	-	40,642
-	575,192	575,192
-	720,182	720,182
-	16,729	16,729
-	-	24,888
-	-	1,137
-	1,529,851	1,529,851
-	(748,823)	841,392
467,780	2,676,155	5,169,331
$ 1,271,009	$ 4,393,393	$ 14,452,834

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, 2013

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

Total Fund Balance - Governmental Funds (page 27)		$ 5,169,331
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		53,352,741
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		30,221
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position.		165,265
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		4,972
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		191,212
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(19,121)
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.		51,056
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(10,060,213)	
Notes Payable	(22,193)	
Compensated Absences	(339,043)	(10,421,449)
Total Net Position - Governmental Activities (page 23)		$ 48,524,228

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2013

		Special Revenue	
	General	Tax Increment Financing	Employee Benefit
Revenue:			
Taxes	$ 2,970,423	$ 1,607,062	$ 1,201,415
Special Assessments	-	-	-
Licenses and Permits	51,741	-	-
Intergovernmental Revenue	715,682	-	-
Charges for Services	747,169	-	-
Fines and Forfeits	70,244	-	-
Contributions	37,148	-	-
Refunds/Reimbursements	-	-	-
Revenue from Use of Property	60,867	-	-
Interest on Investments	22,864	7,926	-
Miscellaneous	33,324	-	-
Total Revenue	4,709,462	1,614,988	1,201,415
Expenditures:			
Public Safety	2,141,233	-	232,270
Public Works	589,505	-	-
Health and Social Services	159,562	-	-
Culture and Recreation	2,052,913	-	26,013
Community and Economic Development	875,370	166,435	-
General Government	795,178	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	6,613,761	166,435	258,283
Excess (deficiency) of revenues over expenditures	(1,904,299)	1,448,553	943,132
Other financing sources (uses):			
Issuance of Debt	-	-	-
Payment on Refunded Bonds	-	-	-
Proceeds from Sale of Capital Assets	13,600	-	-
Transfers In	1,705,998	-	-
Transfers Out	(148,399)	(1,806,961)	(933,998)
Total other financing sources (uses)	1,571,199	(1,806,961)	(933,998)
Net Change in Fund Balance	(333,100)	(358,408)	9,134
Fund balances (deficits) - beginning of year	2,007,963	668,299	31,508
Fund balances (deficits) - end of year	$ 1,674,863	$ 309,891	$ 40,642

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
$ 808,001	$ 1,179,321	$ 7,766,222
6,215	-	6,215
-	25,741	77,482
-	1,876,538	2,592,220
-	28,134	775,303
-	-	70,244
-	6,276	43,424
-	21,505	21,505
-	10,080	70,947
5,778	5,612	42,180
288	7,085	40,697
820,282	3,160,292	11,506,439
-	16,804	2,390,307
-	1,006,510	1,596,015
-	-	159,562
-	25,976	2,104,902
-	73,750	1,115,555
-	-	795,178
-	2,930,055	2,930,055
2,100,945	-	2,100,945
2,100,945	4,053,095	13,192,519
(1,280,663)	(892,803)	(1,686,080)
-	700,000	700,000
(2,135,000)	-	(2,135,000)
-	11,505	25,105
1,715,207	1,332,584	4,753,789
-	(1,864,431)	(4,753,789)
(419,793)	179,658	(1,409,895)
(1,700,456)	(713,145)	(3,095,975)
2,168,236	3,389,300	8,265,306
$ 467,780	$ 2,676,155	$ 5,169,331

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds (page 30)		$(3,095,975)
Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 3,074,283	
Depreciation expense	(2,153,655)	920,628
Loss on investment in joint venture not recorded at the fund level.		(12,839)
Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.		(13,919)
The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.		17,319
Governmental funds report special assessments and notes receivable as revenue when it becomes available, but the statement of activities includes as revenue when levied.		(7,876)
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.		9,094
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.		(47,235)
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.		(23,995)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount by which proceeds exceeded repayments in the current year is as follows:		
Repayments of long-term debt	3,954,075	
Proceeds from issuance of long-term debt	(700,000)	3,254,075
The effect of premiums, discounts, and deferred charges on refudings when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		(9,179)
Change in net position of governmental activities (page 25)		$ 990,098

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2013

	Business Type Activities				Governmental Activities
	Water System	Sewer System	Solid Waste	Total	Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 281,888	$ 981,921	$ 89,542	$ 1,353,351	$ 283,061
Investments	429,577	-	-	429,577	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	105,290	125,015	83,596	313,901	-
Accrued Interest	-	372	-	372	-
Estimated Unbilled Usage	39,992	70,589	-	110,581	-
Special Assessments	-	65,464	-	65,464	-
Inventories	152,066	61,181	-	213,247	-
Prepaid Assets	20,330	25,192	48,637	94,159	-
Restricted Assets:					
Cash and Cash Equivalents	-	90,000	-	90,000	-
Total Current Assets	1,029,143	1,419,734	221,775	2,670,652	283,061
Noncurrent Assets:					
Land	-	117,723	-	117,723	-
Construction in Progress	-	-	-	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	4,900,379	8,476,571	479,177	13,856,127	-
Total Noncurrent Assets	4,900,379	8,594,294	479,177	13,973,850	-
Total Assets	5,929,522	10,014,028	700,952	16,644,502	283,061
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	5,619	7,058	-	12,677	-
Total Deferred Outflows of Resources	5,619	7,058	-	12,677	-
LIABILITIES					
Current Liabilities					
Accounts Payable	21,884	18,964	20,200	61,048	4,972
Accrued Wages	4,288	5,114	7,748	17,150	-
Compensated Absences and Benefits	10,013	19,173	16,985	46,171	-
Customer Deposits	32,239	-	-	32,239	-
Unearned Revenue	-	-	22,300	22,300	-
Accrued Interest Payable	2,461	1,718	-	4,179	-
Accrued Claims	-	-	-	-	26,505
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	532	-	532	-
Revenue Bonds - Current	-	10,833	-	10,833	-
Revenue Bonds	-	119,167	-	119,167	-
General Obligation Bonds	262,931	167,069	-	430,000	-
Total Current Liabilities	333,816	342,570	67,233	743,619	31,477
Noncurrent Liabilities:					
Due in more than one year:					
Revenue Bonds Payable	-	45,000	-	45,000	-
General Obligation Bonds	1,368,261	1,421,285	-	2,789,546	-
OPEB Liability	-	-	-	-	86,319
Compensated Absences and Benefits	6,675	12,782	11,324	30,781	-
Total Noncurrent Liabilities	1,374,936	1,479,067	11,324	2,865,327	86,319
Total Liabilities	1,708,752	1,821,637	78,557	3,608,946	117,796
NET POSITION					
Net Investment in Capital Assets	3,274,806	6,837,998	479,177	10,591,981	-
Restricted for:					
Debt Service	-	89,468	-	89,468	-
Unrestricted	951,583	1,271,983	143,218	2,366,784	165,265
Total Net Position	$4,226,389	$8,199,449	$622,395	$13,048,233	$ 165,265

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, 2013

	Business Type Activities	
	Water System	**Sewer System**
Operating Revenues:		
Charges for Services	$ 1,190,536	$ 1,567,227
Miscellaneous	4,881	5,773
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	1,195,417	1,573,000
Operating Expenses:		
General Government	-	-
Employee Services	312,295	441,678
Contract Services	245,907	304,789
Supplies	221,507	313,768
Repairs and Maintenance	28,467	79,938
Utilities	99,129	116,379
Miscellaneous	5,926	6,444
Depreciation	283,418	489,997
Amortization	1,143	3,682
Total Operating Expenses	1,197,792	1,756,675
Operating Income (Loss)	(2,375)	(183,675)
Non-Operating Income (Expense):		
Interest Income	198	3,852
Revenue from Use of Property	76,040	-
Interest Expense	(41,429)	(37,236)
Total Non-Operating Income (Expenses)	34,809	(33,384)
Change in Net Assets	32,434	(217,059)
Net Position - Beginning	4,203,354	8,424,454
Prior Period Adjustment	(9,399)	(7,946)
Net Position - Beginning, as Restated	4,193,955	8,416,508
Net Position - Ending	$ 4,226,389	$ 8,199,449

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
$ 1,047,449	$ 3,805,212	$ 233,005
26,510	37,164	-
-	-	12,763
1,073,959	3,842,376	245,768
-	-	271,062
564,168	1,318,141	-
273,680	824,376	-
97,276	632,551	-
42,574	150,979	-
7,913	223,421	-
2,089	14,459	-
82,270	855,685	-
	4,825	-
1,069,970	4,024,437	271,062
3,989	(182,061)	(25,294)
981	5,031	1,299
-	76,040	-
-	(78,665)	-
981	2,406	1,299
4,970	(179,655)	(23,995)
617,425	13,245,233	189,260
-	(17,345)	-
617,425	13,227,888	189,260
$ 622,395	$ 13,048,233	$ 165,265

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2013

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 1,213,440	$ 1,594,212
Cash Paid to Suppliers for Goods and Services	(714,153)	(821,250)
Cash Paid to Employees for Services	(308,756)	(440,100)
Other Nonoperating Income	76,040	-
Net Cash Provided by Operating Activities	266,571	332,862
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(911,487)	(1,313,030)
Proceeds from Bond Sales	1,222,759	1,732,241
Bond Premium	15,498	21,954
Principal Paid on Notes and Bonds	(260,862)	(294,138)
Interest Paid on Notes and Bonds	(41,751)	(37,601)
Net Cash Provided (Used) for Capital and Related Financing Activities	24,157	109,426
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Due From (To) Other Funds	(9,401)	(107,130)
Net Cash (Used) for Non-Capital Financing Activities	(9,401)	(107,130)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income Reinvested	(37)	-
Interest and Dividends on Investments	198	3,763
Net Cash Provided for Investing Activities	161	3,763
Net Increase in Cash and Cash Equivalents	281,488	338,921
Cash and Cash Equivalents at Beginning of Year	400	733,000
Cash and Cash Equivalents at End of Year	$ 281,888	$ 1,071,921

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
$ 1,064,996	$ 3,872,648	$ 245,768
(429,226)	(1,964,629)	(245,024)
(561,307)	(1,310,163)	-
-	76,040	-
74,463	673,896	744
(1,367)	(2,225,884)	-
-	2,955,000	-
-	37,452	-
-	(555,000)	-
-	(79,352)	-
(1,367)	132,216	-
-	(116,531)	-
-	(116,531)	-
-	(37)	
981	4,942	1,299
981	4,905	1,299
74,077	694,486	2,043
15,465	748,865	281,018
$ 89,542	$ 1,443,351	$ 283,061

(Continued)

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2013

	Business Type Activities	
	Water System	**Sewer System**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ (2,375)	$ (183,675)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	283,418	489,997
Amortization	1,143	3,682
Miscellaneous Non-Operating Income	76,040	-
(Increase) Decrease in Assets:		
Accounts Receivable	4,652	17,761
Special Assessments	6,567	1,603
Estimated Unbilled Usage	4,918	1,848
Prepaid Expenses	(1,638)	(1,438)
Inventories	(89,770)	(9,126)
Increase (Decrease) in Liabilities		
Accounts Payable	(21,809)	10,632
Accrued Wages	1,820	(604)
Accrued Compensated Absences	1,719	2,182
Unearned Revenue	-	-
Customer Deposits	1,886	-
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	268,946	516,537
Net Cash Provided by Operating Activities	$ 266,571	$ 332,862

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Cash Equivalents	$ 281,888	$ 981,921
Restricted Cash and Cash Equivalents	-	90,000
	$ 281,888	$ 1,071,921

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
$ 3,989	$ (182,061)	$ (25,294)
82,270	855,685	-
-	4,825	-
-	76,040	-
(4,661)	17,752	-
-	8,170	-
-	6,766	-
(5,357)	(8,433)	-
-	(98,896)	-
(337)	(11,514)	(2,165)
(33)	1,183	-
2,894	6,795	-
(4,302)	(4,302)	-
-	1,886	-
-	-	29,964
-	-	(1,761)
70,474	855,957	26,038
$ 74,463	$ 673,896	$ 744
$ 89,542	$ 1,353,351	$ 283,061
-	90,000	-
$ 89,542	$ 1,443,351	$ 283,061

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Funds
JUNE 30, 2013

ASSETS		
Cash and Cash Equivalents	$	29,151
Receivables:		
Accounts Receivable		1,174,095
Other		19,670
Total Assets		1,222,916
LIABILITIES		
Due to Other Governments		1,175,566
Other Payables		47,350
Total Liabilities		1,222,916
NET POSITION		
Unrestricted		-
Total Net Position	$	-

See Accompanying Notes to Financial Statements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Light and Power – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Light and Power is financially accountable to the City. During the fiscal year ended June 30, 2013, Waverly Light and Power transferred $868,734 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, 2012.

