

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF WAVERLY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

Prepared by the  
Finance Department  
Jenifer Mein, Finance Director

**CITY OF WAVERLY, IOWA  
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 FOR THE YEAR ENDED JUNE 30, 2015  
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CITY OF  
**WAVERLY**

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Web Site: [www.waverlyia.com](http://www.waverlyia.com)

January 14, 2016

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, 2015. 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 requires that management provide an introduction, overview and analysis to accompany the basic financial statement, in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A, found immediately following the report of the City's independent auditors, and should be read in conjunction therewith. State statutes and the City Code require an annual audit by independent certified public accountants to provide reasonable assurance that the information in the CAFR can be relied upon. The auditors' report is included in the financial section of the report.

**PROFILE OF THE CITY OF WAVERLY**

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

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

department directors. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

### **FINANCIAL INFORMATION**

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

In addition, the City recognizes the importance of leadership from management in these controls. The City Council has adopted a personnel policy that provides guidance as to certain elements of the internal control structure. The employees are updated on changes to these ethics and personnel policies to stress that internal control is an important element of the public's trust. The City has incorporated the personnel policy 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 presents function disbursements by fund; however the formal and legal level of budgetary control is at the aggregated function level, not by fund. After adoption, budget adjustments in these functions are authorized by the City Council.

State laws require audits for cities such as Waverly to be conducted by the auditor of the state or by certified public accountants. In addition to meeting state requirements, the audit must meet the requirements of the federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996 which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

### **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy.** The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small town atmosphere while being only a 25 minute drive to a large metropolitan area. The last census showed Waverly's growth at 10.1% compared to the state's increase of 4.1%. The increase in the number of building permits is a good sign for Waverly. Fiscal Year 2015 was a strong building year with numerous projects including a new eye clinic, a new bank, renovation for a dental facility, new construction for the public services building, expansion of industry to increase production capacity for a new product line, and new construction starting for the Waverly Area Veteran's Post. All these developments 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 Cobblestone Inns and Suites.

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.

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 575 employees, Waverly Health Center with 440 employees, Wartburg College with 572 employees, Nestle Beverage food products with 285 employees, Waverly Shell-Rock Schools with 375 employees, Terex with 350 employees, GMT Corporation with 348 employees, and Bartels Lutheran Home with 259 employees. These figures include both full-time and part-time employees.

In July 2003 the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, without raising 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 \$983,208 in FY 2015. This was an increase from the prior year. 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 June 2015 unemployment rate of 3.0% compares favorably to the State's rate of 3.7% for the same period. Growth in the City's taxable valuation has been excellent compared to other cities of similar size. The state's residential rollback continues to affect the taxing ability of cities. Although the state rollback affected taxable valuation again this year, it improved from the prior year. The FY2015 residential rollback was 54.4002 percent compared to 52.8166 percent in FY 2014. 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.

**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, 2014. 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 2015 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,

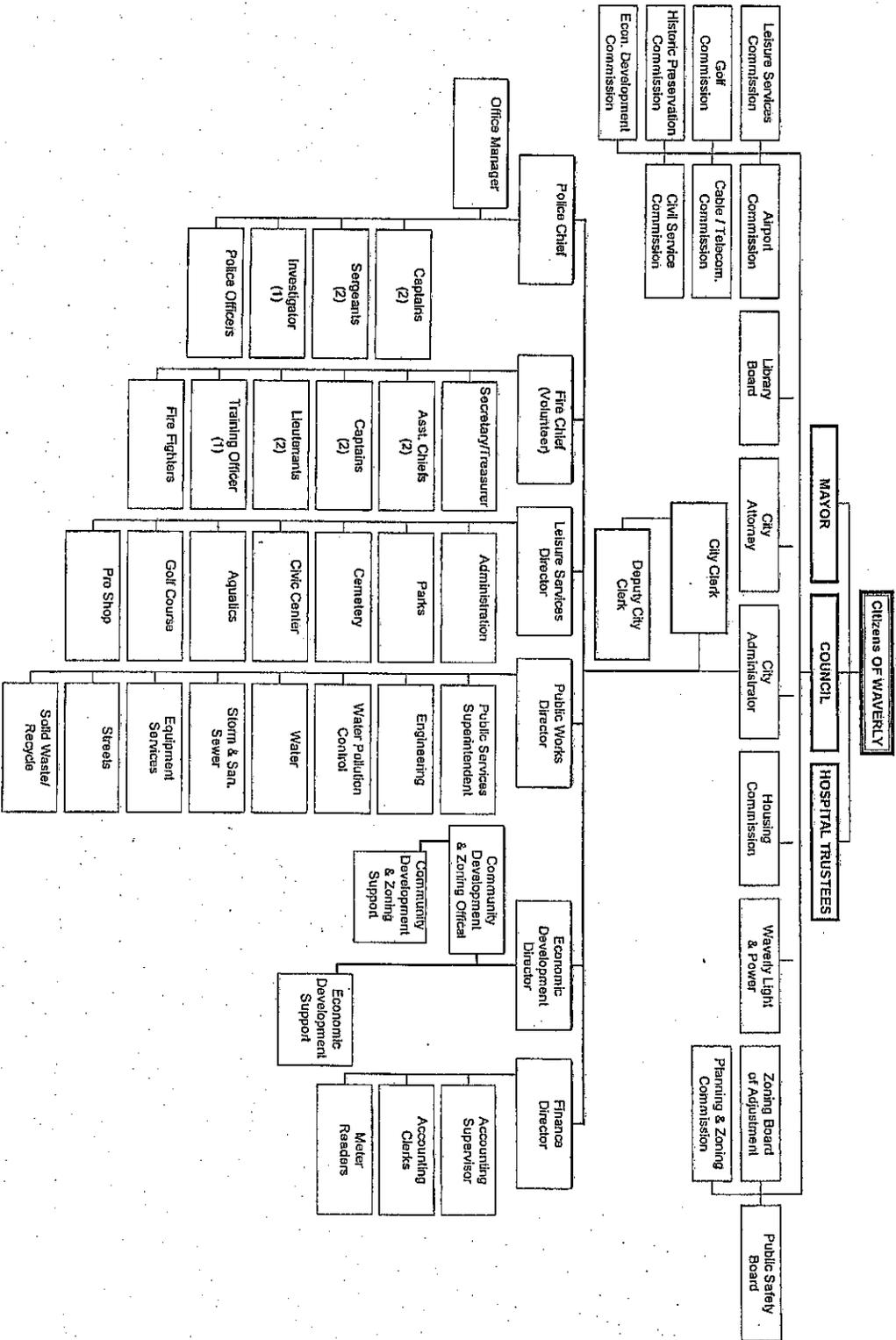


Jennifer J. Meln  
Director of Finance

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# Organizational Flow Chart

## The City Of Waverly, Iowa



**CITY OF WAVERLY, IOWA**

**List of Principal Officials  
June 30, 2015**

**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

---

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



Government Finance Officers Association

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

Presented to

**City of Waverly  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

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, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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



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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 \$38,997,760 and \$53,570,962 as of June 30, 2015 and December 31, 2014, respectively, and total program revenues of \$51,749,258 and \$17,384,182 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 18 to the financial statements, the City adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for the retiree health plan, schedule of the City's proportionate share of net pension liability, and schedule of the City's contributions on pages 11 through 21 and 72 through 82 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 Schedule of Expenditures of

Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, 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 & Lanzetta, P.C.*

Certified Public Accountants

Le Mars, Iowa  
January 14, 2016

## Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2015 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report, as well as the audit reports of the discretely presented component units.

### Financial Highlights

- The assets of the City of Waverly exceeded liabilities at June 30, 2015, by \$59,831,580. Of this amount, \$4,730,846 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net position increased by \$1,577,388 during the year. Of this amount the assets of our Governmental Activities increased by \$1,069,752 and the assets of our Business Activities increased \$507,636. The 2.3% increase of Governmental Activities is attributed to capital grant increases related to the airport project. The increase in Business Activities assets due to the final phase of the automatic meter reading project completed in 2014 and related reduced expenses.
- The City's long-term debt increased approximately \$16.8 million. The City issued general obligation bonds of approximately \$15.5 million, water revenue bonds of \$1.87 million, sewer revenue bonds of \$2 million, and a note of approximately \$180,000 for the purchase of land. The City continues to pay off debt at a rate that keeps the debt limit well below the capacity of \$33 million. Outstanding general obligation debt totals \$24,042,406, other notes payable total \$351,257, and revenue bonds total \$3,705,000.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was \$2,271,397. This represents 33.4 percent of total general fund expenditures, which is consistent with last year and is well above the City's 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 22-24 of this report.

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

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

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

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

The City of Waverly maintains 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 25-30 of this report.

Proprietary funds. The City of Waverly maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide

financial statements. The City uses enterprise funds to account for its Water, Sewer, and Solid Waste Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the partially self-funded insurance program.

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-71 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 net investment in capital assets (land, buildings and improvements, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net position for the years ended June 30, 2014 and 2015.

	General Governmental Activities		Business-Type Activities		Total	
	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015
<b>ASSETS</b>						
Current and Other Assets	\$12,576,456	\$23,709,817	\$2,797,169	\$5,478,549	\$15,373,625	\$29,188,366
Capital Assets	54,047,590	59,924,605	13,305,014	14,519,034	67,352,604	74,443,639
Total Assets	66,624,046	83,634,422	16,102,183	19,997,583	82,726,229	103,632,005
<b>DEFERRED OUTFLOWS</b>						
	39,711	756,307	7,851	110,887	47,562	867,194
<b>LIABILITIES</b>						
Other Liabilities	1,688,996	5,538,407	128,718	1,042,831	1,560,278	6,581,238
Noncurrent Liabilities	8,696,889	23,407,971	3,109,131	6,123,426	11,806,020	29,531,397
Total Liabilities	10,385,885	28,946,378	3,237,849	7,166,257	13,623,734	35,112,635
<b>DEFERRED INFLOWS</b>						
	6,931,049	8,361,311	-	193,673	6,931,049	8,554,984
<b>NET POSITION</b>						
Net Investment In Capital Assets	45,860,962	44,889,601	10,274,538	8,167,293	56,135,500	53,056,894
Restricted	2,509,661	2,043,840	88,279	-	2,597,940	2,043,840
Unrestricted	976,180	149,599	2,509,368	4,581,247	3,485,548	47,335,846
Total Net Position	\$49,346,803	\$47,083,040	\$12,872,185	\$12,748,540	\$62,218,988	\$59,831,580

This summary reflects a 4.5 percent decrease in the governmental net position and a 1.0 percent decrease in the business-type net position, due primarily to the recording of new pension liability standards.

By far the largest portion of the City's net position (89%) reflects its net 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 \$2,043,840 (3.4%) 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 \$69,734, cemetery perpetual care of \$496,551, Tax Increment Financing allowable purposes of \$282,536, Local Option Sales Tax allowable purposes of \$113,625, Road Purposes of \$520,132, airport expansion of \$468,051 and other specific revenue restrictions of \$93,211. The remaining balance of unrestricted net position of \$4,730,846 may be used to meet the government's ongoing obligations to citizens and creditors.

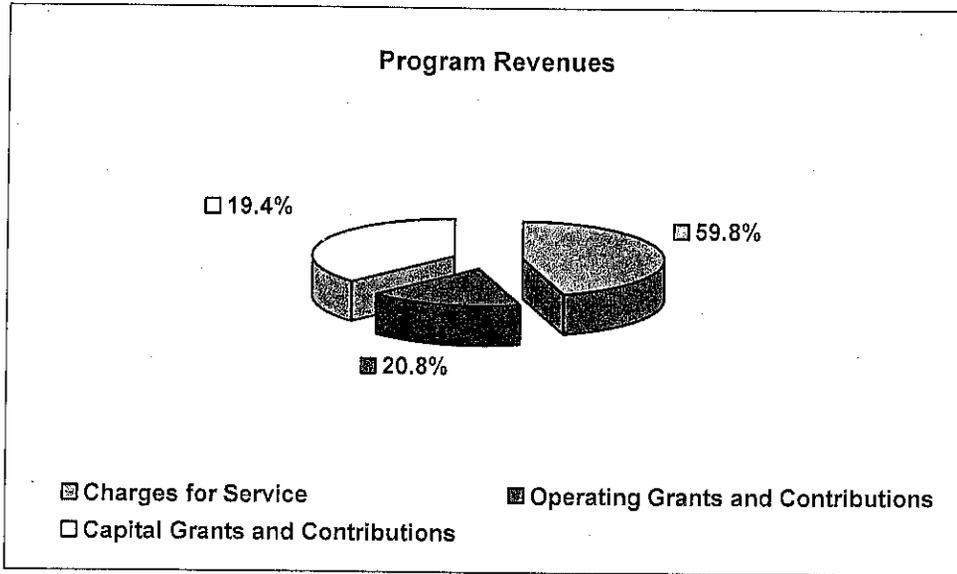
At the end of the current fiscal year, the City of Waverly is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Total revenue reported in Fiscal year 2015 was \$17,235,268. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2014 and 2015.