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) Special Revenue Funds – The Employee Benefit Fund is used to account for the collection of a property tax levy to be used for employee benefit expenses. The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.

3) Debt Service Fund – Debt Service Fund is used to account for property taxes received to be expended to retire principal and interest on General Obligation Bonds and other debt.

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

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

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

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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, 2013, disbursements exceeded the amount budgeted in the community and economic development and business type / enterprises 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.

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

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, 2013 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2012. Any county collections on the 2012-2013 tax levy remitted to the City within 60 days subsequent to June 30, 2013, 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, 2013, 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, 2013 are recorded as prepaid items.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

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

L. Property and Equipment

Assets with an initial individual cost of $5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

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

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

N. Long-Term Obligations

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

P. Net Position Flow Assumption

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

Q. Fund Balance Flow Assumptions

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Interfund Transactions

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

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

S. Deferred Outflows / Inflows of Resources

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

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

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2013, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no differences in investments held during the year from those at June 30, 2013.

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

At June 30, 2013 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	Credit Risk	Fair Value	Maturity
Mutual Funds	N/A	$ 143,369	N/A
IPAIT	AAA	$1,047,759	N/A

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7. The City also held $25,522 of nonnegotiable certificates of deposit with various original maturities of less than 365 days.

	Credit Risk	Fair Value	Maturity
Component Unit – Waverly Light and Power:			
IPAIT	AAA	$ 95,322	N/A

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

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

Note 3 - RECEIVABLES

Receivables at June 30, 2013 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was $10,573 at June 30, 2013. The Waverly Health Center component unit had an allowance for uncollectibles of $3,407,000 at June 30, 2013.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2013, amounts due from other governments were as follows:

Due from the Iowa Homeland Security for the Emergency Demolition Grant Funding	$ 47,216
Due from the State of Iowa for local option sales taxes	143,217
Due from the State of Iowa for hotel and motel sales taxes	44,269
Due from the Iowa Department of Transportation for road use tax allocations	80,861
Due from the Iowa Homeland Security for the flood home demolition project	344,426
Due from the Iowa Department of Economic Development for the flood home demolition project	114,809
Due from the Iowa Homeland Security for a historical study	65,239
Due from the Iowa Department of Economic Development for the CDBG Buyout Program	107,400
Due from the State of Iowa for State Highway Maintenance	6,300
Due from the Iowa Department of Transportation for highway and planning construction grants	101,072
Due from the Federal Aviation Administration for the airport land acquisition project	29,835
Due from the Iowa Department of Economic Development for the Amvets buyout project	6,240
Due from the Iowa Department of Transportation for the GMT Rail Spur project	20,400
Due from the Iowa Department of Economic Development for the Waverly Dam project	30,680
Due from the Iowa Department of Economic Development for the HMGP Flood Buyout project	22,483
Due from the Iowa Homeland Security for the HMGP Flood Buyout project	67,448
Total Due from Other Governments	$1,231,895

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2013, short-term interfund borrowings were as follows:

Fund Due To	Fund Due From	Amount
General	Nonmajor Governmental	$ 1,111,697
		$ 1,111,697

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

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 10,731,723	$ 1,068,825	$ -	$ 11,800,548
Construction in Progress	6,879,655	1,192,022	942,038	7,129,639
Total capital assets not being depreciated	17,611,378	2,260,847	942,038	18,930,187
Capital assets being depreciated:				
Buildings and Improvements	12,156,020	-	-	12,156,020
Equipment	6,253,904	802,316	680,622	6,375,598
Infrastructure	39,270,202	953,158	-	40,223,360
Total capital assets being depreciated	57,680,126	1,755,474	680,622	58,754,978
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,175,644	276,684	-	3,452,328
Equipment	3,569,741	451,124	666,703	3,354,162
Infrastructure	16,100,087	1,425,847	-	17,525,934
Total Accumulated Depreciation	22,845,472	2,153,655	666,703	24,332,424
Total capital assets being depreciated, net	34,834,654	(398,181)	13,919	34,422,554
Governmental activities capital assets, net	$ 52,446,032	$ 1,862,666	$ 955,957	$ 53,352,741

Construction in progress at June 30, 2013, for the governmental activities consisted of costs associated with the Cedar River Parkway Improvements, Waverly Dam reconstruction project, demolition of flood buyout properties, GMT Rail Spur project, and various other small projects.

Note 6 - CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 108,143	$ 9,580	$ -	$ 117,723
Construction in Progress	503,900	1,891,407	2,395,307	-
Total capital assets not being depreciated	612,043	1,900,987	2,395,307	117,723
Capital assets being depreciated:				
Buildings and Improvements	6,109,870	-	-	6,109,870
Equipment	2,374,708	83,106	18,406	2,439,408
Lines and Structures	17,797,543	2,395,308	-	20,192,851
Total capital assets being depreciated	26,282,121	2,478,414	18,406	28,742,129
Less: Accumulated Depreciation				
Buildings and Improvements	3,938,668	112,570	-	4,051,238
Equipment	1,361,723	146,192	18,406	1,489,509
Lines and Structures	8,748,332	596,923	-	9,345,255
Total Accumulated Depreciation	14,048,723	855,685	18,406	14,886,002
Total capital assets being depreciated, net	12,233,398	1,622,729	-	13,856,127
Business-type activities capital assets, net	$ 12,845,441	$ 3,523,716	$ 2,395,307	$ 13,973,850

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

Governmental Activities:	
Public Safety	$ 312,810
Public Works	1,620,462
Culture and Recreation	169,387
General Government	50,996
Total depreciation expense – governmental activities	$ 2,153,655
Business-Type Activities:	
Water	$ 283,418
Sewer	489,997
Solid Waste	82,270
Total depreciation expense – business-type activities	$ 855,685

Note 6 - CAPITAL ASSETS (CONTINUED)

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Waverly Health Center:				
Capital assets not being depreciated:				
Land	$ 2,206,302	$ -	$ -	$ 2,206,302
Construction in Progress	173,821	177,216	-	351,037
Total capital assets not being depreciated	2,380,123	177,216	-	2,557,339
Capital assets being depreciated:				
Land Improvements	2,217,135	217,153	-	2,434,288
Buildings and Fixed Equipment	25,034,479	34,250	131,447	24,937,282
Major Movable Equipment	17,523,748	523,104	2,438,703	15,608,149
Total capital assets being depreciated	44,775,362	774,507	2,570,150	42,979,719
Less: Accumulated Depreciation	25,132,492	2,851,079	2,478,740	25,504,831
Total capital assets being depreciated, net	19,642,870	(2,076,572)	91,410	17,474,888
Component unit capital assets, net	$ 22,022,993	$ (1,899,356)	$ 91,410	$ 20,032,227

Construction in progress at June 30, 2013 for the Waverly Health Center consists of costs related to construction of a clinic, equipment deposits and equipment installations in progress.

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Waverly Light and Power:				
Capital assets not being depreciated:				
Land	$ 357,124	$ -	$ -	$ 357,124
Construction in Progress	2,271,710	2,762,769	5,016,312	18,167
Total capital assets not being depreciated	2,628,834	2,762,769	5,016,312	375,291
Capital assets being depreciated:				
Improvements	32,054,743	3,294,992	178,759	35,170,976
Buildings	3,889,032	21,713	11,214	3,899,531
Equipment	6,431,770	143,222	46,333	6,528,659
Louisa Plant	10,038,950	71,844	26,026	10,084,768
WS4 Plant	5,307,976	984	-	5,308,960
Total capital assets being depreciated	57,722,471	3,532,755	262,332	60,992,894
Less: Accumulated Depreciation	27,227,925	1,919,499	182,073	28,965,351
Total capital assets being depreciated, net	30,494,546	1,613,256	80,259	32,027,543
Component unit capital assets, net	$ 33,123,380	$ 4,376,025	$ 5,096,571	$ 32,402,834

Note 6 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-type Activities	Component Units: Waverly Health Center	Component Units: Waverly Light & Power
Land	$ 11,800,548	$ 117,723	$ 2,206,302	$ 357,124
Construction in Progress	7,129,639	-	351,037	18,167
Capital Assets (net of accumulated depreciation)	34,422,554	13,856,127	17,474,888	32,027,543
Less: General Obligation Bonds Payable	10,060,213	3,219,546	-	-
Notes Payable	22,193	-	285,695	-
Revenue Bonds	-	175,000	8,260,000	3,294,211
Add: Deferred Loss on Refunding	51,056	12,677	298,264	-
Reserve from Borrowing	-	-	-	389,510
Net Investment in Capital Assets	$ 43,321,391	$ 10,591,981	$11,784,796	$ 29,498,133

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2013, is $31,542,084 of which $12,759,413 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2013:

	Governmental Activities	Business Type Activities		
	General Obligation			
	Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Revenue Bonds	Total
Primary Government:				
Bonds payable July 1, 2012	$ 13,296,268	$ 655,000	$ 305,000	$ 14,256,268
Plus: Issued	700,000	2,955,000	-	3,655,000
Less: Payments	1,819,075	425,000	130,000	2,374,075
Less: Bonds Refunded	2,135,000	-	-	2,135,000
Bonds Payable June 30, 2013	$ 10,042,193	$ 3,185,000	$ 175,000	$ 13,402,193
Due within one year	$ 1,917,193	$ 430,000	$ 130,000	$ 2,477,193

The City of Waverly's general obligation bonds are shown gross of the unamortized premium of $40,213 on the Statement of Net Position.

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Waverly Health Center	Waverly Light And Power	Total Component Units
Component Unit:			
Bonds Payable / Notes Payable- June 30,2012/December 31, 2011	$ 10,672,005	$ 5,622,632	$ 16,294,637
Plus: Issued	9,685,000	1,410,000	11,095,000
Less: Retired	11,811,310	2,538,421	14,349,731
Bonds Payable / Notes Payable- June 30, 2013 / December 31, 2012	$ 8,545,695	$ 4,494,211	$ 13,039,906
Due within one year	$ 1,701,307	$ 803,421	$ 2,504,728

General Obligation Bonds

On October 1, 2012, the City issued $2,955,000 of General Obligation Bonds, Series 2012C, which were used to finance water and sewer capital improvement projects in the City. The bonds will be repaid with water and sewer revenue.

On January 23, 2013, the City issued $700,000 of General Obligation Bonds, Series 2013A, which were used to finance the acquisition of real estate for the fair – ball diamond project.