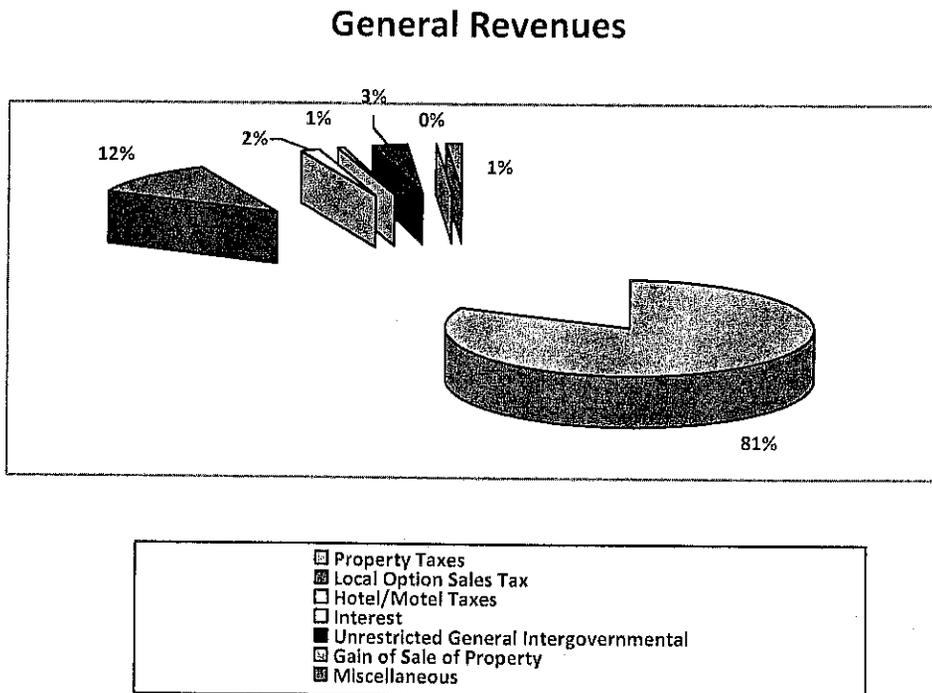
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Program Revenues:</b>						
Charges for Services	\$1,009,871	\$ 1,025,504	\$4,021,924	\$ 4,151,390	\$5,031,795	\$ 5,176,894
Operating Grants and Contributions	1,922,408	1,803,342	-	-	1,922,408	1,803,342
Capital Grants and Contributions	414,555	1,507,147	-	169,235	414,555	1,676,382
<b>Total Program Revenues</b>	<b>3,346,834</b>	<b>4,335,993</b>	<b>4,021,924</b>	<b>4,320,625</b>	<b>7,368,758</b>	<b>8,656,618</b>
<b>General Revenues and Transfers:</b>						
Property Taxes	7,133,869	7,000,472	-	-	7,133,869	7,000,472
Local Option Sales Tax	896,970	996,545	-	-	896,970	996,545
Hotel / Motel Taxes	163,599	154,137	-	-	163,599	154,137
Interest	44,973	34,653	7,606	12,624	52,579	47,277
Unrestricted General Intergovernmental Revenues	173,778	261,712	-	-	173,778	261,712
Gain on Sale of Property	-	4,500	-	-	-	4,500
Miscellaneous	77,764	22,198	75,521	91,809	153,285	114,007
Interfund Transfers	25,000	57,166	(25,000)	(57,166)	-	-
<b>Total General Revenues and Transfers</b>	<b>8,515,953</b>	<b>8,531,383</b>	<b>58,127</b>	<b>47,267</b>	<b>8,574,080</b>	<b>8,578,650</b>
<b>Total Revenues and Transfers</b>	<b>\$11,862,787</b>	<b>\$12,867,376</b>	<b>\$4,080,051</b>	<b>\$ 4,367,892</b>	<b>\$15,942,838</b>	<b>\$ 17,235,268</b>

Program revenues totaled \$8,656,618 for fiscal year 2015. Governmental Activities provided \$4,335,993 and Business-Type Activities provided \$4,320,625. Revenue collected for Charges for Services during fiscal year 2015 was \$5,176,894 accounting for 59.8% of the total program revenues. This is an increase of 2.9% from last year due to an increase in utility rates.

The City began working on the new airport expansion which involves purchase of land and construction cost to be paid in part by a federal grant. This resulted in an increase in capital grants of \$1,093,000. Operating grants showed a 6.1% decrease for fiscal year 2015. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2015 totaled \$8,578,650. Governmental Activities provided \$8,531,383 and Business-Type Activities provided \$47,267. Property Tax Revenues for fiscal year 2015 totaled \$7,000,472, accounting for 81.6% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for fiscal year 2015 totaled \$15,657,880. Expenses for Governmental Activities totaled \$11,797,624 accounting for 75.3% of the total expenses. Business-Type Activity expenses totaled \$3,860,256 for 24.7% of the total. The breakdown of expenses by activity and program are as follows:

Program Level	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Public Safety	\$ 2,344,143	\$ 2,187,109	\$ -	\$ -	\$2,344,143	\$ 2,187,109
Public Works	4,007,339	4,063,154	-	-	4,007,339	4,063,154
Health & Social Services	161,194	184,325	-	-	161,194	184,325
Culture and Recreation	2,962,684	2,364,058	-	-	2,962,684	2,364,058
Community and Economic Development	551,508	1,557,169	-	-	551,508	1,557,169
General Government	819,124	964,181	-	-	819,124	964,181
Debt Service	194,220	477,628	-	-	194,220	477,628
Water System	-	-	1,357,585	1,129,752	1,357,585	1,129,752
Sewer System	-	-	1,700,847	1,524,393	1,700,847	1,524,393
Solid Waste	-	-	1,197,667	1,206,111	1,197,667	1,206,111
Total Expenses	11,040,212	11,797,624	4,256,099	3,860,256	15,296,311	15,657,880
Change in Net Position	\$ 822,575	\$ 1,069,752	(\$176,048)	\$ 507,636	\$646,527	\$ 1,577,388

For the most part, expenses closely paralleled inflation and the constant demand for services. Water and sewer business-type activities were close to last year and again included additional contract services for the auto meter reading project. 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 \$2,187,109 and received \$79,061 in charges for services and grants, leaving a cost to the taxpayer of \$2,108,048 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The total cost of governmental activities this year was \$11,797,624. Of these costs, \$1,025,504 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 \$3,310,489, leaving a net cost of \$7,461,631 for Governmental Activities. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2014	2015
<b>Governmental Activities:</b>		
Public Safety	\$(2,257,309)	\$ (2,108,048)
Public Works	(2,077,957)	(1,018,847)
Health & Social Services	(161,194)	(184,325)
Culture and Recreation	(1,963,871)	(1,508,598)
Community and Economic Development	(461,317)	(1,468,372)
General Government	(577,510)	(695,813)
Debt Service	(194,220)	(477,628)
Total Net (Expense) Revenue		
Governmental Activities	(7,693,378)	(7,461,631)
General Revenues	8,515,953	8,531,383
Change in Net Position	\$822,575	\$ 1,069,752

Total resources available during this year to finance governmental operations were \$58,880,664, consisting of Net Position Restated at July 1, 2014 of \$46,013,288, Program Revenues of \$4,335,993, and General Revenues of \$8,531,383. Total Governmental Activities during the year expended \$11,797,624 thus; Net Position increased by \$1,069,752, to \$47,083,040.

### Business-Type Activities

Business-Type Activities increased the City's net position by \$507,636. The increase in net position is attributed to the auto meter reading project which was completed in FY 2014. No other significant projects were started in the current year.

The cost of all Proprietary Activities this year was \$3,860,256. As shown in the Statement of Activities, the amount paid by users of the systems was \$4,151,390 and capital grants and contributions paid for \$169,235, resulting in a total Net Revenue increase for Business-Type Activities of \$460,369. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2014	2015
Water System	(\$ 129,573 )	\$ 261,172
Sewer System	(60,661)	133,955
Solid Waste System	(43,941)	65,242
Total Net (Expense) Revenue		
Business-Type Activities	(234,175)	460,369
General Revenues & Interfund Transfers	58,127	47,267
Change in Net Position	<u>(\$176,048)</u>	<u>\$ 507,636</u>

Total resources available during the year to finance Proprietary Fund activities were \$16,608,796, consisting of restated Net Position at July 1, 2014 of \$12,240,904; program revenues of \$4,320,625, General Revenues of \$47,267, Total Proprietary Fund Activities during the year expended \$3,860,256; thus Net Position increased by \$507,636, to \$12,748,540.

#### **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 \$13,210,730. The combined Governmental Funds balance increased \$8,925,172, as a result of the City's issuance of new debt to finance upcoming projects.

The General Fund is the primary operating fund of the City. During the year, revenue and other financing sources exceeded expenditures in the General Fund by \$157,317. The total fund balance of \$2,367,960 less the restricted amount is 33% of expenditures, which exceeds the goal set by the city council. The Employee Benefit fund saw very minimal changes during the year maintaining a fund balance consistent with recent years. The Tax Increment Financing Fund decreased due to the timing of some TIF projects in 2015.

## **Budgetary Highlights**

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

Expenditures	Actual	Amended Budget	Variance
Public Safety	\$ 2,069,151	\$ 2,130,459	\$ 61,308
Public Works	1,514,429	1,847,825	333,396
Health & Social Services	184,325	164,750	(19,575)
Culture and Recreation	2,357,005	2,353,863	(3,142)
Community and Economic Development	1,652,851	1,379,985	(272,866)
General Government	868,865	876,269	7,404
Debt Service	8,443,172	12,835,928	4,392,756
Capital Projects	2,575,171	2,989,587	414,416
Business Type/Enterprise	5,458,574	3,477,393	(1,981,181)
<b>Total Expenditures</b>	<b>\$ 25,123,543</b>	<b>\$ 28,056,059</b>	<b>\$ 2,932,516</b>

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

- The budget is prepared on the cash basis.
- The total original revenue budget of \$19,793,630 was amended to \$35,843,215 (an increase of \$16,049,585). The increase was mainly due to the timing of a large bond sale.
- The City sold \$19.4M of GO and Revenue bonds in fiscal year 2015 for various projects.
- The total original expenditure budget of \$25,155,879 was amended to \$28,056,059 (an increase of \$2,900,180).
- The above amendments to budgets were mainly related to the timing of the Dry Run and Cedar River Parkway capital projects, additional expense in the Road Use Tax Fund due to the severe winter, and some unforeseen repairs. Total actual expenditures came in below budget projections by \$2,932,516. The City did very well this year controlling expenses based on original budget projections. The Health and Human Services, Culture and Recreation, Community and Economic Development and Business Type/Enterprise functions exceeded amended budget amounts.

## **Capital Assets**

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The net investment in capital assets as of June 30, 2015 was \$53,056,894 (net of accumulated depreciation and outstanding financings). This is a decrease of \$3,078,606 from fiscal 2014. The gross additions to capital assets for Fiscal 2014 and 2015 are as follows:

	General Governmental Activities		Business Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Land	\$ 288,297	\$ 1,818,799	\$ -	\$ -	\$288,297	\$ 1,818,799
Construction in Progress	2,153,734	6,724,397	15,652	2,153,011	2,169,386	8,877,408
Buildings and Improvements	-	64,919	-	-	-	64,919
Equipment	576,779	352,101	232,049	-	808,828	352,101
Infrastructure	4,869,572	2,237,698	-	64,675	4,869,572	2,302,373
	<u>\$7,888,382</u>	<u>\$ 11,197,914</u>	<u>\$ 247,701</u>	<u>\$ 2,217,686</u>	<u>\$8,136,083</u>	<u>\$ 13,415,600</u>

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

### **Debt Administration**

On June 30, 2015 the City had \$28,098,663 of debt outstanding. The total outstanding debt increased by \$16,899,802. This was a result of multiple new bond issues. The City continues to rapidly payoff existing debt held. This shows Waverly's commitment to pay down and control overall debt.