On May 16, 2012, the City issued $2,195,000 of GO Local Option Sales and Services Tax Refunding Bonds, Series 2012B in a crossover advance refunding of the Series 2006 GO Local Option Sales Tax Bonds. The 2012 bonds have an average interest rate of 1.15% and the 2006 bonds being refunded have an average interest rate of 4.0%. The net proceeds from the issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. The balance in the escrow account was used to refund the remaining $2,135,000 of the 2006 bonds on June 1, 2013 when these notes became callable. As a result of this refunding, the City will reduce its debt service payments over the next six years by $158,100, and obtain an economic gain of $152,257.

General obligation bonds outstanding as of June 30, 2013 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2013
General Obligation:						
*2008 GO Refunding	2008	3.2-3.65%	2018	150,000-205,000	$ 2,270,000	$ 840,000
2009 GO Refunding	2009	2.5-3.65%	2019	255,000-555,000	4,360,000	2,420,000
2010A GO Refunding	2010	2.0-2.85%	2017	80,000-90,000	670,000	350,000
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	2,455,000	2,020,000
2012A GO Bonds	2012	.6-1.5%	2017	450,000-630,000	2,495,000	2,005,000
*2012B GO LOSST Bonds	2012	.65-1.5%	2019	355,000-380,000	2,195,000	2,195,000
*2012C GO Bonds	2013	1-1.75%	2022	285,000-315,000	2,955,000	2,675,000
2013A GO Bonds	2013	.7-1.7%	2020	100,000-190,000	700,000	700,000
Total General Obligation					$ 18,100,000	$ 13,205,000

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

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

Revenue Bonds

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

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

Revenue bonds outstanding as of June 30, 2013 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2013
Revenue Bonds:						
2008 – Sewer	2008	3.6-3.8%	2015	45,000-130,000	$ 770,000	$ 175,000
Total Revenue Bonds					$ 770,000	$ 175,000
Component Units:						
Waverly Health Center:						
2013 Hospital Revenue Refunding Bonds	2013	1.2-2.35%	2018	1,570,000-1,855,000	$ 9,685,000	$ 8,260,000
					$ 9,685,000	$ 8,260,000
Waverly Light and Power						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	$ 2,826,316	$ 1,884,211
2013 Utility Rev. Rfdg. Bonds	2013	.4-.67%	2015	470,000	$ 1,410,000	$ 1,410,000
					$ 4,236,316	$ 3,294,211
Grand Total Revenue Bonds					$ 14,691,316	$ 11,729,211

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

Year Ending June 30,	General Obligation Principal	General Obligation Interest	Revenue Bond Principal	Revenue Bond Interest
2014	$ 2,325,000	$ 241,268	$ 130,000	$ 6,390
2015	2,330,000	203,329	45,000	1,710
2016	2,290,000	165,529	-	-
2017	2,015,000	123,730	-	-
2018	1,425,000	87,701	-	-
2019-2022	2,820,000	110,391	-	-
	$ 13,205,000	$ 931,948	$ 175,000	$ 8,100

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

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

Waverly Health Center

Year Ending June 30,	Revenue Refunding Bonds	Notes Payable	Total Principal	Interest	Total
2014	$ 1,570,000	$ 131,307	$ 1,701,307	$ 155,136	$ 1,856,443
2015	1,590,000	91,215	1,681,215	130,872	1,812,087
2016	1,610,000	63,173	1,673,173	104,521	1,777,694
2017	1,635,000	-	1,635,000	76,058	1,711,058
2018	1,855,000	-	1,855,000	43,358	1,898,358
	$ 8,260,000	$ 285,695	$ 8,545,695	$ 509,945	$ 9,055,640

Waverly Light and Power

Year Ending December 31	Revenue Bond Principal	Notes Payable	Total Principal	Interest	Total
2013	$ 658,421	$ 120,000	$ 778,421	$ 21,037	$ 799,458
2014	658,421	120,000	778,421	17,463	795,884
2015	658,421	120,000	778,421	13,701	792,122
2016	188,421	120,000	308,421	9,232	317,653
2017	188,421	120,000	308,421	7,914	316,335
2018-2022	942,106	600,000	1,542,106	18,464	1,560,570
	$ 3,294,211	$ 1,200,000	$ 4,494,211	$ 87,811	$ 4,582,022

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, 2013.

	July 1, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 291,808	$ 222,320	$ 175,085	$ 339,043	$ 203,426
OPEB Liability	56,355	29,964	-	86,319	-
Equipment Note	2,648	-	2,648	-	-
Equipment Note	43,620	-	21,427	22,193	22,193
	$ 394,431	$ 252,284	$ 199,160	$ 447,555	$ 225,619
Business-Type Activities:					
Compensated Absences	$ 70,157	$ 48,889	$ 42,094	$ 76,952	$ 46,171

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Maturities of Equipment Notes Payable is as follows:

Year Ending June 30,	Principal	Interest
2014	$ 22,193	$ 788
	$ 22,193	$ 788

Other long-term liabilities at June 30, 2013 was comprised of the following:

Included in general long-term debt:

A note payable at 3.5% interest to First National Bank dated September 15, 2010 and due September 15, 2013 for golf course mowers. $ 22,193

Note 8 – TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Total Transfers Out
General	$ -	$ 30,000	$ 118,399	$ 148,399
Tax Increment Financing	644,233	799,081	363,647	1,806,961
Employee Benefit	933,998	-	-	933,998
Nonmajor Governmental	127,767	886,126	850,538	1,864,431
Total Transfers In	$1,705,998	$1,715,207	$ 1,332,584	$ 4,753,789

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

Note 9 - PENSION AND RETIREMENT

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Law enforcement employees are covered by another plan. Contribution requirements are established by state statute. The City contribution to

Note 9 - PENSION AND RETIREMENT (CONTINUED)

IPERS for the years ended June 30, 2013, 2012, and 2011 were $ 265,750, $273,002 and $207,212, respectively, equal to the required contributions for each year.

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

The report may be obtained by writing to MFPRSI, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266. Plan members are required to contribute 9.4% of earnable compensation, and the City's contribution rate, based upon an actuarially determined normal contribution rate, is 26.12% of earnable compensation. Contribution rates are established by state statute. The City's contribution to MFPRSI for the years ended June 30, 2013, 2012 and 2011 were $ 232,270, $215,075 and $170,508, respectively, which met the required minimum contribution for each year.

Note 10 - DEFICIT FUND EQUITY

The City has thirteen funds with deficit equity balances at June 30, 2013. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Capital Project – AMVETS Buyout	$ 1
Capital Project – AMVETS Riverbank	77,060
Capital Project – Fair/Ball Diamond Project	171,790
Capital Project – GMT Rail Spur	143,445
Capital Project – Cedar River Parkway	75,393
Capital Project – Waverly Dam Reconstruction	9,279
Capital Project – Emergency Demolition Program	25,332
Capital Project – Public Services Facility	6,065
Capital Project – 12th St NW	46,002
Capital Project – HMGP Flood Buyout	22,108
Capital Project – Sidewalk Program	103,123
Capital Project –16th St Reconstruction	52,752
Capital Project – Dry Run Project	16,473

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.

Note 11 - RISK MANAGEMENT (CONTINUED)

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

Claims payable @ June 30, 2011	$ 27,782
Claims paid	(249,888)
Claims incurred	250,372
Claims payable @ June 30, 2012	$ 28,266
Claims payable @ June 30, 2012	$ 28,266
Claims paid	(230,496)
Claims incurred	228,735
Claims payable @ June 30, 2013	$ 26,505

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

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

No stand alone financial report is issued.

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

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

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	$ 55,126
Interest on net OPEB obligation	1,188
Adjustment to annual required contribution	(1,620)
Annual OPEB cost	54,694
Contributions made	(24,730)
Increase in net OPEB obligation	29,964
Net OPEB obligation beginning of year	56,355
Net OPEB obligation end of year	$ 86,319

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

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

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

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was $481,652, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $481,652. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,460,000 and the ratio of the UAAL to covered payroll was 13.9%. As of June 30, 2013, there were no trust fund assets.

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

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

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

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

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

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

Note 13 - COMMITMENTS

During the year ended June 30, 2013, and in previous years the City had entered into several construction contracts totaling approximately $1,970,000 of which approximately $1,060,000 has been expended to date. The remaining balance will be paid as work progresses.

The City entered into an agreement with Wartburg College for the joint use of the new Wartburg-Waverly Wellness Center (The "W"). The City committed to making eight annual payments to the College of $150,000 each beginning in the fiscal year ending June 30, 2008. The City has made payments totaling $900,000 as of June 30, 2013. In addition, the City also agreed to a contingent liability based on the revenues of the Wartburg-Waverly Wellness Center. In order to induce the College to offer recreation programs, the City agrees that it will annually pay to the College the difference between the actual total revenues and the projected total estimated revenues beginning with the College's fiscal year ending May 31, 2009 and continuing for each fiscal year after through May 31, 2016. The revenue payment in any fiscal year from the City shall not exceed $600,000. As of June 30, 2013 it was determined that the City was liable for the $600,000 relating to the College's fiscal year ending May 31, 2013 as total revenues generated by The "W" were $1,030,555 which is less than the agreed upon projected revenue amount of $2,293,647. Accordingly a liability was recorded for $600,000 in the City's general fund. This liability will be funded by transfers from the capital improvement and recreation capital improvement capital project funds with the remaining balance to be funded with TIF property tax revenues which will also be transferred to the general fund from the TIF special revenue fund.

Note 14 - CONTINGENCY

The City receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2013, the City estimates that no material liabilities will result from such audits.

Note 15 - BLACK HAWK COUNTY LANDFILL CONTRACT

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

Note 16 - JOINT VENTURE

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

Note 17 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, Industrial Development Revenue Bonds had an original issue amount of $1,000,000. The outstanding balance at June 30, 2013 was $919,449.

Note 18 – PRIOR PERIOD ADJUSTMENT

In previous years bond issuance costs were deferred and amortized over the term of the bonds. During the year ended June 30, 2013, the City implemented Governmental Accounting Standards Board Statement No 65 requiring these costs to be recognized in the period the loan was originated. A prior period adjustment was reported on the financial statements to recognize the effect of the removal of the unamortized bond issuance costs. The prior period adjustment decreased the beginning balance of the net position of the governmental activities by $227,160. The prior period adjustment also decreased the beginning balance of the net position of the business-type activities by a total of $17,345 of which $9,399 reduced the water enterprise fund beginning balance and $7,946 the sewer enterprise beginning balance.