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

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$32,971,505 at the end of the 2015 fiscal year. With outstanding General Obligation Debt applicable to this limit less amounts available for repayment of \$24,137,198 the City is at 73% 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 2015 the City had 29 new single family house permits which is four more than last year. New commercial building permits have averaged between two and eleven 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 unassigned General Fund Balance continues to remain solid at 35% of expenditures, which is above the percentage set by city council of 25%.

### **Requests for Information**

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

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CITY OF WAVERLY, IOWA  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Light and Power
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 13,740,267	\$ 3,852,374	\$ 17,692,641	\$ 11,443,942	\$ 13,115,278
Investments	812,688	429,663	1,242,351	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	12,428	332,166	344,594	6,775,316	2,227,217
Taxes	14,856	-	14,856	-	-
Subsequent Year Taxes	7,193,821	-	7,193,821	-	-
Accrued Interest	267	440	707	2,222	-
Other	189	7,437	7,626	176,153	-
Estimated third-party payor settlements	-	-	-	207,000	-
Estimated Unbilled Usage	-	114,066	114,066	-	-
Special Assessments	29,258	65,464	94,722	-	-
Notes Receivable	351,850	-	351,850	-	-
Due from Other Governmental Agencies	1,378,126	-	1,378,126	-	-
Inventories	75,689	141,355	217,044	1,126,052	1,063,005
Prepaid Assets	66,795	28,584	95,379	458,505	137,746
Other	-	-	-	193,596	813,140
Restricted Assets:					
Cash and Cash Equivalents	-	507,000	507,000	1,025,524	1,165,749
Investment in Joint Venture	33,583	-	33,583	-	-
Land	13,481,814	117,723	13,599,537	2,208,302	357,124
Construction in Progress	8,730,129	2,097,853	10,827,982	27,779	3,158,974
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	37,712,862	12,303,458	50,016,320	15,355,369	31,542,729
<b>Total Assets</b>	<b>83,634,422</b>	<b>19,997,683</b>	<b>103,632,005</b>	<b>38,997,760</b>	<b>68,670,962</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	28,366	3,334	31,700	170,437	-
Pension Related Deferred Outflows	727,941	107,653	835,494	2,657,281	-
Note payable - Wellness Center	-	-	-	-	960,000
Unearned credit - Wartburg green power	-	-	-	-	1,300,000
<b>Total Deferred Outflows of Resources</b>	<b>766,307</b>	<b>110,887</b>	<b>867,194</b>	<b>2,827,718</b>	<b>2,260,000</b>
<b>LIABILITIES</b>					
Accounts Payable	2,843,147	120,453	2,963,600	1,569,994	925,659
Accrued Wages	128,063	22,378	150,441	2,137,056	1,832,595
Line of Credit	-	-	-	483,032	-
Other Accrued Expenses	-	-	-	308,403	167,492
Customer Deposits	-	34,733	34,733	-	-
Accrued Claims	27,629	-	27,629	-	-
Unearned Revenue	-	23,017	23,017	-	-
Accrued Interest Payable	32,620	23,478	56,098	8,638	6,416
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	315,000	315,000	1,610,000	1,028,421
General Obligation Bonds	2,235,000	380,000	2,615,000	-	-
Notes Payable	48,112	76,198	124,310	241,646	-
Compensated Absences and Benefits	223,836	47,574	271,410	-	-
Due in more than one year:					
Revenue Bonds Payable	-	3,486,331	3,486,331	3,490,000	4,583,947
General Obligation Bonds	20,210,768	2,016,089	22,226,857	-	-
Notes Payable	145,480	81,457	226,947	446,782	-
OPEB Liability	158,476	-	158,476	-	182,538
Net Pension Liability	2,744,013	507,834	3,251,847	12,418,989	-
Compensated Absences and Benefits	149,224	31,715	180,939	-	-
<b>Total Liabilities</b>	<b>28,946,378</b>	<b>7,166,257</b>	<b>36,112,635</b>	<b>22,713,520</b>	<b>8,727,068</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Subsequent Year Taxes	7,193,821	-	7,193,821	-	-
Pension Related Deferred Inflows	1,167,490	193,673	1,361,163	5,088,285	-
Unearned revenue - Wellness Center	-	-	-	-	960,000
Unearned revenue - Wartburg green power choice	-	-	-	-	1,300,000
Regulator credits - Rate Stabilization	-	-	-	-	637,000
<b>Total Deferred Inflows of Resources</b>	<b>8,361,311</b>	<b>193,673</b>	<b>8,554,984</b>	<b>5,088,285</b>	<b>2,897,000</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	44,889,801	8,167,293	63,056,894	11,972,459	30,270,091
Restricted for:					
Debt Service	69,734	-	69,734	-	335,702
Tax Increment Financing	282,536	-	282,536	-	-
Employee Benefits	73,341	-	73,341	-	-
Road Purposes	520,132	-	520,132	-	-
Local Option Sales Tax	113,625	-	113,625	-	-
Airport Expansion	468,051	-	468,051	-	-
Cable TV	19,870	-	19,870	-	-
Endowments:					
Nonexpendable	496,551	-	496,551	-	-
Unrestricted	149,599	4,581,247	4,730,846	2,051,214	13,601,101
<b>Total Net Position</b>	<b>\$ 47,083,040</b>	<b>\$ 12,748,540</b>	<b>\$ 59,831,580</b>	<b>\$ 14,023,673</b>	<b>\$ 44,206,894</b>

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 2,187,109	\$ 41,530	\$ 37,531	\$ -
Public Works	4,063,154	27,995	1,509,165	1,507,147
Health and Social Services	184,325	-	-	-
Culture and Recreation	2,364,058	667,345	188,115	-
Community and Economic Development	1,557,169	20,266	68,531	-
General Government	964,181	268,368	-	-
Debt Service	477,628	-	-	-
Total governmental activities	<u>11,797,624</u>	<u>1,025,504</u>	<u>1,803,342</u>	<u>1,507,147</u>
Business-Type Activities:				
Water System	1,129,752	1,236,098	-	154,826
Sewer System	1,524,393	1,643,939	-	14,409
Solid Waste System	1,206,111	1,271,353	-	-
Total Business-Type Activities:	<u>3,860,256</u>	<u>4,151,390</u>	<u>-</u>	<u>169,235</u>
Total Primary Government	<u>\$ 15,657,880</u>	<u>\$ 5,176,894</u>	<u>\$ 1,803,342</u>	<u>\$ 1,676,382</u>
Component Unit:				
Waverly Health Center	<u>\$ 48,737,969</u>	<u>\$ 51,482,898</u>	<u>\$ 266,360</u>	<u>\$ -</u>
Waverly Light and Power	<u>\$ 18,049,233</u>	<u>\$ 17,384,182</u>	<u>\$ -</u>	<u>\$ -</u>

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

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Light and Power
\$ (2,108,048)		\$ (2,108,048)		
(1,018,847)		(1,018,847)		
(184,325)		(184,325)		
(1,508,598)		(1,508,598)		
(1,468,372)		(1,468,372)		
(695,813)		(695,813)		
(477,628)		(477,628)		
<u>(7,461,631)</u>		<u>(7,461,631)</u>		
	\$ 261,172	261,172		
	133,955	133,955		
	65,242	65,242		
	<u>460,369</u>	<u>460,369</u>		
<u>(7,461,631)</u>	<u>460,369</u>	<u>(7,001,262)</u>		
			\$ 3,011,289	\$ (665,051)
7,000,472	-	7,000,472	-	-
996,545	-	996,545	-	-
154,137	-	154,137	-	-
34,653	12,624	47,277	51,642	69,521
261,712	-	261,712	-	-
4,500	-	4,500	-	-
22,198	91,809	114,007	-	-
57,166	(57,166)	-	-	-
<u>8,531,383</u>	<u>47,267</u>	<u>8,578,650</u>	<u>51,642</u>	<u>69,521</u>
1,069,752	507,636	1,577,388	3,062,931	(595,530)
49,346,803	12,872,185	62,218,988	26,858,481	44,802,424
(3,333,515)	(631,281)	(3,964,796)	(15,897,739)	-
<u>46,013,288</u>	<u>12,240,904</u>	<u>58,254,192</u>	<u>10,960,742</u>	<u>44,802,424</u>
<u>\$ 47,083,040</u>	<u>\$ 12,748,540</u>	<u>\$ 59,831,580</u>	<u>\$ 14,023,673</u>	<u>\$ 44,206,894</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2015**

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,199,115	\$ 199,371	\$ 72,267
Investments	812,688	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	6,163	-	-
Taxes	8,878	67	3,517
Subsequent Year Taxes	3,121,326	1,595,209	1,168,327
Accrued Interest	267	-	-
Other	189	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	82,787	-	-
Inventories	75,689	-	-
<b>Total Assets</b>	<b>6,307,102</b>	<b>1,794,647</b>	<b>1,244,111</b>
<b>Liabilities</b>			
Accounts Payable	704,912	-	2,443
Accrued Wages	112,904	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<b>817,816</b>	<b>-</b>	<b>2,443</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	3,121,326	1,595,209	1,168,327
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>3,121,326</b>	<b>1,595,209</b>	<b>1,168,327</b>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Inventory	75,689	-	-
Perpetual Care	-	-	-
Restricted for:			
Debt Service	-	-	-
Tax Increment Financing	-	199,438	-
Employee Benefits	-	-	73,341
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Trees Forever	20,647	-	-
Municipal Band	227	-	-
Capital Improvement	-	-	-
Unassigned	2,271,397	-	-
<b>Total Fund Balances (Deficits)</b>	<b>2,367,960</b>	<b>199,438</b>	<b>73,341</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 6,307,102</b>	<b>\$ 1,794,647</b>	<b>\$ 1,244,111</b>

See Accompanying Notes to Financial Statements

Debt Service	Capital Projects		Other Governmental Funds	Total Governmental Funds
	Cedar River Parkway	Dry Run Project		
\$ 84,842	\$ 540,367	\$ 7,577,540	\$ 2,808,098	\$ 13,481,600
-	-	-	-	812,688
-	-	-	6,265	12,428
2,356	-	-	38	14,856
1,021,582	-	-	287,377	7,193,821
-	-	-	-	267
-	-	-	-	189
-	-	-	29,258	29,258
-	-	-	351,850	351,850
-	-	-	664,015	664,015
-	-	-	1,295,339	1,378,126
-	-	-	-	75,689
1,108,780	540,367	7,577,540	5,442,240	24,014,787
-	178,860	1,174,724	733,504	2,794,443
-	-	-	15,159	128,063
-	-	-	664,015	664,015
-	178,860	1,174,724	1,412,678	3,586,521
1,021,582	-	-	287,377	7,193,821
-	-	-	23,715	23,715
1,021,582	-	-	311,092	7,217,536
-	-	-	-	75,689
-	-	-	496,551	496,551
87,198	-	-	-	87,198
-	-	-	83,098	282,536
-	-	-	-	73,341
-	-	-	520,132	520,132
-	-	-	113,625	113,625
-	-	-	468,051	468,051
-	-	-	19,870	19,870
-	-	-	-	20,647
-	-	-	-	227
-	361,507	6,402,816	2,247,360	9,011,683
-	-	-	(230,217)	2,041,180
87,198	361,507	6,402,816	3,718,470	13,210,730
\$ 1,108,780	\$ 540,367	\$ 7,577,540	\$ 5,442,240	\$ 24,014,787

See Accompanying Notes to Financial Statements

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**CITY OF WAVERLY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

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

Total Fund Balance - Governmental Funds (page 26)		\$ 13,210,730
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		59,924,605
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		33,583
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.		23,858
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		23,715
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		66,795
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(32,620)
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.		28,366
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	727,941	
Deferred inflows of resources	(1,167,490)	(439,549)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds (net of unamortized premium)	(22,445,768)	
Notes Payable	(193,602)	
Net Pension Liability	(2,744,013)	
Compensated Absences	(373,060)	(25,756,443)
		<hr/>
Total Net Position - Governmental Activities (page 22)		<u>\$ 47,083,040</u>