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, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	$ 7,768,284	$ -	$ 7,768,284
Special Assessments	7,667	6,138	13,805
Licenses and Permits	76,868	-	76,868
Intergovernmental Revenue	3,542,318	-	3,542,318
Charges for Services	777,018	3,833,291	4,610,309
Fines and Forfeits	73,211	-	73,211
Contributions	43,424	-	43,424
Refunds/Reimbursements	21,505	-	21,505
Revenue from Use of Property	70,947	76,040	146,987
Interest on Investments	42,167	4,942	47,109
Miscellaneous	37,965	33,219	71,184
Total Revenue	12,461,374	3,953,630	16,415,004
Expenditures:			
Public Safety	2,385,590	-	2,385,590
Public Works	1,620,682	-	1,620,682
Health and Social Services	159,562	-	159,562
Culture and Recreation	2,094,598	-	2,094,598
Community and Economic Development	1,113,418	-	1,113,418
General Government	785,250	-	785,250
Capital Projects	3,123,745	-	3,123,745
Debt Service	2,108,430	-	2,108,430
Business Type/Enterprises	-	6,135,028	6,135,028
Total Expenditures	13,391,275	6,135,028	19,526,303
Excess (deficiency) of revenues over expenditures	(929,901)	(2,181,398)	(3,111,299)
Other financing sources (uses):			
Issuance of Debt	700,000	2,955,000	3,655,000
Premium on Bonds Issued	-	37,452	37,452
Payment on Refunded Bonds	(2,135,000)	-	(2,135,000)
Proceeds from Sale of Capital Assets	25,105	-	25,105
Transfers In	4,753,789	-	4,753,789
Transfers Out	(4,753,789)	-	(4,753,789)
Total other financing sources (uses)	(1,409,895)	2,992,452	1,582,557
Net Change in Fund Balance	(2,339,796)	811,054	(1,528,742)
Balances - beginning of year	7,208,713	1,061,874	8,270,587
Balances - end of year	$ 4,868,917	$ 1,872,928	$ 6,741,845
Reconciliation of Ending Fund Balance - Cash Basis:			
Cash and Cash Equivalents	$ 4,081,844	$ 1,353,351	$ 5,435,195
Investments	787,073	429,577	1,216,650
Restricted Cash and Cash Equivalents	-	90,000	90,000
	$ 4,868,917	$ 1,872,928	$ 6,741,845

Budgeted Amounts		Final to Actual Variance
Original	Final	
$ 7,834,955	$ 7,834,955	$ (66,671)
7,617	7,617	6,188
24,785	24,785	52,083
3,512,307	3,492,151	50,167
4,953,159	4,944,159	(333,850)
-	-	73,211
-	-	43,424
-	-	21,505
-	-	146,987
17,855	21,000	26,109
103,800	79,800	(8,616)
16,454,478	16,404,467	10,537
2,396,339	2,459,339	73,749
2,569,734	2,635,376	1,014,694
159,150	165,000	5,438
2,735,111	2,773,911	679,313
414,666	486,103	(627,315)
826,657	873,757	88,507
5,423,740	5,900,000	2,776,255
2,347,670	2,347,670	239,240
3,429,029	3,563,697	(2,571,331)
20,302,096	21,204,853	1,678,550
(3,847,618)	(4,800,386)	1,689,087
4,410,000	3,873,751	(218,751)
-	-	37,452
-	-	(2,135,000)
1,000	-	25,105
4,761,283	5,165,222	(411,433)
(4,761,283)	(5,165,222)	411,433
4,411,000	3,873,751	(2,291,194)
563,382	(926,635)	(602,107)
8,270,587	8,270,587	-
$ 8,833,969	$ 7,343,952	$ (602,107)

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 expenditures by $902,757. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the community and economic development and business type/enterprises functions.

During the fiscal year 2013, the City had one budget amendment. The amendment was as follows:

Program	Original Budget	5/20/13 Amendment	Amended Budget
Public Safety	$ 2,396,339	$ 63,000	$ 2,459,339
Public Works	2,569,734	65,642	2,635,376
Health and Social Service	159,150	5,850	165,000
Culture & Recreation	2,735,111	38,800	2,773,911
Community & Economic Development	414,666	71,437	486,103
General Government	826,657	47,100	873,757
Capital Projects	5,423,740	476,260	5,900,000
Debt Service	2,347,670	-	2,347,670
Business Type/Enterprise	3,429,029	134,668	3,563,697
Total	$ 20,302,096	$ 902,757	$ 21,204,853

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

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2013

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
Revenue:			
Taxes	$ 7,768,284	$ (2,062)	$ 7,766,222
Special Assessments	13,805	(7,590)	6,215
Licenses and Permits	76,868	614	77,482
Intergovernmental Revenue	3,542,318	(950,098)	2,592,220
Charges for Services	4,610,309	(29,794)	4,580,515
Fines and Forfeits	73,211	(2,967)	70,244
Contributions	43,424	-	43,424
Refunds/Reimbursements	21,505	-	21,505
Revenue from Use of Property	146,987	-	146,987
Interest on Investments	47,109	102	47,211
Miscellaneous	71,184	6,677	77,861
Total Revenue	16,415,004	(985,118)	15,429,886
Expenditures/Expenses:			
Public Safety	2,385,590	4,717	2,390,307
Public Works	1,620,682	(24,667)	1,596,015
Health and Social Services	159,562	-	159,562
Culture and Recreation	2,094,598	10,304	2,104,902
Community and Economic Development	1,113,418	2,137	1,115,555
General Government	785,250	9,928	795,178
Capital Projects	3,123,745	(193,690)	2,930,055
Debt Service	2,108,430	(7,485)	2,100,945
Business Type/Enterprises	6,135,028	(2,031,926)	4,103,102
Total Expenditures/Expenses	19,526,303	(2,230,682)	17,295,621
Excess (Deficiency) of Revenues Over Expenditures/Expenses	(3,111,299)	1,245,564	(1,865,735)
Other financing sources (uses):			
Issuance of Debt	3,655,000	(2,955,000)	700,000
Premium on Bonds Issued	37,452	(37,452)	-
Payment on Refunded Bonds	(2,135,000)	-	(2,135,000)
Proceeds from Sale of Capital Assets	25,105	-	25,105
Transfers In	4,753,789	-	4,753,789
Transfers Out	(4,753,789)	-	(4,753,789)
Total other financing sources (uses)	1,582,557	(2,992,452)	(1,409,895)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	(1,528,742)	(1,746,888)	(3,275,630)
Fund Balance/Retained Earnings - beginning of year	8,270,587	13,372,259	21,510,539
Prior Period Adjustment	-	(17,345)	(17,345)
Fund Balance/Retained Earnings - beginning of year, as Restated	8,270,587	13,354,914	21,493,194
Fund Balance/Retained Earnings - end of year	$ 6,741,845	$ 11,608,026	$ 18,217,564

CITY OF WAVERLY, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2013

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Assets			
Cash and Cash Equivalents	$ 515,154	$ 576,965	$ 99,476
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	1,486	-	-
Taxes	-	-	701
Subsequent Year Taxes	-	-	314,136
Due from Other Governmental Agencies	80,861	143,217	-
Total Assets	597,501	720,182	414,313
Liabilities			
Accounts Payable	14,076	-	2,237
Accrued Wages	8,233	-	-
Due to Other Funds	-	-	-
Total Liabilities	22,309	-	2,237
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	-	-	314,136
Total Deferred Inflows of Resources	-	-	314,136
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:	-	-	-
Tax Increment Financing	-	-	97,940
Road Purposes	575,192	-	-
Local Option Sales Tax	-	720,182	-
Cable TV	-	-	-
Assigned for:	-	-	-
Capital Improvement	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	575,192	720,182	97,940
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 597,501	$ 720,182	$ 414,313

Special Revenue	Capital Project Funds				
Cable TV	AMVETS Buyout	AMVETS Riverbank	Fair/Ball Diamond Project	GMT Rail Spur	Band Shelter
$ 3,875	$ -	$ -	$ -	$ -	$ 86,926
12,949	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,240	-	-	20,400	-
16,824	6,240	-	-	20,400	86,926
95	-	24,523	3,236	16,685	50
-	-	-	-	-	-
-	6,241	52,537	168,554	147,160	-
95	6,241	77,060	171,790	163,845	50
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,729	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	86,876
-	(1)	(77,060)	(171,790)	(143,445)	-
16,729	(1)	(77,060)	(171,790)	(143,445)	86,876
$ 16,824	$ 6,240	$ -	$ -	$ 20,400	$ 86,926

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2013

	Capital Project Funds		
	Capital Improvement Fund	Cedar River Parkway	Brookwood Trail
Assets			
Cash and Pooled Investments	$ 93,558	$ 16,108	$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	93,558	16,108	-
Liabilities			
Accounts Payable	-	91,501	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	-	91,501	-
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:	-	-	-
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:	-	-	-
Capital Improvement	93,558	-	-
Unassigned	-	(75,393)	-
Total Fund Balances (Deficits)	93,558	(75,393)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 93,558	$ 16,108	$ -

Capital Project Funds					
5th St NW/ 5th Ave NW	Waverly Dam Reconstruction	4th St Project	Recreation Capital Improvement	Emergency Demolition Program	Historical Survey
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	30,680	-	-	47,216	65,239
-	30,680	-	-	47,216	65,239
-	5,432	-	-	-	5,120
-	-	-	-	-	-
-	34,527	-	-	72,548	58,386
-	39,959	-	-	72,548	63,506
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,733
-	(9,279)	-	-	(25,332)	-
-	(9,279)	-	-	(25,332)	1,733
$ -	$ 30,680	$ -	$ -	$ 47,216	$ 65,239

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2013

	Capital Project Funds		
	City Bridge Projects	Housing Rehab	Flood Home Demolition
Assets			
Cash and Pooled Investments	$ 107,241	$ 13,907	$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Due from Other Governmental Agencies	-	-	459,235
Total Assets	107,241	13,907	459,235
Liabilities			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	191,328
Total Liabilities	-	-	191,328
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:	-	-	-
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:	-	-	-
Capital Improvement	107,241	13,907	267,907
Unassigned	-	-	-
Total Fund Balances (Deficits)	107,241	13,907	267,907
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ 107,241	$ 13,907	$ 459,235

Capital Project Funds						
Public Services Facility	Storm Drainage Improvements	Flood Mitigation	Downtown Streetscape West	Cent Oaks Correction	12th Street NW	Various Small Projects
$ -	$ 108,973	$ -	$ -	$ -	$ -	$ 26,786
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	10,000	-
-	108,973	-	-	-	10,000	26,786
4,192	-	-	-	-	-	320
-	-	-	-	-	-	-
1,873	-	-	-	-	56,002	-
6,065	-	-	-	-	56,002	320
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-						
-	108,973	-	-	-	-	26,466
(6,065)	-	-	-	-	(46,002)	-
(6,065)	108,973	-	-	-	(46,002)	26,466
$ -	$ 108,973	$ -	$ -	$ -	$ 10,000	$ 26,786

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2013

	Capital Project Funds		
	4th St SW Corridor	CDBG Flood Buyouts	HMGP Flood Buyout
Assets			
Cash and Pooled Investments	$ -	$ -	$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Due from Other Governmental Agencies	-	107,400	89,931
Total Assets	-	107,400	89,931
Liabilities			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Due to Other Funds	-	62,787	112,039
Total Liabilities	-	62,787	112,039
Deferred Inflows of Resources			
Unavailable Revenue - subsequent year taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	44,613	-
Unassigned	-	-	(22,108)
Total Fund Balances (Deficits)	-	44,613	(22,108)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$ -	$ 107,400	$ 89,931

Capital Project Funds				Permanent	
Sidewalk Program	16th St Recon	Dry Run Project	South Industrial Park	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
$ -	$ -	$ -	$ 778,577	$ 485,084	$ 2,912,630
-	-	-	-	-	14,435
-	-	-	-	-	701
-	-	-	-	-	314,136
-	91,072	-	-	-	1,151,491
-	91,072	-	778,577	485,084	4,393,393
-	113,840	1,865	-	-	283,172
-	-	-	-	-	8,233
103,123	29,984	14,608	-	-	1,111,697
103,123	143,824	16,473	-	-	1,403,102
-	-	-	-	-	314,136
-	-	-	-	-	314,136
-	-	-	-	485,084	485,084
-	-	-	-	-	97,940
-	-	-	-	-	575,192
-	-	-	-	-	720,182
-	-	-	-	-	16,729
-	-	-	778,577	-	1,529,851
(103,123)	(52,752)	(16,473)	-	-	(748,823)
(103,123)	(52,752)	(16,473)	778,577	485,084	2,676,155
$ -	$ 91,072	$ -	$ 778,577	$ 485,084	$ 4,393,393

CITY OF WAVERLY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2013

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Revenue:			
Taxes	$ -	$ 871,022	$ 308,299
Licenses and Permits	-	-	-
Intergovernmental Revenue	957,376	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Rental Income	-	-	-
Interest	-	4,422	-
Miscellaneous	4,521	-	-
Total Revenue	961,897	875,444	308,299
Expenditures:			
Public Safety	-	16,804	-
Public Works	1,006,510	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	73,750
Capital Projects	-	-	-
Total Expenditures	1,006,510	16,804	73,750
Excess (deficiency) of revenues over expenditures	(44,613)	858,640	234,549
Other financing sources (uses):			
Issuance of Debt	-	-	-
Proceeds from Sale of Capital Assets	11,505	-	-
Transfers In	119,500	-	-
Transfers Out	-	(823,786)	(93,706)
Total other financing sources (uses)	131,005	(823,786)	(93,706)
Net Change in Fund Balance	86,392	34,854	140,843
Fund balances (deficits) - beginning of year	488,800	685,328	(42,903)
Fund balances (deficits) - end of year	$ 575,192	$ 720,182	$ 97,940

Special Revenue	Capital Project Funds					
Cable TV	AMVETS Buyout	AMVETS Riverbank	Fair/Ball Diamond Project	GMT Rail Spur	Band Shelter
$ -	$ -	$ -	$ -	$ -	$ -
25,741	-	-	-	-	-
-	24,960	-	-	204,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,080	-	-
-	-	-	-	-	-
-	-	145	-	-	-
25,741	24,960	145	10,080	204,000	-
-	-	-	-	-	-
-	-	-	-	-	-
25,976	-	-	-	-	-
-	-	-	-	-	-
-	-	76,033	878,270	331,692	20,624
25,976	-	76,033	878,270	331,692	20,624
(235)	24,960	(75,888)	(868,190)	(127,692)	(20,624)
-	-	-	700,000	-	-
-	-	-	-	-	-
-	10,550	-	-	148,324	107,500
-	(23,250)	-	-	-	-
-	(12,700)	-	700,000	148,324	107,500
(235)	12,260	(75,888)	(168,190)	20,632	86,876
16,964	(12,261)	(1,172)	(3,600)	(164,077)	-
$ 16,729	$ (1)	$ (77,060)	$ (171,790)	$ (143,445)	$ 86,876

CITY OF WAVERLY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2013

	Capital Project Funds		
	Capital Improvement Fund	Cedar River Parkway	Brookwood Trail
Revenue:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Intergovernmental Revenue	299,510	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Rental Income	-	-	-
Interest	947	-	-
Miscellaneous	-	-	-
Total Revenue	300,457	-	-
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
Capital Projects	147,166	98,572	1,201
Total Expenditures	147,166	98,572	1,201
Excess (deficiency) of revenues over expenditures	153,291	(98,572)	(1,201)
Other financing sources (uses):			
Issuance of Debt	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	10,899	-	24,797
Transfers Out	(131,797)	-	-
Total other financing sources (uses)	(120,898)	-	24,797
Net Change in Fund Balance	32,393	(98,572)	23,596
Fund balances (deficits) - beginning of year	61,165	23,179	(23,596)
Fund balances (deficits) - end of year	$ 93,558	$ (75,393)	$ -

Capital Project Funds					
5th St NW/ 5th Ave NW	Waverly Dam Reconstruction	4th St Project	Recreation Capital Improvement	Emergency Demolition Program	Historical Survey
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	5,087	-	37,500	-	23,310
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1	-	-
-	-	-	-	-	1,000
-	5,087	-	37,501	-	24,310
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	19,868	47,641	-	613	23,310
-	19,868	47,641	-	613	23,310
-	(14,781)	(47,641)	37,501	(613)	1,000
-	-	-	-	-	-
-	-	-	-	-	-
37,331	131,583	47,805	-	-	-
-	-	-	(40,767)	-	-
37,331	131,583	47,805	(40,767)	-	-
37,331	116,802	164	(3,266)	(613)	1,000
(37,331)	(126,081)	(164)	3,266	(24,719)	733
$ -	$ (9,279)	$ -	$ -	$ (25,332)	$ 1,733

CITY OF WAVERLY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2013

	Capital Project Funds		
	City Bridge Projects	Housing Rehab	Flood Home Demolition
Revenue:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	21,505
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	-	-	21,505
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
Capital Projects	-	-	11
Total Expenditures	-	-	11
Excess (deficiency) of revenues over expenditures	-	-	21,494
Other financing sources (uses):			
Issuance of Debt	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	20,000	-	23,250
Transfers Out	-	-	-
Total other financing sources (uses)	20,000	-	23,250
Net Change in Fund Balance	20,000	-	44,744
Fund balances (deficits) - beginning of year	87,241	13,907	223,163
Fund balances (deficits) - end of year	$ 107,241	$ 13,907	$ 267,907

Capital Project Funds						
Public Services Facility	Storm Drainage Improvements	Flood Mitigation	Downtown Streetscape West	Cent Oaks Correction	12th Street NW	Various Small Projects
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,203
-	-	-	-	-	-	1,203
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,538	11,539	16	118	68,193	47,229	226,597
4,538	11,539	16	118	68,193	47,229	226,597
(4,538)	(11,539)	(16)	(118)	(68,193)	(47,229)	(225,394)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	40,000	-	565	-	200,000	152,959
-	(100,000)	(131,583)	-	(110,400)	-	(12,121)
-	(60,000)	(131,583)	565	(110,400)	200,000	140,838
(4,538)	(71,539)	(131,599)	447	(178,593)	152,771	(84,556)
(1,527)	180,512	131,599	(447)	178,593	(198,773)	111,022
$ (6,065)	$ 108,973	$ -	$ -	$ -	$ (46,002)	$ 26,466

CITY OF WAVERLY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2013

	Capital Project Funds		
	4th St SW Corridor	CDBG Flood Buyouts	HMGP Flood Buyout
Revenue:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	143,792	89,931
Charges for Services	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	-	143,792	89,931
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
Capital Projects	53	144,707	89,659
Total Expenditures	53	144,707	89,659
Excess (deficiency) of revenues over expenditures	(53)	(915)	272
Other financing sources (uses):			
Issuance of Debt	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	-	-
Transfers Out	(386,471)	(10,550)	-
Total other financing sources (uses)	(386,471)	(10,550)	-
Net Change in Fund Balance	(386,524)	(11,465)	272
Fund balances (deficits) - beginning of year	386,524	56,078	(22,380)
Fund balances (deficits) - end of year	$ -	$ 44,613	$ (22,108)

Capital Project Funds				Permanent	
Sidewalk Program	16th St Recon	Dry Run Project	South Industrial Park	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
$ -	$ -	$ -	$ -	$ -	$ 1,179,321
-	-	-	-	-	25,741
-	91,072	-	-	-	1,876,538
28,134	-	-	-	-	28,134
-	-	-	-	6,276	6,276
-	-	-	-	-	21,505
-	-	-	-	-	10,080
-	-	-	242	-	5,612
216	-	-	-	-	7,085
28,350	91,072	-	242	6,276	3,160,292
-	-	-	-	-	16,804
-	-	-	-	-	1,006,510
-	-	-	-	-	25,976
-	-	-	-	-	73,750
398,096	178,469	115,840	-	-	2,930,055
398,096	178,469	115,840	-	-	4,053,095
(369,746)	(87,397)	(115,840)	242	6,276	(892,803)
-	-	-	-	-	700,000
-	-	-	-	-	11,505
122,521	35,000	100,000	-	-	1,332,584
-	-	-	-	-	(1,864,431)
122,521	35,000	100,000	-	-	179,658
(247,225)	(52,397)	(15,840)	242	6,276	(713,145)
144,102	(355)	(633)	778,335	478,808	3,389,300
$ (103,123)	$ (52,752)	$ (16,473)	$ 778,577	$ 485,084	$ 2,676,155

CITY OF WAVERLY, IOWA
Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Electric Utility				
Assets				
Cash in Bank	$ 37,463	$ 14,463,427	$ 14,485,540	$ 15,350
Accounts Receivable	1,206,989	13,864,769	13,897,663	1,174,095
Other Receivable	6,531	473,736	460,597	19,670
Total Assets	1,250,983	28,801,932	28,843,800	1,209,115
Liabilities				
Due to Other Governments	1,213,294	28,754,582	28,806,111	1,161,765
Other Payables	37,689	47,350	37,689	47,350
Total Liabilities	1,250,983	28,801,932	28,843,800	1,209,115
Warburg-Waverly Wellness Center				
Assets				
Cash in Bank	13,290	883,628	883,117	13,801
Total Assets	13,290	883,628	883,117	13,801
Liabilities				
Due to Other Governments	13,290	883,628	883,117	13,801
Total Liabilities	13,290	883,628	883,117	13,801
Totals				
Assets				
Cash in Bank	50,753	15,347,055	15,368,657	29,151
Accounts Receivable	1,206,989	13,864,769	13,897,663	1,174,095
Other Receivable	6,531	473,736	460,597	19,670
Total Assets	1,264,273	29,685,560	29,726,917	1,222,916
Liabilities				
Due to Other Governments	1,226,584	29,638,210	29,689,228	1,175,566
Other Payables	37,689	47,350	37,689	47,350
Total Liabilities	$ 1,264,273	$ 29,685,560	$ 29,726,917	$ 1,222,916

CITY OF WAVERLY
STATISTICAL SECTION

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

Contents: Pages

Financial Trends 87 – 95

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 96 – 99

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 100 – 108

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 109

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 110 – 115

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[1]
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net Investment in Capital Assets	$15,223,416	$13,769,685	$13,874,528	$18,880,181
Restricted	439,592	2,642,776	451,600	907,320
Unrestricted	3,575,388	4,288,547	7,690,383	5,696,327
Total Governmental Activities Net Position	$19,238,396	$20,701,008	$22,016,511	$25,483,828
Business-type Activities				
Net Investment in Capital Assets	$ 8,819,772	$ 9,024,813	$10,367,357	$10,825,782
Restricted	-	689,551	268,943	294,728
Unrestricted	2,640,049	2,325,551	1,461,106	1,510,592
Total Business-type Activities Net Position	$11,459,821	$12,039,915	$12,097,406	$12,631,102
Primary Government				
Net Investment in Capital Assets	$24,043,188	$22,794,498	$24,241,885	$29,705,963
Restricted	439,592	3,332,327	720,543	1,202,048
Unrestricted	6,215,437	6,614,098	9,151,489	7,206,919
Total Primary Government Activities Net Position	$30,698,217	$32,740,923	$34,113,917	$38,114,930

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					
2008	2009	2010	2011	2012	2013
$21,032,486	$23,672,634	$31,003,445	$38,301,899	$42,386,586	$43,321,391
1,901,399	2,056,639	2,240,151	2,828,214	2,369,707	2,699,291
4,289,177	2,566,051	2,646,083	2,727,228	3,004,997	2,503,546
$27,223,062	$28,295,324	$35,889,679	$43,857,341	$47,761,290	$48,524,228
$10,839,282	$11,575,601	$11,665,128	$11,417,580	$11,902,943	$10,591,981
182,668	541,706	474,334	475,584	89,088	89,468
1,790,196	711,666	993,468	1,127,573	1,253,202	2,366,784
$12,812,146	$12,828,973	$13,132,930	$13,020,737	$13,245,233	$13,048,233
$31,871,768	$35,248,235	$42,668,573	$49,719,479	$54,289,529	$53,913,372
2,084,067	2,598,345	2,714,485	3,303,798	2,458,795	2,788,759
6,079,373	3,277,717	3,639,551	3,854,801	4,258,199	4,870,330
$40,035,208	$41,124,297	$49,022,609	$56,878,078	$61,006,523	$61,572,461