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, 2015**

	General	Special Revenue	
		Tax Increment Financing	Employee Benefit
<b>Revenue:</b>			
Taxes	\$ 3,328,122	\$ 1,573,543	\$ 1,271,153
Special Assessments	-	-	-
Licenses and Permits	58,900	-	-
Intergovernmental Revenue	773,284	-	13,749
Charges for Services	813,504	-	-
Fines and Forfeits	52,559	-	-
Contributions	13,210	-	-
Revenue from Use of Property	103,178	-	-
Interest on Investments	10,697	8,717	-
Miscellaneous	10,515	-	-
<b>Total Revenue</b>	<b>5,163,969</b>	<b>1,582,260</b>	<b>1,284,902</b>
<b>Expenditures:</b>			
Public Safety	1,786,830	-	287,470
Public Works	469,365	-	-
Health and Social Services	184,325	-	-
Culture and Recreation	2,313,022	-	17,457
Community and Economic Development	1,175,773	185,182	-
General Government	850,252	-	-
Capital Projects	-	-	-
Debt Service	1,499	-	-
<b>Total Expenditures</b>	<b>6,781,066</b>	<b>185,182</b>	<b>304,927</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,617,097)</b>	<b>1,397,078</b>	<b>979,975</b>
<b>Other financing sources (uses):</b>			
Issuance of Debt	188,894	-	-
Premium on Bonds Issued	6,541	-	-
Proceeds from Sale of Capital Assets	1,350	-	-
Transfers In	1,727,629	-	-
Transfers Out	(150,000)	(1,848,151)	(959,825)
<b>Total other financing sources (uses)</b>	<b>1,774,414</b>	<b>(1,848,151)</b>	<b>(959,825)</b>
<b>Net Change in Fund Balance</b>	<b>157,317</b>	<b>(451,073)</b>	<b>20,150</b>
Fund balances - beginning of year	2,210,643	650,511	53,191
Prior Period Adjustment	-	-	-
Fund balances - beginning of year, as restated	2,210,643	650,511	53,191
<b>Fund balances - end of year</b>	<b>\$ 2,367,960</b>	<b>\$ 199,438</b>	<b>\$ 73,341</b>

See Accompanying Notes to Financial Statements

Debt Service	Capital Projects			Other Governmental Funds	Total Governmental Funds
	Cedar River Parkway	Dry Run Project			
\$ 975,067	\$ -	\$ -	\$ -	\$ 1,003,269	\$ 8,151,154
1,660	-	-	-	2,940	4,600
-	-	-	-	25,039	83,939
9,182	-	-	-	2,581,037	3,377,252
-	-	-	-	28,651	842,155
-	-	-	-	-	52,559
-	-	-	-	97,541	110,751
-	-	2,400	-	15,003	120,581
1,806	-	-	-	11,403	32,623
-	-	2,820	-	8,863	22,198
987,715	-	5,220	-	3,773,746	12,797,812
-	-	-	-	21,932	2,096,232
-	-	-	-	1,026,370	1,495,735
-	-	-	-	-	184,325
-	-	-	-	25,371	2,355,850
-	-	-	-	296,394	1,657,349
-	-	-	-	21,675	871,927
-	2,582,276	2,898,147	-	3,789,281	9,269,704
2,415,630	28,712	87,456	-	41,874	2,575,171
2,415,630	2,610,988	2,985,603	-	5,222,897	20,506,293
(1,427,915)	(2,610,988)	(2,980,383)	-	(1,449,151)	(7,708,481)
-	3,676,208	9,012,757	-	2,926,641	15,804,500
-	125,312	529,863	-	105,771	767,487
-	-	-	-	3,150	4,500
1,428,768	-	-	-	1,980,715	5,137,112
-	-	-	-	(2,121,970)	(5,079,946)
1,428,768	3,801,520	9,542,620	-	2,894,307	16,633,653
853	1,190,532	6,562,237	-	1,445,156	8,925,172
86,345	(829,025)	(159,421)	-	1,724,012	3,736,256
-	-	-	-	549,302	549,302
86,345	(829,025)	(159,421)	-	2,273,314	4,285,558
\$ 87,198	\$ 361,507	\$ 6,402,816	\$ -	\$ 3,718,470	\$ 13,210,730

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, 2015**

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

Net change in fund balances - total governmental funds (page 29) \$ 8,925,172

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	\$ 8,737,468	
Depreciation expense	<u>(2,434,423)</u>	6,303,045

Gain on investment in joint venture not recorded at the fund level. 3,362

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. 4,035

Governmental funds report special assessments and notes receivable as revenue when it becomes available, but the statement of activities includes as revenue when levied. 5,868

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. (17,464)

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. (18,793)

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. 15,678

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 273,225

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

Repayments of long-term debt	2,137,104	
Proceeds from issuance of long-term debt	<u>(16,571,987)</u>	(14,434,883)

The effect of premiums, discounts, and deferred charges on refundings when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. 10,507

Change in net position of governmental activities (page 24) \$ 1,069,752

CITY OF WAVERLY, IOWA  
STATEMENT OF NET POSITION  
Proprietary Funds  
JUNE 30, 2015

	Business Type Activities				Governmental
	Water System	Sewer System	Solid Waste	Total	Internal Service
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$1,121,811	\$2,378,290	\$352,273	\$ 3,852,374	\$ 258,667
Investments	429,663	-	-	429,663	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	109,284	122,491	100,391	332,166	-
Accrued Interest	-	440	-	440	-
Other	2,181	637	4,619	7,437	-
Estimated Unbilled Usage	47,339	66,727	-	114,066	-
Special Assessments	-	65,464	-	65,464	-
Inventories	83,353	58,002	-	141,355	-
Prepaid Assets	10,394	10,394	7,796	28,584	-
Restricted Assets:					
Cash and Cash Equivalents	187,000	320,000	-	507,000	-
Total Current Assets	<u>1,991,025</u>	<u>3,022,445</u>	<u>465,079</u>	<u>5,478,549</u>	<u>258,667</u>
<b>Noncurrent Assets:</b>					
Land	-	117,723	-	117,723	-
Construction in Progress	1,084,243	1,013,610	-	2,097,853	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>4,333,276</u>	<u>7,472,443</u>	<u>497,739</u>	<u>12,303,458</u>	<u>-</u>
Total Noncurrent Assets	<u>5,417,519</u>	<u>8,603,776</u>	<u>497,739</u>	<u>14,519,034</u>	<u>-</u>
Total Assets	<u>7,408,544</u>	<u>11,626,221</u>	<u>962,818</u>	<u>19,997,583</u>	<u>258,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	3,334	-	-	3,334	-
Pension Related Deferred Outflows	<u>25,959</u>	<u>37,834</u>	<u>43,760</u>	<u>107,553</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>29,293</u>	<u>37,834</u>	<u>43,760</u>	<u>110,887</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	5,062	8,435	106,956	120,453	48,704
Accrued Wages	6,622	6,478	9,278	22,378	-
Compensated Absences and Benefits	12,116	19,173	16,285	47,574	-
Customer Deposits	34,733	-	-	34,733	-
Unearned Revenue	-	-	23,017	23,017	-
Accrued Interest Payable	4,252	11,068	8,158	23,478	-
Accrued Claims	-	-	-	-	27,629
Notes Payable	-	-	76,198	76,198	-
Revenue Bonds	160,000	155,000	-	315,000	-
General Obligation Bonds	210,000	170,000	-	380,000	-
Total Current Liabilities	<u>432,785</u>	<u>370,154</u>	<u>239,892</u>	<u>1,042,831</u>	<u>76,333</u>
<b>Noncurrent Liabilities:</b>					
Due in more than one year:					
Notes Payable	1,555,000	1,931,331	81,457	3,567,788	-
General Obligation Bonds	952,124	1,063,965	-	2,016,089	-
OPEB Liability	-	-	-	-	158,476
Net Pension Liability	122,569	178,641	206,624	507,834	-
Compensated Absences and Benefits	8,077	12,782	10,856	31,715	-
Total Noncurrent Liabilities	<u>2,637,770</u>	<u>3,186,719</u>	<u>298,937</u>	<u>6,123,426</u>	<u>158,476</u>
Total Liabilities	<u>3,070,555</u>	<u>3,556,873</u>	<u>538,829</u>	<u>7,166,257</u>	<u>234,809</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Deferred Inflows	<u>46,744</u>	<u>68,128</u>	<u>78,801</u>	<u>193,673</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>46,744</u>	<u>68,128</u>	<u>78,801</u>	<u>193,673</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,543,729	5,283,480	340,084	8,167,293	-
Unrestricted	<u>1,776,809</u>	<u>2,755,574</u>	<u>48,864</u>	<u>4,581,247</u>	<u>23,858</u>
Total Net Position	<u>\$4,320,538</u>	<u>\$8,039,054</u>	<u>\$388,948</u>	<u>\$12,748,540</u>	<u>\$ 23,858</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,234,785	\$ 1,641,648
Miscellaneous	1,313	2,291
Reimbursement from Employees/Insurance	-	-
<b>Total Operating Revenues</b>	<u>1,236,098</u>	<u>1,643,939</u>
<b>Operating Expenses:</b>		
General Government	-	-
Employee Services	305,929	446,662
Contract Services	220,659	262,343
Supplies	103,144	60,665
Repairs and Maintenance	37,274	37,947
Utilities	98,861	134,743
Miscellaneous	3,968	3,951
Depreciation	306,766	524,675
<b>Total Operating Expenses</b>	<u>1,076,601</u>	<u>1,470,986</u>
<b>Operating Income</b>	159,497	172,953
<b>Non-Operating Income (Expense):</b>		
Interest Income	3,093	8,131
Special Assessment Revenue	7,751	5,927
Revenue from Use of Property	91,809	-
Interest Expense	(53,151)	(53,407)
<b>Total Non-Operating Income (Expenses)</b>	<u>49,502</u>	<u>(39,349)</u>
<b>Income before Contributions and Transfers</b>	208,999	133,604
Contributed Capital Revenue	147,075	8,482
Transfers (Out)	(57,166)	-
<b>Change in Net Position</b>	298,908	142,086
<b>Net Position - Beginning</b>	4,173,993	8,119,034
Prior Period Adjustment	(152,363)	(222,066)
<b>Net Position - Beginning, as Restated</b>	<u>4,021,630</u>	<u>7,896,968</u>
<b>Net Position - Ending</b>	<u>\$ 4,320,538</u>	<u>\$ 8,039,054</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 1,271,353	\$ 4,147,786	\$ -
-	3,604	-
-	-	261,239
<u>1,271,353</u>	<u>4,151,390</u>	<u>261,239</u>
-	-	247,591
524,685	1,277,276	-
284,574	767,576	-
201,319	365,128	-
76,722	151,943	-
8,427	242,031	-
2,851	10,770	-
101,415	932,856	-
<u>1,199,993</u>	<u>3,747,580</u>	<u>247,591</u>
71,360	403,810	13,648
1,400	12,624	2,030
-	13,678	-
-	91,809	-
(6,118)	(112,676)	-
<u>(4,718)</u>	<u>5,435</u>	<u>2,030</u>
66,642	409,245	15,678
-	155,557	-
-	(57,166)	-
66,642	507,636	15,678
579,158	12,872,185	8,180
(256,852)	(631,281)	-
<u>322,306</u>	<u>12,240,904</u>	<u>8,180</u>
<u>\$ 388,948</u>	<u>\$ 12,748,540</u>	<u>\$ 23,858</u>

See Accompanying Notes to Financial Statements

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,225,649	\$ 1,652,830
Cash Paid to Suppliers for Goods and Services	(472,134)	(490,442)
Cash Paid to Employees for Services	(309,098)	(457,166)
Other Nonoperating Revenue	99,560	5,927
Net Cash Provided by Operating Activities	<u>543,977</u>	<u>711,149</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(966,193)	(1,025,125)
Proceeds from Debt Issuance	1,870,000	1,990,000
Bond Premium	-	81,902
Principal Paid on Notes and Bonds	(357,931)	(212,069)
Interest Paid on Notes and Bonds	(51,721)	(44,238)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>494,155</u>	<u>790,470</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers to Other Funds	(57,166)	-
Net Cash (Used) for Non-Capital Financing Activities	<u>(57,166)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Income Reinvested	(43)	-
Interest and Dividends on Investments	3,093	8,066
Net Cash Provided for Investing Activities	<u>3,050</u>	<u>8,066</u>
Net Increase in Cash and Cash Equivalents	984,016	1,509,685
Cash and Cash Equivalents at Beginning of Year	<u>324,795</u>	<u>1,188,605</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,308,811</u>	<u>\$ 2,698,290</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Solid</u>		<u>Activities</u>
<u>Waste</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 1,263,282	\$ 4,141,761	\$ 261,239
(486,843)	(1,449,419)	(200,321)
(535,614)	(1,301,878)	-
-	105,487	-
<u>240,825</u>	<u>1,495,951</u>	<u>60,918</u>
-	(1,991,318)	-
-	3,860,000	-
-	81,902	-
(50,000)	(620,000)	-
-	(95,959)	-
<u>(50,000)</u>	<u>1,234,625</u>	<u>-</u>
-	(57,166)	-
-	(57,166)	-
-	(43)	-
<u>1,400</u>	<u>12,559</u>	<u>2,030</u>
<u>1,400</u>	<u>12,516</u>	<u>2,030</u>
192,225	2,685,926	62,948
<u>160,048</u>	<u>1,673,448</u>	<u>195,719</u>
<u>\$ 352,273</u>	<u>\$ 4,359,374</u>	<u>\$ 258,667</u>

(Continued)

**CITY OF WAVERLY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<u>Business Type Activities</u>	
	<u>Water System</u>	<u>Sewer System</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 159,497	\$ 172,953
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Other Nonoperating Income	99,560	5,927
Depreciation	306,766	524,675
<b>(Increase) Decrease in Assets:</b>		
Accounts Receivable	319	7,102
Estimated Unbilled Usage	(7,961)	2,132
Other Receivables	(1,469)	(343)
Prepaid Expenses	(46)	(46)
Inventories	5,670	5,891
Deferred Outflows of Pension Related Costs	(7,900)	(11,513)
<b>Increase (Decrease) in Liabilities</b>		
Accounts Payable	(13,852)	3,362
Accrued Wages	1,931	124
Accrued Compensated Absences	3,910	2,503
Unearned Revenue	-	-
Customer Deposits	(1,338)	-
Net Pension Liability	(47,854)	(69,746)
Deferred Inflows of Pension Related Costs	46,744	68,128
OPEB Liability	-	-
Claims Payable	-	-
Total Adjustments	<u>384,480</u>	<u>538,196</u>
Net Cash Provided by Operating Activities	<u>\$ 543,977</u>	<u>\$ 711,149</u>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>		
Cash and Cash Equivalents	\$ 1,121,811	\$ 2,378,290
Restricted Cash and Cash Equivalents	187,000	320,000
	<u>\$ 1,308,811</u>	<u>\$ 2,698,290</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 71,360	\$ 403,810	\$ 13,648
-	105,487	-
101,415	932,856	-
(4,985)	2,436	-
-	(5,829)	-
(1,575)	(3,387)	-
(35)	(127)	-
-	11,561	-
(13,315)	(32,728)	-
87,085	76,595	4,164
2,186	4,241	-
2,072	8,485	-
(1,511)	(1,511)	-
-	(1,338)	-
(80,673)	(198,273)	-
78,801	193,673	-
-	-	42,193
-	-	913
169,465	1,092,141	47,270
\$ 240,825	\$ 1,495,951	\$ 60,918
\$ 352,273	\$ 3,852,374	\$ 258,667
-	507,000	-
\$ 352,273	\$ 4,359,374	\$ 258,667

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA  
STATEMENT OF FIDUCIARY NET POSITION  
Agency Funds  
JUNE 30, 2015

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**ASSETS**

Cash and Cash Equivalents	\$	17,898
Receivables:		
Accounts Receivable		1,170,650
Other		19,679
		<hr/>
<b>Total Assets</b>		<b>1,208,227</b>

**LIABILITIES**

Due to Other Governments		1,169,439
Other Payables		38,788
		<hr/>
<b>Total Liabilities</b>		<b>1,208,227</b>

**NET POSITION**

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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

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

**A. REPORTING ENTITY**

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

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

**Discretely Presented Component Units**

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

Waverly Light and Power – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Light and Power is financially accountable to the City. During the fiscal year ended June 30, 2015, Waverly Light and Power transferred \$1,147,513 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, 2014.

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

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

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

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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

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

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

**C. Fund Accounting**

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

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

The City reports the following major governmental funds:

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

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

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

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

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

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

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

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

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

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

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

**Fiduciary Fund Types** – Fiduciary funds are used to report assets held in 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.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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.

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, 2015, disbursements exceeded the amount budgeted in the Health and Social Services, Culture and Recreation, Community and Economic Development and Business-type / Enterprises function.

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

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

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

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

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

**G. Property Tax Receivable**

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2015 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2014. Any county collections on the 2014-2015 tax levy remitted to the City within 60 days subsequent to June 30, 2015, 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, 2015, 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, 2015 are recorded as prepaid items.

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

**K. Restricted Assets**

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

**L. Property and Equipment**

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

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

**M. Deferred Outflows of Resources**

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

**N. Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

**O. Long-Term Obligations**

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

**P. Fund Equity**

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

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

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

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

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

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

**Q. Net Position Flow Assumption**

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

**R. Fund Balance Flow Assumptions**

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

**S. Interfund Transactions**

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

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

**T. Deferred Inflows of Resources**

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

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

**U. Pensions**

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

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

The City's deposits at June 30, 2015, 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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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, 2015.

At June 30, 2015 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	<b>Credit Risk</b>	<b>Fair Value</b>	<b>Maturity</b>
Mutual Funds	N/A	\$ 78,495	N/A
IPAIT	AAA	\$1,047,968	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.

**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, 2015 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$11,829 at June 30, 2015. The Waverly Health Center component unit had an allowance for uncollectibles of \$4,295,000 at June 30, 2015.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2015, amounts due from other governments were as follows:

Due from the Federal Aviation Administration Grant Funding	\$ 762,178
Due from the State of Iowa for local option sales taxes	156,302
Due from the State of Iowa for permits and fuel tax refunds	6,868
Due from the Iowa Department of Transportation for road use tax allocations	101,528
Due from the State of Iowa for various services	22,350
Due from Waverly Light and Power	17,583
Due from the State of Iowa for State Highway Maintenance	6,300
Due from the Iowa Department of Transportation for 2 <sup>nd</sup> St SW and Babcock	300,740
Due from other various sources	4,277
Total Due from Other Governments	\$ 1,378,126

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2015, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Nonmajor Governmental	Nonmajor Governmental	<u>\$ 664,015</u>

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, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,088,845	\$ 1,818,799	\$ 426,030	\$ 13,481,614
Construction in Progress	4,413,801	6,724,397	2,408,069	8,730,129
Total capital assets not being depreciated	16,502,646	8,543,196	2,834,099	22,211,743
Capital assets being depreciated:				
Buildings and Improvements	12,156,020	64,919	-	12,220,939
Equipment	6,817,739	352,101	166,140	7,003,700
Infrastructure	45,092,932	2,237,698	-	47,330,630
Total capital assets being depreciated	64,066,691	2,654,718	166,140	66,555,269
Less: Accumulated Depreciation for:				
Buildings and Improvements	3,729,012	277,982	-	4,006,994
Equipment	3,682,795	479,629	113,763	4,048,661
Infrastructure	19,109,940	1,676,812	-	20,786,752
Total Accumulated Depreciation	26,521,747	2,434,423	113,763	28,842,407
Total capital assets being depreciated, net	37,544,944	220,295	52,377	37,712,862
Governmental activities capital assets, net	\$ 54,047,590	\$ 8,763,491	\$ 2,886,476	\$ 59,924,605

Construction in progress at June 30, 2015, for the governmental activities consisted of costs associated with the Cedar River Parkway Improvements, Public Services Center, Performance Amphitheater, Dry Run Improvements and various other street projects.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 117,723	\$ -	\$ -	\$ 117,723
Construction in Progress	15,652	2,153,011	70,810	2,097,853
Total capital assets not being depreciated	<u>133,375</u>	<u>2,153,011</u>	<u>70,810</u>	<u>2,215,576</u>
Capital assets being depreciated:				
Buildings and Improvements	6,109,870	-	-	6,109,870
Equipment	2,616,970	-	-	2,618,970
Lines and Structures	20,192,851	64,675	-	20,257,526
Total capital assets being depreciated	<u>28,919,691</u>	<u>64,675</u>	<u>-</u>	<u>28,984,366</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,163,808	112,570	-	4,276,378
Equipment	1,590,131	169,482	-	1,759,613
Lines and Structures	9,994,113	650,804	-	10,644,917
Total Accumulated Depreciation	<u>15,748,052</u>	<u>932,856</u>	<u>-</u>	<u>16,680,908</u>
Total capital assets being depreciated, net	<u>13,171,639</u>	<u>(868,181)</u>	<u>-</u>	<u>12,303,458</u>
Business-type activities capital assets, net	<u>\$ 13,305,014</u>	<u>\$ 1,284,830</u>	<u>\$ 70,810</u>	<u>\$ 14,519,034</u>

Construction in progress at June 30, 2015 for the business type activities consisted of costs associated with various water and sewer infrastructure projects.

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

<b>Governmental Activities:</b>	
Public Safety	\$ 296,221
Public Works	1,898,755
Culture and Recreation	185,565
General Government	<u>53,882</u>
Total depreciation expense – governmental activities	<u>\$ 2,434,423</u>
<b>Business-Type Activities:</b>	
Water	\$ 306,766
Sewer	524,675
Solid Waste	<u>101,415</u>
Total depreciation expense – business-type activities	<u>\$ 932,856</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
<b>Waverly Health Center:</b>					
Capital assets not being depreciated:					
Land	\$ 2,206,302	\$ -	\$ -	\$ -	\$ 2,206,302
Construction in Progress	288,390	27,779	-	(288,390)	27,779
Total capital assets not being depreciated	2,494,692	27,779	-	(288,390)	2,234,081
Capital assets being depreciated:					
Land Improvements	2,439,773	-	-	-	2,439,773
Buildings and Fixed Equipment	25,735,161	-	9,713	-	25,725,448
Major Movable Equipment	17,077,536	905,768	63,957	288,390	18,207,737
Total capital assets being depreciated	45,252,470	905,768	73,670	288,390	46,372,958
Less: Accumulated Depreciation	28,379,164	2,712,095	73,670	-	31,017,589
Total capital assets being depreciated, net	16,873,306	(1,806,327)	-	288,390	15,355,369
Component unit capital assets, net	\$ 19,367,998	\$ (1,778,548)	\$ -	\$ -	\$ 17,589,450

Construction in progress at June 30, 2015 for the Waverly Health Center consists of costs related to equipment deposits and equipment installations in progress.

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<b>Waverly Light and Power:</b>				
Capital assets not being depreciated:				
Land	\$ 357,124	\$ -	\$ -	\$ 357,124
Construction in Progress	769,352	2,389,622	-	3,158,974
Total capital assets not being depreciated	1,126,476	2,389,622	-	3,516,098
Capital assets being depreciated:				
Improvements	36,328,492	1,579,587	620,146	37,287,933
Buildings	3,912,052	7,119	-	3,919,171
Equipment	6,524,185	131,787	39,055	6,616,917
Louisa Plant	10,119,460	55,580	6,464	10,168,576
WS4 Plant	5,345,987	76,888	26,040	5,396,835
Total capital assets being depreciated	62,230,176	1,850,961	691,705	63,389,432
Less: Accumulated Depreciation	30,355,141	2,045,964	554,402	31,846,703
Total capital assets being depreciated, net	31,875,035	(195,003)	137,303	31,542,729
Component unit capital assets, net	\$ 33,001,511	\$ 2,194,619	\$ 137,303	\$ 35,058,827

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Reconciliation of Net Investment in Capital Assets:	Governmental Activities	Business-type Activities	Component Units	
			Waverly Health Center	Waverly Light & Power
Land	\$ 13,481,614	\$ 117,723	\$ 2,206,302	\$ 357,124
Construction in Progress	8,730,129	2,097,853	27,779	3,158,974
Capital Assets (net of accumulated depreciation)	37,712,862	12,303,458	15,355,369	31,542,729
Unspent Bond Proceeds	7,576,000	-	-	-
Less: General Obligation Bonds Payable	22,445,768	2,396,089	-	-
Notes Payable	193,602	157,655	687,428	-
Revenue Bonds	-	3,801,331	5,100,000	5,612,368
Add: Deferred Loss on Refunding Reserve from Borrowing	28,366	3,334	170,437	-
	-	-	-	823,632
<b>Net Investment in Capital Assets</b>	<b>\$ 44,889,601</b>	<b>\$ 8,167,293</b>	<b>\$ 11,972,459</b>	<b>\$ 30,270,091</b>

**Note 7 - LONG-TERM LIABILITIES**

The City's computed legal debt limit as of June 30, 2015, is \$32,971,505 of which \$24,042,406 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2015:

	Governmental Activities		Business Type Activities		Notes Payable		Total
	General Obligation		Revenue Bonds		Notes Paid by Debt Service		
	Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Revenue Bonds	Notes Paid by Enterprise Fund	Notes Paid by Debt Service Fund		
<i>Primary Government:</i>							
Bonds payable July 1, 2014	\$ 8,191,206	\$ 2,755,000	\$ 45,000	\$ 207,655	\$ 66,206		\$ 11,265,067
Plus: Issued	15,551,200	-	3,860,000	-	160,000		19,571,200
Less: Payments	2,085,000	370,000	200,000	50,000	32,604		2,737,604
<b>Bonds Payable June 30, 2015</b>	<b>\$ 21,657,406</b>	<b>\$ 2,385,000</b>	<b>\$ 3,705,000</b>	<b>\$ 157,655</b>	<b>\$ 193,602</b>		<b>\$ 28,098,663</b>
Due within one year	\$ 2,235,000	\$ 380,000	\$ 315,000	\$ 76,198	\$ 48,112		\$ 3,054,310

The City of Waverly's general obligation bonds are shown gross of the unamortized premium of \$788,362 for governmental activities and \$107,420 for business-type activities on the Statement of Net Position.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

	Waverly Health Center	Waverly Light And Power	Total Component Units
<i>Component Unit:</i>			
Bonds Payable / Notes Payable- June 30, 2014/December 31, 2013	\$ 7,642,806	\$ 6,635,790	\$ 14,278,596
Plus: Issued	-	-	-
Less: Retired	1,855,378	1,023,422	2,878,800
Bonds Payable / Notes Payable- June 30, 2015 / December 31, 2014	<u>\$ 5,787,428</u>	<u>\$ 5,612,368</u>	<u>\$ 11,399,796</u>
Due within one year	<u>\$ 1,851,646</u>	<u>\$ 1,028,421</u>	<u>\$ 2,880,067</u>

**Notes Payable**

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

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

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

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

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

	Governmental				Business-Type			
	Golf Loan		Land Purchase		Total		Garbage Truck	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 33,602	\$ 1,193	\$ 14,510	\$ 8,000	\$ 48,112	\$ 9,193	\$ 76,198	\$ 8,159
2017	-	-	15,236	7,274	15,236	7,274	81,457	2,899
2018	-	-	15,998	6,513	15,998	6,513	-	-
2019	-	-	16,798	5,713	16,798	5,713	-	-
2020	-	-	17,637	4,873	17,637	4,873	-	-
2021-2024	-	-	79,821	10,221	79,821	10,221	-	-
	<u>\$ 33,602</u>	<u>\$ 1,193</u>	<u>\$ 160,000</u>	<u>\$ 42,594</u>	<u>\$ 193,602</u>	<u>\$ 43,787</u>	<u>\$ 157,655</u>	<u>\$ 11,058</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

General Obligation

General obligation bonds outstanding as of June 30, 2015 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2015
<b>General Obligation:</b>						
*2008 GO Refunding	2008	3.2-3.65%	2018	155,000-165,000	\$ 2,270,000	\$ 485,000
2009 GO Refunding	2009	2.5-3.65%	2019	255,000-555,000	4,360,000	1,360,000
2010A GO Refunding	2010	2.0-2.85%	2017	90,000	670,000	180,000
*2011 GO Urban Renewal	2011	2.0-3.0%	2021	225,000-285,000	2,455,000	1,505,000
2012A GO Bonds	2012	.6-1.5%	2017	460,000-465,000	2,495,000	925,000
*2012B GO LOSST Bonds	2012	.65-1.5%	2019	365,000-380,000	2,195,000	1,480,000
*2012C GO Bonds	2013	1-1.75%	2022	290,000-315,000	2,955,000	2,105,000
2013A GO Bonds	2013	.7-1.7%	2020	100,000-105,000	700,000	510,000
2014A GO Bonds	2014	2.0-3.0%	2029	205,000-725,000	7,306,200	7,255,000
2015B GO Bonds	2015	2.0-4.0%	2027	120,000-940,000	8,245,000	8,245,000
Total General Obligation					<u>\$ 33,651,200</u>	<u>\$ 24,050,000</u>

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

**Revenue Bonds**

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

The City issued two new revenue bond issues during the fiscal year, one for \$1,870,000 for water system improvements and one for \$1,990,000 for sewer system improvements.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Revenue bonds outstanding as of June 30, 2015 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2015
<b>Revenue Bonds:</b>						
2014B – Water	2014	0.50-2.7%	2025	160,000-190,000	\$ 1,870,000	\$ 1,715,000
2015 - Sewer	2015	2.0-4.0%	2026	155,000-210,000	1,990,000	1,990,000
Total Revenue Bonds					<u>3,860,000</u>	<u>3,705,000</u>
<b>Component Units:</b>						
<b>Waverly Health Center:</b>						
2013 Hospital Revenue Refunding Bonds	2013	1.2-2.35%	2018	1,570,000-1,855,000	9,685,000	5,100,000
					<u>9,685,000</u>	<u>5,100,000</u>
<b>Waverly Light and Power</b>						
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	1,507,368
2012 Utility Rev. Rfdg. Bonds	2012	.4-.67%	2015	470,000	1,410,000	470,000
2013 Revenue Bond	2013	.4-.67%	2023	365,000-390,000	4,000,000	3,635,000
					<u>8,236,316</u>	<u>5,612,368</u>
Grand Total Revenue Bonds					<u>\$ 21,781,316</u>	<u>\$ 14,417,368</u>

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

Year Ending June 30,	<u>General Obligation</u>		<u>Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,615,000	\$ 598,323	\$ 315,000	\$ 91,153
2017	2,595,000	550,730	325,000	80,805
2018	2,880,000	503,101	325,000	76,065
2019	2,635,000	443,494	335,000	70,845
2020	2,095,000	389,523	345,000	65,135
2021-2025	8,425,000	1,172,625	1,850,000	194,860
2026-2029	2,805,000	168,000	210,000	6,300
	<u>\$ 24,050,000</u>	<u>\$ 3,825,796</u>	<u>\$ 3,705,000</u>	<u>\$ 585,163</u>

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
2016	\$ 1,610,000	\$ 241,646	\$ 1,851,646	\$ 119,174	\$ 1,970,820
2017	1,635,000	170,097	1,805,097	86,313	1,891,410
2018	1,855,000	161,865	2,016,865	49,088	2,065,953
2019	-	113,820	113,820	1,250	115,070
	<u>\$ 5,100,000</u>	<u>\$ 687,428</u>	<u>\$ 5,787,428</u>	<u>\$ 255,825</u>	<u>\$ 6,043,253</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

**Waverly Light and Power**

Year Ending December 31	Revenue Bond Principal	Interest	Total
2015	\$ 1,028,421	\$ 76,989	\$ 1,105,410
2016	563,421	70,300	633,721
2017	568,421	65,982	634,403
2018	578,421	60,483	638,904
2019	588,421	117,685	641,735
2020-2023	2,285,263	53,314	2,402,949
	<u>\$ 5,612,368</u>	<u>\$ 444,753</u>	<u>\$ 6,057,122</u>

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

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2015.

	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 354,267	\$ 231,353	\$ 212,560	\$ 373,060	\$ 223,836
OPEB Liability	116,283	42,193	-	158,476	-
Equipment Note	66,206	179,500	52,104	193,602	48,112
Net Pension Liability	3,946,819	-	1,202,806	2,744,013	-
	<u>\$ 4,483,575</u>	<u>\$ 453,046</u>	<u>\$ 1,467,470</u>	<u>\$ 3,469,151</u>	<u>\$ 271,948</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 70,804	\$ 50,967	\$ 42,482	\$ 79,289	\$ 47,574
Equipment Note	207,665	-	50,000	157,655	76,198
Net Pension Liability	706,106	-	198,272	507,834	-
	<u>\$ 984,575</u>	<u>\$ 50,967</u>	<u>\$ 290,754</u>	<u>\$ 744,778</u>	<u>\$ 123,772</u>

**Note 8 - TRANSFERS**

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Total Transfers Out
General Fund	\$ -	\$ -	\$ 150,000	\$ 150,000
Employee Benefit	959,825	953,362	-	959,825
Tax Increment Financing	665,000	-	229,789	1,848,151
Water	-	-	57,166	57,166
Nonmajor Governmental	102,804	475,406	1,543,760	2,121,970
Total Transfers In	<u>\$ 1,727,629</u>	<u>\$ 1,428,768</u>	<u>\$ 1,980,715</u>	<u>\$ 5,137,122</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**Note 8 – TRANSFERS (CONTINUED)**

Transfers are used to:

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

**Note 9 - PENSION PLAN**

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

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

**Pension Benefits**

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

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

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

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

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

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**Note 9 - PENSION PLAN**

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

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

**Disability and Death Benefits**

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

**Contributions**

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$289,380 and total contributions for the component unit were \$1,980,817.

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

At June 30, 2015, the City reported a liability of \$1,929,862 and the component unit reported a liability of \$12,418,969 for the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net

**CITY OF WAVERLY, IOWA**  
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**Note 9 - PENSION PLAN (CONTINUED)**

pension liability was determined by an actuarial valuation as of that date. The City and the component unit's proportion of the net pension liability was based on their share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was .0486613 percent, which was a decrease of .001927 percent from its proportion measured as of June 30, 2013. The component unit's collective proportion was 0.313143 percent, which was an increase of .002658 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City and its component unit recognized pension expense of \$147,527 and \$933,055, respectively. At June 30, 2015 the City and component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,974	\$ -
Changes of assumptions	85,169	-
Net difference between projected and actual earnings on pension plan investments	-	735,994
Changes in proportion and differences between City contributions and proportionate share of contributions	13,196	-
City contributions subsequent to the measurement date	289,380	-
Total	\$ 408,719	\$ 735,994
	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 120,964	\$ -
Changes of assumptions	555,500	-
Net difference between projected and actual earnings on pension plan investments	-	4,977,444
Changes in proportion and differences between Component Unit contributions and proportionate share of contributions	-	110,841
Component Unit contributions subsequent to the measurement date	1,980,817	-
Total	\$ 2,657,281	\$ 5,088,285

\$289,380 and \$1,980,817 were reported as deferred outflows of resources related to pensions resulting from the City and component unit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended June 30,	City	Component Unit
2016	\$ (156,116)	\$ (1,112,205)
2017	(156,116)	(1,112,205)
2018	(156,116)	(1,112,205)
2019	(156,116)	(1,112,205)
2020	7,809	36,999
	<u>\$ (616,655)</u>	<u>\$ (4,411,821)</u>

*Actuarial assumptions* – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2014)	4.00 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2014)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

*Discount rate* – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City and component unit's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's and component unit's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's and component unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$ 3,646,420	\$ 1,929,862	\$ 480,909
Component Unit's proportionate share of the net pension liability	23,985,754	12,418,969	2,655,936

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

**Payables to the pension plan**

At June 30, 2015, the component unit reported payables to the defined benefit pension plan of approximately \$100,000 for legally required employer contributions and approximately \$150,000 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

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

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

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

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

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

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

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

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

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

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40 percent of earnable compensation for the year ended June 30, 2015.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
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**Note 9 - PENSION PLAN (CONTINUED)**

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00 percent of earnable compensation. The contribution rate was 30.41 percent for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 was \$287,470.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$1,321,984 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City's proportion was .364687 percent which was an increase of .009141 percent from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$118,769. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,741
Changes of assumptions	97,708	-
Net difference between projected and actual earnings on pension plan investments	-	621,428
Changes in proportion and differences between City contributions and proportionate share Of contributions	41,597	-
City contributions subsequent to the Measurement date	287,470	-
Total	<u>\$ 426,775</u>	<u>\$ 625,169</u>

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

\$287,470 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (125,887)
2017	(125,887)
2018	(125,887)
2019	(125,887)
2020	17,684
Total	<u>\$ (485,864)</u>

Actuarial Assumptions The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary increases	4.50 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	7.0%	3.8%
Emerging Markets Debt	3.0%	6.5%
Domestic Equities	12.5%	6.0%
Master Limited Partnerships (MLP)	5.0%	8.5%
International Equities	12.5%	7.0%
<b>Core Investments</b>	40.0%	
<b>Tactical Asset Allocation</b>	35.0%	6.0%
<b>Private Equity</b>	15.0%	9.8%
Private Non-Core Real Estate	5.0%	9.3%
Private Core Real Estate	5.0%	6.8%
<b>Real Estate</b>	10.0%	
Total	100%	

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
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**Note 9 - PENSION PLAN (CONTINUED)**

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

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$2,534,798	\$1,321,984	\$314,244

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

**Note 10 - DEFICIT FUND EQUITY**

The City has eight funds with deficit equity balances at June 30, 2015. 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 – 2nd St NE .....	\$	2,546
Capital Project – 4 <sup>th</sup> St NW .....		29,377
Capital Project – AMVETS Riverbank.....		38,962
Capital Project – 2 <sup>nd</sup> Ave SW Reconstruction.....		10,764
Capital Project – Emergency Demolition Program.....		72,548
Capital Project – Airport Runway Reconstruction .....		14,730
Capital Project – Historical Survey.....		19,182
Capital Project - Flood Home Demolition.....		42,108

**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.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
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**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, 2014	\$	26,716
Claims paid		(220,190)
Claims incurred		221,103
Claims payable @ June 30, 2015	\$	27,629

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.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$	60,820
Interest on net OPEB obligation		5,233
Adjustment to annual required contribution		(7,139)
Annual OPEB cost		58,914
Contributions made		(16,721)
Increase in net OPEB obligation		42,193
Net OPEB obligation beginning of year		116,283
Net OPEB obligation end of year	\$	158,476

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. 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, 2015.