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	$ 717,406	$ 653,628	$ 337,530	$ 636,525	$ 657,669	$ 722,714	$ 806,618	$ 842,098	$ 819,187	$ 854,130
Public Safety	1,457,558	2,375,953	1,702,173	1,594,179	1,826,343	1,842,773	1,890,848	2,174,059	2,176,921	2,313,898
Public Works	337,158	2,346,295	2,229,068	2,583,298	3,051,121	3,525,685	3,091,315	2,910,741	3,423,797	3,455,969
Health and Social Services	-	5,956	4,470	40,492	371,172	752,457	160,307	185,670	183,493	159,562
Community & Economic Development	145,857	100,224	260,829	323,131	453,463	439,362	1,081,165	1,024,662	1,063,706	1,122,593
Culture and Recreation	1,890,816	1,848,445	1,940,735	2,008,138	2,391,710	2,266,639	2,218,807	2,322,625	2,364,603	2,308,768
Debt Service	558,303	616,883	677,574	629,037	581,318	533,573	410,454	360,531	374,287	306,030
Capital Projects	772,802	-	124,404	-	-	-	-	-	-	-
Total Governmental Activities Expenses	5,879,900	7,947,384	7,276,783	7,814,800	9,332,796	10,083,203	9,659,514	9,820,386	10,405,994	10,520,950
Business-type Activities										
Water	934,857	1,009,669	935,603	992,197	1,004,759	1,015,570	1,046,779	987,418	1,045,903	1,239,221
Sewer	1,302,613	1,294,864	1,363,527	1,340,567	1,459,406	1,371,630	1,449,551	1,426,007	1,391,096	1,793,911
Solid waste	677,072	720,941	787,681	794,029	917,857	960,872	945,847	1,010,520	1,056,793	1,069,970
Total Business-type Activities Expenses	2,914,542	3,025,474	3,086,811	3,126,793	3,382,022	3,348,072	3,442,177	3,423,945	3,493,792	4,103,102
Total Primary Government Expenses	8,794,442	10,972,858	10,363,594	10,941,593	12,714,818	13,431,275	13,101,691	13,244,331	13,899,786	14,624,052
Program Revenues (2)										
Governmental Activities:										
Charges for Services										
General Government	214,684	197,218	276,152	248,926	288,618	220,787	225,423	242,245	234,040	224,984
Public Safety	175,223	209,491	190,165	66,869	53,784	40,546	44,690	69,828	72,235	60,096
Public Works	215,740	241,750	57,233	94,986	76,341	106,013	85,054	60,305	54,485	82,504
Community & Economic Development	-	-	-	-	24,002	28,000	19,231	19,988	9,941	12,347
Culture and Recreation	618,652	640,162	646,625	668,242	574,588	615,094	604,391	626,784	628,104	614,045
Operating Grants and Contributions	1,273,888	1,083,524	1,102,485	1,380,110	2,162,998	2,562,584	1,610,920	2,044,044	1,594,594	1,556,417
Capital Grants and Contributions	-	1,330,195	23,000	1,404,076	803,799	448,176	6,869,966	7,153,867	3,862,415	945,531
Total Governmental Activities Program Revenues	2,498,187	3,702,340	2,295,660	3,863,209	3,984,130	4,021,200	9,459,675	10,217,061	6,455,814	3,495,924
Business-type Activities:										
Charges for services:										
Water	915,628	940,144	928,360	1,065,811	1,086,607	1,030,087	1,092,557	1,086,039	1,169,370	1,195,417
Sewer	1,060,088	1,173,966	1,323,162	1,423,835	1,426,363	1,397,455	1,451,773	1,412,172	1,562,986	1,573,000
Solid waste	749,942	810,682	828,387	838,647	913,187	929,328	1,054,942	1,036,883	1,076,238	1,073,959
Capital Grants and Contributions	-	511,096	159,028	369,790	138,522	-	109,178	-	12,293	
Total Business-Type Activities Program Revenues	2,725,658	3,435,888	3,238,937	3,698,083	3,564,679	3,356,870	3,708,450	3,535,094	3,820,887	3,842,376
Total Primary Government Program Revenues	$ 5,223,845	$ 7,138,228	$ 5,534,597	$ 7,561,292	$ 7,548,809	$ 7,378,070	$ 13,168,125	$ 13,752,155	$ 10,276,701	$ 7,338,300

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue[1]										
Governmental Activities:	$(3,381,713)	$(4,245,044)	$(4,981,123)	$(3,951,591)	$(5,348,666)	$(6,062,003)	$ (199,839)	$ 396,675	$ (3,950,180)	$(7,025,026)
Business-type Activities	(188,884)	410,414	152,126	571,290	182,657	8,798	266,273	111,149	327,095	(260,726)
Total Primary Government Net Expense	(3,570,597)	(3,834,630)	(4,828,997)	(3,380,301)	(5,166,009)	(6,053,205)	66,434	507,824	(3,623,085)	(7,285,752)
General Revenues										
Governmental Activities:										
Property Taxes	3,243,081	3,405,718	3,623,336	4,955,605	5,269,029	5,738,820	5,854,330	6,010,599	6,318,501	6,745,028
Other Taxes	562,401	636,502	711,455	-	-	-	-	-	-	-
Local Option Sales Tax	500,793	782,317	619,941	708,172	803,943	815,438	828,529	790,374	882,114	871,022
Hotel/Motel Taxes	58,176	140,467	143,631	144,854	173,098	170,557	133,201	154,851	153,154	150,172
Special Assessment	19,781	-	-	-	-	-	-	-	-	-
Interest	49,554	78,837	223,744	283,245	193,573	57,397	53,120	55,902	31,481	43,479
General Intergovernmental Revenues	280,986	496,854	635,103	169,440	178,926	190,500	202,440	193,778	168,924	153,540
Contributions	131,292	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	32,749	(14,730)	-	910,094	259,062	30,326	563,272	-	21,192	11,186
Miscellaneous	120,097	81,691	156,570	53,029	75,766	54,738	119,104	66,833	98,233	40,697
Transfers	32,633	100,000	182,846	194,469	134,503	76,489	40,198	298,650	180,530	-
Total Governmental Activities	5,031,543	5,707,656	6,296,626	7,418,908	7,087,900	7,134,265	7,794,194	7,570,987	7,854,129	8,015,124
Business-type Activities:										
Investment Earnings	64,284	68,664	101,656	103,118	70,915	26,338	9,484	5,881	4,855	5,031
Contributions	51,000	-		-	-	-	-	-	-	-
Miscellaneous	47,332	78,070	68,474	53,757	61,975	58,180	68,398	69,427	73,076	76,040
Transfers	(32,633)	(100,000)	(182,846)	(194,469)	(134,503)	(76,489)	(40,198)	(298,650)	(180,530)	-
Total Business-type Activities	129,983	46,734	(12,716)	(37,594)	(1,613)	8,029	37,684	(223,342)	(102,599)	81,071
Total Primary Government	5,161,526	5,754,390	6,283,910	7,381,314	7,086,287	7,142,294	7,831,878	7,347,645	7,751,530	8,096,195
Change in Net Position										
Governmental Activities	1,649,830	1,462,612	1,315,503	3,467,317	1,739,234	1,072,262	7,594,355	7,967,662	3,903,949	990,098
Business-type Activities	(58,901)	457,148	139,410	533,696	181,044	16,827	303,957	(112,193)	224,496	(179,655)
Total Primary Government	$ 1,590,929	$ 1,919,760	$ 1,454,913	$ 4,001,013	$ 1,920,278	$ 1,089,089	$ 7,898,312	$ 7,855,469	$ 4,128,445	$ 810,443

Notes:

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

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

Fiscal Year	General Property Tax	Local Option Sales Tax	Bank Franchise Tax[2]	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax[1]	Total Taxes
2004	$ 3,243,081	$ 455,716	$ 47,092	$ 562,401	$ 45,714	$ 58,176	$4,412,180
2005	3,405,718	762,930	14,351	637,467	48,750	131,802	5,001,018
2006	3,623,336	613,218	-	688,065	48,070	146,890	5,119,579
2007	3,962,657	708,172	-	992,950	52,620	144,852	5,861,251
2008	4,227,819	803,943	-	1,041,210	49,784	173,098	6,295,854
2009	4,319,975	815,438	-	1,418,845	46,878	170,557	6,771,693
2010	4,301,441	828,529	-	1,552,889	49,136	133,201	6,865,196
2011	4,460,164	790,374	-	1,550,435	50,836	154,851	7,006,660
2012	4,667,731	881,166		1,649,930	51,360	150,148	7,400,335
2013	$ 4,830,132	$ 874,064	$ -	$ 1,915,351	$ 51,384	$ 148,736	$7,819,667
Percentage Change In Dollars Over 10 Years	48.94%	91.80%	N/A	240.57%	12.40%	155.67%	77.23%

Notes:

1 Hotel-Motel tax started in January 2004.

2 Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	$ 48,370	$ 47,265	$ 56,105	$ 65,635
Unreserved	1,314,653	1,453,064	1,377,426	2,688,512
Nonspendable [2]	-	-	-	-
Restricted [2]	-	-	-	-
Assigned [2]	-	-	-	-
Unassigned [2]	-	-	-	-
Total General Fund	$ 1,363,023	$ 1,500,329	$ 1,433,531	$ 2,754,147
All Other Governmental Funds				
Reserved	$ 452,714	$ 2,642,776	$ 470,369	$ 511,995
Unreserved, reported in:				
Special Revenue Funds	239,392	848,604	1,287,143	1,604,900
Capital Projects Funds	1,760,337	1,780,788	4,674,246	1,898,051
Nonspendable [2]	-	-	-	-
Restricted [2]	-	-	-	-
Assigned [2]	-	-	-	-
Unassigned [2]	-	-	-	-
Total All Other Governmental Funds [1]	$ 2,452,443	$ 5,272,168	$ 6,431,758	$ 4,014,946
Total Governmental Funds				
Reserved	$ 501,084	$ 2,690,041	$ 526,474	$ 577,630
Unreserved, reported in:				
General Fund	1,314,653	1,453,064	1,377,426	2,688,512
Special Revenue Funds	239,392	848,604	1,287,143	1,604,900
Capital Projects Funds	1,760,337	1,780,788	4,674,246	1,898,051
Nonspendable [2]	-	-	-	-
Restricted [2]	-	-	-	-
Assigned [2]	-	-	-	-
Unassigned [2]	-	-	-	-
Total Governmental Funds	$ 3,815,466	$ 6,772,497	$ 7,865,289	$ 6,769,093

Notes:

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

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

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

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	$ 4,364,451	$ 4,965,004	$ 5,098,363	$ 5,808,631
Licenses and Permits	181,939	132,251	20,461	104,771
Intergovernmental	1,554,873	1,653,304	1,862,099	2,289,765
Charges for Services	998,372	804,429	816,965	826,422
Fines and Forfeits	43,989	46,214	48,530	43,692
Investment Earnings	48,082	78,837	223,744	281,232
Rental Income	-	50,450	48,460	86,141
Special Assessments	19,781	53,956	29,557	14,824
Contributions	131,292	32,699	52,076	19,943
Proceeds from the Sale of Real Estate & Equipment	62,724	4,000	9,690	-
Refunds/Reimbursements	-	-	424,806	-
Miscellaneous	124,136	81,691	155,922	60,087
Total Revenues	$ 7,529,639	$ 7,902,835	$ 8,790,673	$ 9,535,508
Expenditures				
Public Safety	1,436,963	2,142,727	1,806,846	1,505,718
Public Works	1,061,314	1,106,425	1,150,898	1,120,069
Health and Social Services	-	5,956	4,470	40,492
Culture and Recreation	1,894,714	1,749,569	1,870,055	2,092,858
Community and Economic Development	145,857	100,224	683,676	211,505
General Government	584,231	587,689	681,145	708,594
Debt Service				
Principal	1,081,664	1,086,164	3,264,741	1,465,223
Interest	615,031	549,564	626,454	608,512
Capital Projects	772,802	1,240,044	1,787,442	4,116,093
Total Expenditures	$ 7,592,576	$ 8,568,362	$ 11,875,727	$ 11,869,064
Excess (Deficiency) of Revenues over (under) Expenditures	(62,937)	(665,527)	(3,085,054)	(2,333,556)
Other Financing Sources (Uses)				
Issuance of Bonds and Notes	81,610	3,522,558	4,040,000	124,983
Premiums on Bonds Issued	-	-	-	-
Payment of Refunded Bonds	-	-	-	-
Transfers In	1,621,927	1,601,076	1,829,403	2,439,569
Transfers Out	(1,589,294)	(1,501,076)	(1,691,557)	(2,245,100)
Sale of Fixed Assets	-	-	-	917,908
Total Other Financing Sources (Uses)	$ 114,243	$ 3,622,558	$ 4,177,846	$ 1,237,360
Net change in fund balances	$ 51,306	$ 2,957,031	$ 1,092,792	$ (1,096,196)
Debt service as a percentage of non-capital expenditures	24.88%	22.32%	38.57%	26.75%

Fiscal Year					
2008	2009	2010	2011	2012	2013
$ 6,246,070	$ 6,724,815	$ 6,816,060	$ 6,955,824	$ 7,351,217	$ 7,766,222
89,096	70,932	76,995	74,274	76,835	77,482
2,839,001	3,133,340	8,624,439	9,302,604	5,343,456	2,592,220
762,581	753,881	749,174	789,360	782,155	775,303
60,519	55,617	57,984	81,432	82,890	70,244
190,953	53,475	49,430	53,322	31,481	42,180
105,137	130,010	94,636	56,533	56,924	70,947
24,624	8,107	13,293	11,746	9,619	6,215
46,245	62,145	53,426	86,594	42,529	43,424
-	-	-	-	-	-
-	-	-	-	240,984	21,505
75,766	54,738	100,733	102,756	98,079	40,697
$ 10,439,992	$ 11,047,060	$ 16,636,170	$ 17,514,445	$ 14,116,169	$ 11,506,439
2,527,463	1,865,308	1,967,944	1,944,423	2,062,017	2,390,307
1,361,664	1,398,593	1,549,928	1,648,157	2,030,615	1,596,015
371,172	752,457	160,307	160,670	158,493	159,562
1,965,203	2,112,607	2,068,757	2,280,472	2,208,790	2,104,902
424,329	379,384	1,139,355	1,133,362	1,059,750	1,115,555
759,889	708,822	750,950	727,688	753,230	795,178
1,365,468	1,492,422	1,559,972	1,637,393	1,879,524	1,796,882
598,918	578,130	421,926	381,360	413,974	304,063
2,671,634	3,837,918	7,365,555	8,678,411	5,866,802	2,930,055
$ 12,045,740	$ 13,125,641	$ 16,984,694	$ 18,591,936	$ 16,433,195	$ 13,192,519
(1,605,748)	(2,078,581)	(348,524)	(1,077,491)	(2,317,026)	(1,686,080)
1,093,267	4,360,000	680,312	2,534,318	4,690,000	700,000
-	-	-	50,796	1,079	-
(589,612)	(4,295,000)	(650,000)	-	(645,000)	(2,135,000)
3,836,910	3,383,978	3,852,667	3,480,232	3,850,901	4,753,789
(3,709,313)	(3,238,978)	(3,812,469)	(3,181,582)	(3,670,371)	(4,753,789)
259,062	30,326	563,272	-	48,788	25,105
$ 890,314	$ 240,326	$ 633,782	$ 2,883,764	$ 4,275,397	$ (1,409,895)
$ (715,434)	$ (1,838,255)	$ 285,258	$ 1,806,273	$ 1,958,371	$ (3,095,975)
21.52%	20.73%	21.17%	21.16%	22.52%	20.76%

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

Fiscal Year	Real Property Assessed Value	Real Property Taxable Value [2]	Utilities [3] Assessed Value	Utilities [3] Taxable Value	Total Assessed Value	Total Taxable Value	Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
2004	$ 373,740,464	$ 231,242,928	$ 6,391,538	$ 6,391,538	$ 380,132,002	$ 237,634,466	13.472	62.51%
2005	387,241,882	228,587,942	5,739,643	6,122,573	392,981,525	234,710,515	14.305	59.73%
2006	400,227,354	234,339,310	5,813,677	5,898,577	406,041,031	240,237,887	14.852	59.17%
2007	463,670,117	256,420,559	6,391,451	6,095,819	470,061,568	262,516,378	14.699	55.85%
2008	490,500,027	268,565,295	6,910,814	5,536,691	497,410,841	274,101,986	15.071	55.11%
2009	575,400,233	324,797,829	7,911,996	5,527,775	583,312,229	330,325,604	14.781	56.63%
2010	586,382,560	336,384,219	8,780,101	5,527,775	595,162,661	341,911,994	14.340	57.45%
2011	591,931,845	345,447,343	9,051,046	5,764,139	600,982,891	351,211,482	14.504	58.44%
2012	600,246,807	359,088,087	9,218,277	5,874,314	609,465,084	364,962,401	14.604	59.88%
2013	$ 621,511,271	$ 382,297,300	$ 9,330,400	$ 6,096,518	$ 630,841,671	$ 388,393,818	14.254	61.57%

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 2013 this percentage is 50.7518%.

[1] Taxable Value does not include the Tax Increment Levy
[2] Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)
[3] Utilities includes Railroads, Utilities, and Gas & Electric

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

	City of Waverly				Overlapping Rates				
Fiscal Year	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	Total Direct and Overlapping
2004	$ 8.814	$ 1.353	$ 3.305	$ 13.472	$ 12.259	$ 4.954	$ 0.746	$ 17.959	$ 31.431
2005	8.793	2.234	3.278	14.305	12.101	6.318	0.995	19.415	33.720
2006	8.837	2.814	3.201	14.852	12.020	6.668	1.067	19.755	34.607
2007	8.850	2.835	3.014	14.699	12.371	6.337	1.040	19.748	34.447
2008	8.555	3.782	2.734	15.071	12.390	6.520	0.828	19.738	34.809
2009	8.564	3.601	2.616	14.781	12.375	7.098	1.001	20.474	35.255
2010	8.573	3.321	2.446	14.340	12.242	6.630	0.932	19.804	34.144
2011	8.579	3.553	2.371	14.504	13.691	6.114	0.997	20.802	35.306
2012	8.583	3.734	2.286	14.604	14.451	5.698	0.961	21.110	35.714
2013	$ 8.564	$ 3.657	$ 2.033	$ 14.254	$ 14.058	$ 5.616	$ 0.961	$ 20.635	$ 34.889

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2013

	2013			2004		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CUNA Mutual Life Insurance	$ 9,947,140	1	2.56%	$ 9,804,190	1	4.13%
Wal-Mart	9,062,890	2	2.33%	-	-	-
Birdworks LLC	6,816,100	3	1.75%	-	-	-
Nestle' USA	6,748,850	4	1.74%	7,202,970	2	3.03%
First National Bank	4,553,320	5	1.17%	-	-	-
MDM Partnership	3,345,150	6	0.86%	3,064,140	5	1.29%
Village Square Plaza	3,980,860	7	1.02%	2,319,510	6	0.98%
GMT Corporation	4,043,030	8	1.04%	3,315,820	4	1.40%
Terex Cranes, Inc. - Waverly	3,543,320	9	0.91%	3,660,250	3	1.54%
State Bank & Trust Co.	2,873,490	10	0.74%	-	-	-
TDS Automation	-	-	0.00%	2,081,960	7	0.88%
Meier-Hanson Properties	-	-	0.00%	2,022,300	8	0.85%
Wav/Kaz Inc.	-	-	0.00%	1,834,900	9	0.77%
McKee Development	-	-	0.00%	1,772,690	10	0.75%
Total Principal Taxpayers	54,914,150		14.14%	37,078,730		15.60%
All Other Taxpayers	333,479,668		85.86%	200,555,736		84.40%
Total Taxable Valuation	$ 388,393,818		100.00%	$ 237,634,466		100.00%

Source: Bremer County, Iowa: County Treasurer

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

Fiscal Year	Total Tax Levy	Current Tax Collections (2)	Percent of Levy Collected	Collections in Subsequent Years (2)	Total Tax Collec-tions	Percent of Total Tax Collections to Tax Levy
2004	$ 3,236,314	$ 3,243,081	100.21%	N/A	$ 3,243,081	100.21%
2005	3,400,347	3,405,718	100.16%	N/A	3,405,718	100.16%
2006	3,612,645	3,623,336	100.30%	N/A	3,623,336	100.30%
2007	3,903,182	4,107,509	105.23%	N/A	4,107,509	105.23%
2008	4,215,820	4,227,818	100.28%	N/A	4,227,818	100.28%
2009	4,307,395	4,319,975	100.29%	N/A	4,319,975	100.29%
2010	4,290,422	4,301,445	100.26%	N/A	4,301,445	100.26%
2011	4,460,591	4,469,070	100.19%	N/A	4,469,070	100.19%
2012	4,657,939	4,667,731	100.21%	N/A	4,667,731	100.21%
2013	$ 4,780,662	$ 4,830,133	101.03%	N/A	$ 4,830,133	101.03%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:
[1] GAAP Basis
[2] Collected totals for each fiscal year include delinquent and current property taxes. The Bremer County Treasurer's Office does not record for which year delinquent payments are made therefore delinquent collections are included in year collected. The City is currently in the process of making tax system changes to track this information however this information is not yet available.

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

	Governmental Activities		Business-Type Activities				
Fiscal Year	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income [2]	Per Capita [1]
2004	$ 12,004,612	$ 252,350	$ 1,375,388	$ 3,035,000	$ 16,667,350	10.16%	$ 1,859
2005	14,494,612	257,744	1,705,388	2,700,000	19,157,744	11.68%	2,136
2006	15,309,612	218,003	1,105,388	2,340,000	18,973,003	11.57%	2,116
2007	13,894,612	292,763	950,388	1,975,000	17,112,763	10.44%	1,908
2008	13,048,267	238,158	1,636,733	1,535,000	16,458,158	7.94%	1,835
2009	11,656,017	182,156	1,373,983	1,245,000	14,457,156	6.95%	1,612
2010	10,138,636	157,159	1,106,364	940,000	12,342,159	5.44%	1,376
2011	10,980,000	184,900	885,000	630,000	12,679,900	5.20%	1,284
2012	13,250,000	46,268	655,000	305,000	14,256,268	5.85%	1,444
2013	$ 10,530,000	$ 22,193	$ 2,675,000	$ 175,000	$ 13,402,193	5.50%	$ 1,336

Notes:
[1] Population data used was the estimated census from the year 2012 of 10,035.
[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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual [1] Taxable Value of Property	Per Capita [2]
2004	$ 13,380,000	$ 13,122	$ 13,366,878	5.62%	$ 1,491
2005	16,200,000	2,197,444	14,002,556	5.97%	1,561
2006	16,415,000	18,769	16,396,231	6.82%	1,828
2007	14,845,000	55,356	14,789,644	5.63%	1,649
2008	14,685,000	32,626	14,652,374	5.35%	1,634
2009	13,030,000	91,817	12,938,183	3.92%	1,443
2010	11,245,000	101,396	11,143,604	3.26%	1,243
2011	11,865,000	72,430	11,792,570	3.36%	1,194
2012	13,905,000	2,168,236	11,736,764	3.22%	1,189
2013	$ 13,205,000	$ 467,780	$ 12,737,220	3.28%	$ 1,269

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

[1] See the Table of Assessed Values and Taxable Value of Taxable Property for property value data.
[2] Population data used was the estimated census from the year 2012 of 10,035.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt[3]
June 30, 2013

Name of Governmental Unit		Debt Outstanding	Percentage[4] Applicable to City	Amount Applicable to City
Direct:				
City of Waverly [3]	$	10,042,193	100%	$ 10,042,193
Overlapping:				
Bremer County [1]		2,875,000	18%	517,500
Waverly-Shell Rock School District[2]		20,585,000	44%	9,057,400
Total Overlapping Debt		23,460,000		9,574,900
Total Direct and Overlapping Debt	$	33,502,193		$ 19,617,093

Sources:

[1] County Auditor, Bremer County, Iowa

[2] Waverly-Shell Rock School District

Notes:

[3] Excluding General Obligation bonds reported in the Enterprise Funds.