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, 2015	\$ 58,914	28.4%	\$ 158,476
June 30, 2014	\$ 54,694	45.2%	\$ 116,283
June 30, 2013	\$ 54,694	45.2%	\$ 86,319
June 30, 2012	\$ 54,694	45.2%	\$ 56,355
June 30, 2011	\$ 64,605	86.2%	\$ 26,391
June 30, 2010	\$ 64,605	86.5%	\$ 17,454
June 30, 2009	\$ 64,605	86.5%	\$ 8,727

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$446,783, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$446,783. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,755,801 and the ratio of the UAAL to covered payroll was 11.9%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2014 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 5%. The ultimate medical trend rate is 5.0% for all years.

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
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**Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Mortality rates are from the 2010 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 \$13,907 per year for retirees less than age 65 and \$19,467 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 3%. 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, 2015, and in previous years the City had entered into several construction contracts totaling approximately \$19,846,000 of which approximately \$10,829,000 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 \$1,200,000 each beginning in the fiscal year ending June 30, 2008. The City has made payments totaling \$1,050,000 as of June 30, 2015. In addition, the City also agreed to a contingent liability based on the revenues of the Wartburg-Waverly Wellness Center. In order to encourage 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, 2015 it was determined that the City was liable for the \$600,000 relating to the College's fiscal year ending May 31, 2015 as total revenues generated by The "W" were \$880,788 which is less than the agreed upon projected revenue amount of \$2,353,907. 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, 2015, the City estimates that no material liabilities will result from such audits.

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

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

**CITY OF WAVERLY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2015**

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**Note 16 - JOINT VENTURE**

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

**Note 17 - CONDUIT DEBT OBLIGATIONS**

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, Industrial Development Revenue Bonds had an original issue amount of \$1,000,000. The outstanding balance at June 30, 2015 was \$852,401.

**NOTE 18 – ACCOUNTING CHANGE / RESTATEMENT**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

During 2013, the City purchased land which was capitalized as a capital asset addition. During our audit, it was determined that 40.35 acres of land had been sold to the Bremer County Fair Board under contract with payments beginning in FY 2015. Consequently, land of \$426,030 has been disposed of and a note receivable of \$443,850 has been recorded to correct this error.

Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

CITY OF WAVERLY, IOWA  
Notes to Financial Statements  
June 30, 2015

**NOTE 18 – ACCOUNTING CHANGE / RESTATEMENT (CONTINUED)**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Component Unit Waverly Health Center</b>
Net Position June 30, 2014, as previously reported	\$ 49,346,803	\$ 12,872,185	\$ 26,858,481
Net Pension Liability at June 30, 2014	(3,946,819)	(706,106)	(17,827,046)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	490,032	74,825	1,929,307
To record note receivable from Bremer County Fair Board	443,850	-	-
To Dispose of Land Sold to Bremer County Fair Board	(426,030)	-	-
To Reclassify project expense for the public service center building	105,452	-	-
Net Position June 30, 2014, as restated	<u>\$ 46,013,288</u>	<u>\$12,240,904</u>	<u>\$ 10,960,742</u>

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**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, 2015**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
<b>Receipts:</b>			
Taxes	\$ 9,165,592	\$ -	\$ 9,165,592
Special Assessments	12,545	13,678	26,223
Licenses and Permits	83,976	-	83,976
Intergovernmental Revenue	1,692,315	-	1,692,315
Charges for Services	813,504	4,141,761	4,955,265
Fines and Forfeits	52,559	-	52,559
Contributions	110,751	-	110,751
Revenue from Use of Property	120,581	91,809	212,390
Interest on Investments	32,623	12,559	45,182
Miscellaneous	724,380	-	724,380
Total Receipts	<u>12,808,826</u>	<u>4,259,807</u>	<u>17,068,633</u>
<b>Disbursements:</b>			
Public Safety	2,069,151	-	2,069,151
Public Works	1,514,429	-	1,514,429
Health and Social Services	184,325	-	184,325
Culture and Recreation	2,357,005	-	2,357,005
Community and Economic Development	1,652,851	-	1,652,851
General Government	868,865	-	868,865
Capital Projects	8,443,172	-	8,443,172
Debt Service	2,575,171	-	2,575,171
Business Type/Enterprises	-	5,458,574	5,458,574
Total Disbursements	<u>19,664,969</u>	<u>5,458,574</u>	<u>25,123,543</u>
Excess (deficiency) of revenues over expenditures	<u>(6,856,143)</u>	<u>(1,198,767)</u>	<u>(8,054,910)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	16,571,987	3,941,902	20,513,889
Proceeds from Sale of Capital Assets	4,500	-	4,500
Transfers In	5,137,112	-	5,137,112
Transfers Out	(5,079,946)	(57,166)	(5,137,112)
Total other financing sources (uses)	<u>16,633,653</u>	<u>3,884,736</u>	<u>20,518,389</u>
Net Change in Fund Balance	9,777,510	2,685,969	12,463,479
Balances - beginning of year	<u>4,516,778</u>	<u>2,103,068</u>	<u>6,619,846</u>
Balances - end of year	<u>\$ 14,294,288</u>	<u>\$ 4,789,037</u>	<u>\$ 19,083,325</u>
<b>Reconciliation of Ending Fund Balance - Cash Basis:</b>			
Cash and Cash Equivalents	\$ 13,481,600	\$ 3,852,374	\$ 17,333,974
Investments	812,688	429,663	1,242,351
Restricted Cash and Cash Equivalents	-	507,000	507,000
Restricted Investments	-	-	-
Due from/to Other Funds	-	-	-
	<u>\$ 14,294,288</u>	<u>\$ 4,789,037</u>	<u>\$ 19,083,325</u>

Budgeted Amounts		Final to Actual Variance
Original	Final	
\$ 8,036,768	\$ 8,036,768	\$ 1,128,824
2,000	13,000	13,223
25,400	28,000	55,976
2,103,903	2,131,314	(438,999)
5,059,232	5,068,332	(113,067)
-	-	52,559
-	-	110,751
170,977	185,000	27,390
-	-	45,182
162,350	201,844	522,536
<u>15,560,630</u>	<u>15,664,258</u>	<u>1,404,375</u>
2,125,459	2,130,459	61,308
1,827,625	1,847,825	333,396
164,750	164,750	(19,575)
2,329,863	2,353,863	(3,142)
1,356,597	1,379,985	(272,866)
891,769	876,269	7,404
9,778,536	12,835,928	4,392,756
2,989,587	2,989,587	414,416
3,691,693	3,477,393	(1,981,181)
<u>25,155,879</u>	<u>28,056,059</u>	<u>2,932,516</u>
<u>(9,595,249)</u>	<u>(12,391,801)</u>	<u>4,336,891</u>
4,233,000	20,178,957	334,932
-	-	4,500
4,813,369	5,812,096	(674,984)
<u>(4,813,369)</u>	<u>(5,812,096)</u>	<u>674,984</u>
<u>4,233,000</u>	<u>20,178,957</u>	<u>339,432</u>
<u>(5,362,249)</u>	<u>7,787,156</u>	<u>4,676,323</u>
<u>6,619,846</u>	<u>6,619,846</u>	<u>-</u>
<u>\$ 1,257,597</u>	<u>\$14,407,002</u>	<u>\$ 4,676,323</u>

**CITY OF WAVERLY, IOWA**  
**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**For the Year Ended June 30, 2015**

	Cash Basis	Accrual Adjustments	Accrual/ Modified Accrual Basis
<b>Revenue:</b>			
Taxes	\$ 9,165,592	\$ (1,014,438)	\$ 8,151,154
Special Assessments	26,223	(7,945)	18,278
Licenses and Permits	83,976	(37)	83,939
Intergovernmental Revenue	1,692,315	1,684,937	3,377,252
Charges for Services	4,955,265	34,676	4,989,941
Fines and Forfeits	52,559	-	52,559
Contributions	110,751	-	110,751
Revenue from Use of Property	212,390	-	212,390
Interest on Investments	45,182	65	45,247
Miscellaneous	724,380	(698,578)	25,802
Total Revenue	<u>17,068,633</u>	<u>(1,320)</u>	<u>17,067,313</u>
<b>Expenditures/Expenses:</b>			
Public Safety	2,069,151	27,081	2,096,232
Public Works	1,514,429	(18,694)	1,495,735
Health and Social Services	184,325	-	184,325
Culture and Recreation	2,357,005	(1,155)	2,355,850
Community and Economic Development	1,652,851	4,498	1,657,349
General Government	868,865	3,062	871,927
Capital Projects	8,443,172	826,532	9,269,704
Debt Service	2,575,171	-	2,575,171
Business Type/Enterprises	5,458,574	(1,598,318)	3,860,256
Total Expenditures/Expenses	<u>25,123,543</u>	<u>(756,994)</u>	<u>24,366,549</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(8,054,910)</u>	<u>755,674</u>	<u>(7,299,236)</u>
<b>Other financing sources (uses):</b>			
Issuance of Debt	20,513,889	(4,709,389)	15,804,500
Premium on Bonds Issued	-	767,487	767,487
Contributed Capital Revenue	-	155,557	155,557
Proceeds from Sale of Capital Assets	4,500	-	4,500
Transfers In	5,137,112	-	5,137,112
Transfers Out	(5,137,112)	-	(5,137,112)
Total other financing sources (uses)	<u>20,518,389</u>	<u>(3,786,345)</u>	<u>16,732,044</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	12,463,479	(3,030,671)	9,432,808
Fund Balance/Retained Earnings - beginning of year	<u>6,619,846</u>	<u>9,906,616</u>	<u>16,526,462</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 19,083,325</u>	<u>\$ 6,875,945</u>	<u>\$ 25,959,270</u>

**CITY OF WAVERLY**  
**Required Supplementary Information – Budgetary Reporting**  
**June 30, 2015**

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

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

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the Health and Social Services, Culture and Recreation, Community and Economic Development and business type/enterprises functions.