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

City of Waverly
Legal Debt Margin Information
Last Ten Fiscal Years

	2004	2005	2006	2007
Debt Limit	$ 20,047,576	$ 20,751,823	$ 21,449,800	$ 25,194,381
Total Net Debt Applicable to Limit	13,366,878	16,200,000	16,832,236	15,082,395
Legal Debt Margin	$ 6,680,698	$ 4,551,823	$ 4,617,564	$ 10,111,986
Total Net Debt Applicable to the Limit as a percentage of debt limit	66.68%	78.07%	78.47%	59.86%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value		
Real and Personal Property Within the City		$ 630,841,671
DEBT LIMIT - 5% of ESTIMATED VALUATION		31,542,084
Amount of Debt Applicable to Limit		
Total Debt and Long-Term Notes Payable	13,402,193	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	175,000	
Amount Available for Repayment of General Obligation Debt	467,780	
Debt Applicable to Debt Limit		12,759,413
Legal Debt Margin		$ 18,782,671

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.

2008	2009	2010	2011	2012	2013
$ 26,574,137	$ 29,165,611	$ 29,758,133	$ 30,049,145	$ 30,473,254	$ 31,542,084
14,890,532	13,120,339	11,300,763	11,977,470	11,802,800	12,759,413
$ 11,683,605	$ 16,045,272	$ 18,457,370	$ 18,071,675	$ 18,670,454	$ 18,782,671
56.03%	44.99%	37.98%	39.86%	38.73%	40.45%

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal	Payments For Interest
2004	$ 915,628	$ 844,817	$ 226,489	$ 70,811	$ 220,000	$ 90,040
2005	940,144	918,528	225,896	21,616	225,000	91,141
2006	928,360	839,001	234,258	89,359	245,000	96,602
2007	1,065,811	939,067	254,098	126,744	255,000	53,130
2008	1,086,607	958,476	259,751	128,131	260,000	46,283
2009	1,030,087	959,049	260,422	71,038	257,750	56,521
2010	1,092,557	999,372	268,853	93,185	272,619	47,407
2011	1,086,039	948,144	263,983	137,895	271,364	39,274
2012	1,169,370	1,015,071	263,293	154,299	280,000	30,832
2013	$ 1,195,417	$ 1,197,792	$ 284,561	$ (2,375)	$ 260,862	$ 41,429

Notes

[1] GAAP Basis

Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
$ 310,040	0.23	$ 297,300	0.96
316,141	0.07	247,512	0.78
341,602	0.26	323,617	0.95
308,130	0.41	380,842	1.24
306,283	0.42	387,882	1.27
314,271	0.23	331,460	1.05
320,026	0.29	362,038	1.13
310,638	0.44	401,878	1.29
310,832	0.50	417,592	1.34
$ 302,291	(0.01)	$ 282,186	0.93

City of Waverly, Iowa
Sewer Revenue Bond Coverage
Last Ten Fiscal Years[1]

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
2004	$ 1,060,088	$ 1,185,001	$ 377,805	$ (124,913)	$ 240,000	$ 117,612
2005	1,173,966	1,178,154	417,531	(4,188)	245,000	116,710
2006	1,323,162	1,255,668	421,538	67,494	255,000	107,859
2007	1,423,835	1,249,868	442,856	173,967	265,000	90,699
2008	1,426,363	1,379,356	455,447	47,007	280,000	80,050
2009	1,397,455	1,317,802	448,663	79,653	295,000	53,828
2010	1,451,773	1,406,774	471,271	44,999	300,000	42,777
2011	1,412,172	1,394,145	481,193	18,027	260,000	31,862
2012	1,562,986	1,369,322	452,542	193,664	275,000	21,774
2013	$ 1,573,000	$ 1,756,675	$ 493,679	$ (183,675)	$ 294,138	$ 37,236

Notes

[1] GAAP Basis

Total Debt Service Payments	Coverage	Net Revenue Available For Debt Service Plus Depreciation	Coverage Without Depreciation
$ 357,612	(0.35)	$ 252,892	0.71
361,710	(0.01)	413,343	1.14
362,859	0.19	489,032	1.35
355,699	0.49	616,823	1.73
360,050	0.13	502,454	1.40
348,828	0.23	528,316	1.51
342,777	0.13	516,270	1.51
291,862	0.06	499,220	1.71
296,774	0.65	646,206	2.18
$ 331,374	(0.55)	$ 310,004	0.94

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

Fiscal Year	Population	Total Personal Income [2]	Per Capita Personal Income	Median Age	Educational Attainment Bachelor's Degree or Higher	School Enrollment	Unemployment Rate
1970	7,205	$ 21,334,005	$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2013	10,035 (3)	$ 243,740,115	$ 24,289 (4)	33.1 (5)	3,633 (6)	2,203 (7)	3.80% (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 2012 estimate from quickfacts.census.gov
4. Taken from _www.usa.com for 2010
5. 2012 estimate from quickfacts.census.gov
6. 2013 estimate from quickfacts.census.gov
7. WSR school enrollment for 12-13
8. Iowa Workforce Development July 2013 (Bremer County.)

City of Waverly, Iowa
Principal Employers
Current Year [1]

	2013		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**
CUNA Mutual Life Insurance	515	1	6.49%
Wartburg College	500	2	6.30%
Waverly Health Center	436	3	5.49%
Waverly Shell Rock Schools	381	4	4.80%
Terex Cranes, Inc., Waverly	350	5	4.41%
GMT Corporation	310	6	3.90%
Nestle USA, Beverage Division	283	7	3.56%
Bartels Lutheran Home	266	8	3.35%
Walmart	200	9	2.52%
Lutheran Services in Iowa, Inc	170	10	2.14%
Total Employees of Principal Employers	3,411		42.97%
Other Employees	4,528		57.03%
Adjusted Labor Force [2]	7,939		100.00%

Source:
Waverly Chamber of Commerce
Waverly Laborshed Analysis

Note:

[1] Comparative data is not currently available.
[2] Includes full-time and part-time employees based on www.usa.com.

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	10	11	10.5	11	11	11	11	14.5	13.5	13.5
Library	9.5	9.5	9.5	10	10	10	10	10.5	10.5	10.5
Public Safety										
Police										
Officers	15	15	15	16	16	16	16	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	1	1	1	1	1	1	1	8	8	8
Volunteers	36	36	36	36	36	36	36	29	29	29
Highways and Streets										
Public Works Admin/Engineering	5	5	5	6	4.75	4.75	4.75	4.75	6	6
Zoning/Economic	0	0	0	0	3	3	3	3	3	3
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	7
Building Inspection [1]	2	2	1	0	0	0	0	0	0	0
Sanitation [2]	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Culture and Recreation [2]	24.5	23	24	23	20	17	17	18	18	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Sewer	6	6	6	6	6	6	6	5.5	5.5	5.5
	131	130.5	130	131	129.75	126.75	126.75	131.25	131.5	131.5

Source: City of Waverly Accounting Department

Notes:

[1] In 2005 the building inspection responsibilities was moved to Bremer County.

[2] Fluctuations in these functions were due to the number of part-time seasonal personnel.

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

	Fiscal Year			
	2004	2005	2006	2007
Function				
Police				
Physical Arrests	376	458	488	555
Parking Violations	777	1,006	911	840
Traffic Violations	934	935	1,087	1,021
Fire				
Number of Calls Answered	103	118	100	131
Highways and Streets				
Street Maintenance (Blocks)	133	120	110	100
Street Reconstruction (Blocks)	9.7	4.8	15.1	2.85
Building Permits				
Number	375	355	362	404
Value	$ 35,655,597	$ 32,289,223	$ 19,223,833	$ 55,475,429
Permit Fees	$ 122,646	$ 115,576	$ 78,111	$ 147,000
Sanitation				
Solid Waste Collected (tons)	4,129	4,028	3,985	4,143
Recyclables Collected (pounds)	1,819,223	1,885,863	1,812,279	1,836,893
Water				
Water Pumped (in thousands of gallons)	389,947	336,927	320,782	333,907
Water Billed (in thousands of gallons)	290,155	262	267,137	271,203
Percent Accountable	74%	78%	83%	81%

Source: Annual reports from each department.

Fiscal Year					
2008	2009	2010	2011	2012	2013
691	556	490	456	324	299
1,037	937	850	881	570	599
1,516	1,155	1,152	1,174	1,175	950
135	127	120	118	110	111
120	103	112	92	92	97
7	9	0	22	0	36
357	402	414	455	432	423
$ 12,722,997	$ 21,983,939	$ 37,596,455	$ 16,635,779	$ 20,192,166	$ 19,816,016
$ 70,269	$ 103,873	$ 35,259	$ 89,506	$ 94,305	$ 111,018
4,532	4,186	3,939	4,111	3,910	3,653
1,892,803	1,954,793	1,816,441	1,974,000	1,911,020	1,956,116
352,075	367,679	356,739	327,325	329,465	328,942
268,325	257,857	242,962	273,135	259,173	266,859
76%	70%	68%	83%	79%	81%

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

	Fiscal Year			
	2004	2005	2006	2007
Function				
Police:				
Stations	1	1	1	1
Patrol Units	4	4	4	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	3	3	3	3
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	64	65	67	67
Culture and Recreation				
Parks Acreage	110	115	120	120
Parks	22	23	24	24
Miles of Recreational Trails	10	10	10	10
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	2	2	2	2
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemeteries (acres)	47	47	47	47
Water				
Water Mains (miles)	64	64	66	66
Number of Service Connections	3,214	3,323	3,353	3,447
Daily Ave. Consumption in Gallons	1,071,000	923,088	881,000	914,814
Fire Hydrants	587	587	634	640
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	3,160	3,160	3,397
Daily Ave. Treatments in Gallons	975,871	1,040,274	1,027,151	1,029,500
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					
2008	2009	2010	2011	2012	2013
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	76	74	
120	120	120	140	140	140
24	24	24	25	25	25
12	14	14	15	15	15
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
47	47	47	47	47	47
68	68	68	73	73	73
3,527	3,476	3,477	3,518	3,539	3,591
961,750	1,012,819	977,367	909,236	932,625	996,948
660	660	660	679	679	
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
62	62	62	62	62	62
1	1	1	1	1	1
3,468	3,427	3,423	3,461	3,477	3,527
1,829,100	1,174,000	1,076,884	1,370,000	942,167	1,240,333
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

CITY OF WAVERLY, IOWA
Schedule of Findings
For the Year Ended June 30, 2013

Part I: Summary of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Material Weakness:

II-A-13 Financial Reporting

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

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

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

Conclusion – Response accepted

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-13 - Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the community and economic development and business type/enterprises functions.

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-13 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-13 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-13 - Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-13 - 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-13 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-13 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-13 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-I-13 Urban Renewal Annual Report – The urban renewal annual report was property approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

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

Honorable Members of the City Council
City of Waverly, Iowa

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 16, 2013. Our report includes a reference to other auditors who audited the financial statements of Waverly Health Center and Waverly Light and Power, as described in our report on the City of Waverly's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item II-A-13 to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Waverly's Response to Findings

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

Purpose of this Report

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

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

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 16, 2013