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

CITY OF WAVERLY, IOWA  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN  
 For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008 *	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 2,998,246	20.2%
2010	July 1, 2008	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 3,000,000	20.2%
2011	July 1, 2008	\$ -	\$ 605,053	\$ 605,053	0.00%	\$ 3,000,000	20.2%
2012	July 1, 2011	\$ -	\$ 481,652	\$ 481,652	0.00%	\$ 3,460,000	13.9%
2013	July 1, 2011	\$ -	\$ 481,652	\$ 481,652	0.00%	\$ 3,460,000	13.9%
2014	July 1, 2011	\$ -	\$ 481,652	\$ 481,652	0.00%	\$ 3,460,000	13.9%
2015	July 1, 2014	\$ -	\$ 446,783	\$ 446,783	0.00%	\$ 3,755,801	11.9%

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

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

**CITY OF WAVERLY, IOWA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR\***  
**(IN THOUSANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	City 2015	Component Unit 2015
Proportion of the net pension liability	0.0486613%	0.313143%
Proportionate share of the net pension liability	\$ 1,930	\$ 12,419
Covered-employee payroll	\$ 3,180	\$ 23,310
Proportionate share of the net pension liability as a percentage of its covered employee payroll	60.69%	53.28%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	88%

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

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

CITY OF WAVERLY  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
 THE NET PENSION LIABILITY  
 MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
 LAST FISCAL YEAR \* (IN THOUSANDS)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2015

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City's proportion of the net pension liability	<u>2015</u> 0.364687%
City's proportionate share of the net pension liability	\$ 1,322
City's covered-employee payroll	\$ 930
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	142.15%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

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

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

**CITY OF WAVERLY, IOWA**  
**SCHEDULE OF THE CITY CONTRIBUTIONS**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN YEARS (IN THOUSANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

<b>City</b>	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 189	\$ 177	\$ 157	\$ 137	\$ 132
Contributions in relation to the statutorily required contribution	(189)	(177)	(157)	(137)	(132)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 2,842	\$ 2,787	\$ 2,595	\$ 2,383	\$ 2,296
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

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

<b>Component Unit</b>	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 1,162	\$ 1,089	\$ 897	\$ 733	\$ 585
Contributions in relation to the statutorily required contribution	(1,162)	(1,089)	(897)	(733)	(585)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered employee payroll	\$ 18,367	\$ 18,165	\$ 15,572	\$ 13,166	\$ 10,914
Contributions as a percentage of covered-employee payroll	6.3%	6.0%	5.8%	5.6%	5.4%

See accompanying independent auditors' report

**CITY OF WAVERLY  
SCHEDULE OF THE CITY CONTRIBUTIONS  
MUNICIPAL FIRE AND RETIREMENT SYSTEM OF IOWA  
LAST TEN YEARS (IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Statutorily required contribution	\$ 287	\$ 280	\$ 232	\$ 215	\$ 171
Contributions in relation to the statutorily required contribution	(287)	(280)	(232)	(215)	(171)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 945	\$ 930	\$ 888	\$ 868	\$ 859
Contributions as a percentage of covered-employee payroll	30.41%	30.12%	26.12%	8.68%	19.90%
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Statutorily required contribution	\$ 137	\$ 143	\$ 183	\$ 189	\$ 178
Contributions in relation to the statutorily required contribution	(137)	(143)	(183)	(189)	(178)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 806	\$ 763	\$ 718	\$ 681	\$ 631
Contributions as a percentage of covered-employee payroll	17.00%	18.75%	25.48%	27.75%	28.21%

See accompanying independent auditors' report

**CITY OF WAVERLY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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**Iowa Public Employees' Retirement System**

**Changes of Benefit Terms:**

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

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

**Changes of Assumptions**

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

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

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**CITY OF WAVERLY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

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

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2015**

	<b>Special Revenue Funds</b>		
	<b>Road Use Tax</b>	<b>Local Option Sales Tax</b>	<b>Downtown TIF</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 437,633	\$ -	\$ 83,060
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	38
Subsequent Year Taxes	-	-	287,377
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	103,337	156,302	-
<b>Total Assets</b>	<b>540,970</b>	<b>156,302</b>	<b>370,475</b>
<b>Liabilities</b>			
Accounts Payable	5,679	21,932	-
Accrued Wages	15,159	-	-
Due to Other Funds	-	20,745	-
<b>Total Liabilities</b>	<b>20,838</b>	<b>42,677</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	-	-	287,377
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>287,377</b>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	-
Road Purposes	520,132	-	83,098
Local Option Sales Tax	-	113,625	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	-	-	-
Unassigned			
Unassigned	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>520,132</b>	<b>113,625</b>	<b>83,098</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 540,970</b>	<b>\$ 156,302</b>	<b>\$ 370,475</b>

Special Revenue		Capital Project Funds		
Cable TV	AMVETS Riverbank	Fair/Ball Diamond Project	GMT Rail Spur	Band Shelter
\$ 13,605	\$ -	\$ -	\$ -	\$ 1,964
6,265	-	-	-	-
-	-	-	-	-
-	-	351,850	-	-
-	-	-	-	-
19,870	-	351,850	-	1,964
-	-	-	-	-
-	38,962	88,041	-	-
-	38,962	88,041	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,870	-	-	-	-
-	-	263,809	-	1,964
-	(38,962)	-	-	-
19,870	(38,962)	263,809	-	1,964
\$ 19,870	\$ -	\$ 351,850	\$ -	\$ 1,964

**CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2015**

	<b>Capital Project Funds</b>		
	<b>Capital Improvement Fund</b>	<b>2nd Ave SW</b>	<b>20th ST NW Culvert</b>
<b>Assets</b>			
Cash and Pooled Investments	\$ 163,674	\$ 42,896	\$ 97,192
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	216,044	-
<b>Total Assets</b>	<b>163,674</b>	<b>258,940</b>	<b>97,192</b>
<b>Liabilities</b>			
Accounts Payable	116,720	48,707	39
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<b>116,720</b>	<b>48,707</b>	<b>39</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	-	-	-
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	46,954	210,233	97,153
Unassigned	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>46,954</b>	<b>210,233</b>	<b>97,153</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 163,674</b>	<b>\$ 258,940</b>	<b>\$ 97,192</b>

Capital Project Funds				
Waverly Dam Reconstruction	4th St Project	4th St NW Reconstruction	Emergency Demolition Program	Historical Survey
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,550
-	29,377	-	72,548	14,632
-	29,377	-	72,548	19,182
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(29,377)	-	(72,548)	(19,182)
-	(29,377)	-	(72,548)	(19,182)
\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2015**

	Capital Project Funds			
	City Bridge Projects	Housing Rehab	Flood Home Demolition	Public Services Facility
<b>Assets</b>				
Cash and Pooled Investments	\$135,756	\$ 13,907	\$ -	\$ 800,652
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Special Assessments	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
<b>Total Assets</b>	<b>135,756</b>	<b>13,907</b>	<b>-</b>	<b>800,652</b>
<b>Liabilities</b>				
Accounts Payable	7,775	-	-	346,463
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	42,108	-
<b>Total Liabilities</b>	<b>7,775</b>	<b>-</b>	<b>42,108</b>	<b>346,463</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - subsequent year taxes	-	-	-	-
Unavailable Revenue - special assessments	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>				
Nonspendable:				
Perpetual Care	-	-	-	-
Restricted for:				
Tax Increment Financing	-	-	-	-
Road Purposes	-	-	-	-
Local Option Sales Tax	-	-	-	-
Capital Expenditures	-	-	-	-
Cable TV	-	-	-	-
Assigned for:				
Capital Improvement	127,981	13,907	-	454,189
Unassigned	-	-	(42,108)	-
<b>Total Fund Balances (Deficits)</b>	<b>127,981</b>	<b>13,907</b>	<b>(42,108)</b>	<b>454,189</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$135,756</b>	<b>\$ 13,907</b>	<b>\$ -</b>	<b>\$ 800,652</b>

Capital Project Funds						
Storm Drainage Improvements	2nd Ave SW Reconstruction	Airport Runway Reconstruction	Airport Land Acquisition	Dog Park	2nd St NE	
\$ -	\$ -	\$ -	\$ -	\$ 3,213	\$ 124,553	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	84,696	31,340	699,341	-	-	-
-	84,696	31,340	699,341	3,213	124,553	
-	6,994	7,544	680	1,818	127,099	
-	-	-	-	-	-	-
-	88,466	38,526	230,610	-	-	-
-	95,460	46,070	231,290	1,818	127,099	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	468,051	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,395	-	-
-	(10,764)	(14,730)	-	-	(2,546)	
-	(10,764)	(14,730)	468,051	1,395	(2,546)	
\$ -	\$ 84,696	\$ 31,340	\$ 699,341	\$ 3,213	\$ 124,553	

CITY OF WAVERLY, IOWA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 JUNE 30, 2015

	Capital Project Funds		
	Outdoor Pool Renovation	CDBG Flood Buyouts	HMGP Flood Buyout
<b>Assets</b>			
Cash and Pooled Investments	\$ 37,180	\$ 8,905	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Special Assessments	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	-	-
<b>Total Assets</b>	<u>37,180</u>	<u>8,905</u>	<u>-</u>
<b>Liabilities</b>			
Accounts Payable	32,479	-	-
Accrued Wages	-	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<u>32,479</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - subsequent year taxes	-	-	-
Unavailable Revenue - special assessments	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>			
Nonspendable:			
Perpetual Care	-	-	-
Restricted for:			
Tax Increment Financing	-	-	-
Road Purposes	-	-	-
Local Option Sales Tax	-	-	-
Capital Expenditures	-	-	-
Cable TV	-	-	-
Assigned for:			
Capital Improvement	4,701	8,905	-
Unassigned	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>4,701</u>	<u>8,905</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<u>\$ 37,180</u>	<u>\$ 8,905</u>	<u>\$ -</u>

Capital Project Funds		Permanent	
Sidewalk Program	South Industrial Park	Perpetual Care	Governmental Nonmajor Funds
\$ 240,574	\$ 106,783	\$ 496,551	\$ 2,808,098
-	-	-	6,265
-	-	-	38
-	-	-	287,377
29,258	-	-	29,258
-	-	-	351,850
-	664,015	-	664,015
-	4,279	-	1,295,339
269,832	775,077	496,551	5,442,240
5,025	-	-	733,504
-	-	-	15,159
-	-	-	664,015
5,025	-	-	1,412,678
-	-	-	287,377
23,715	-	-	23,715
23,715	-	-	311,092
-	-	496,551	496,551
-	-	-	83,098
-	-	-	520,132
-	-	-	113,625
-	-	-	468,051
-	-	-	19,870
241,092	775,077	-	2,247,360
-	-	-	(230,217)
241,092	775,077	496,551	3,718,470
\$ 269,832	\$ 775,077	\$ 496,551	\$ 5,442,240

**CITY OF WAVERLY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2015**

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Revenue:			
Taxes	\$ -	\$ 996,546	\$ 6,723
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	1,051,928	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	3,371	6,521	-
Miscellaneous	6,634	-	-
Total Revenue	<u>1,061,933</u>	<u>1,003,067</u>	<u>6,723</u>
Expenditures:			
Public Safety	-	21,932	-
Public Works	1,025,299	1,071	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	33,816
General Government	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	<u>1,025,299</u>	<u>23,003</u>	<u>33,816</u>
Excess (deficiency) of revenues over expenditures	<u>36,634</u>	<u>980,064</u>	<u>(27,093)</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Premium on Bond Issuance	-	-	-
Proceeds from Sale of Capital Assets	3,150	-	-
Transfers In	125,000	-	-
Transfers Out	(100,000)	(1,430,296)	(94,551)
Total other financing sources (uses)	<u>28,150</u>	<u>(1,430,296)</u>	<u>(94,551)</u>
Net Change in Fund Balance	64,784	(450,232)	(121,644)
Fund balances (deficits) - beginning of year	455,348	563,857	204,742
Prior Period Adjustment	-	-	-
Fund balances (deficits) - beginning of year, as restated	<u>455,348</u>	<u>563,857</u>	<u>204,742</u>
Fund balances (deficits) - end of year	<u>\$ 520,132</u>	<u>\$ 113,625</u>	<u>\$ 83,098</u>

Special Revenue		Capital Project Funds			
Cable TV	AMVETS Riverbank	Fair/Ball Diamond Project	GMT Rail Spur	Band Shelter	
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
25,039	-	-	-	-	-
-	-	-	-	-	55,737
-	-	-	-	-	-
-	-	-	-	-	11,043
-	-	15,003	-	-	-
-	-	-	-	-	-
-	200	-	-	-	-
25,039	200	15,003	-	-	66,780
-	-	-	-	-	-
-	-	-	-	-	-
25,371	-	-	-	-	-
-	-	-	-	-	-
-	39,162	30,820	17,135	-	84,862
-	-	-	-	-	-
25,371	39,162	30,820	17,135	-	84,862
(332)	(38,962)	(15,817)	(17,135)	-	(18,082)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	229,789	-	-
-	-	-	-	-	-
-	-	-	229,789	-	-
(332)	(38,962)	(15,817)	212,654	-	(18,082)
20,202	-	(164,224)	(212,654)	-	20,046
-	-	443,850	-	-	-
20,202	-	279,626	(212,654)	-	20,046
\$ 19,870	\$ (38,962)	\$ 263,809	\$ -	\$ -	\$ 1,964

**CITY OF WAVERLY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2015**

	Capital Project Funds		
	Capital Improvement Fund	2nd Ave SW	20th ST NW Culvert
<b>Revenue:</b>			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	287,280	216,044	-
Charges for Services	-	-	-
Contributions	80,568	-	-
Rental Income	-	-	-
Interest	1,511	-	-
Miscellaneous	-	-	-
<b>Total Revenue</b>	<b>369,359</b>	<b>216,044</b>	<b>-</b>
<b>Expenditures:</b>			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	262,578	-	-
General Government	21,675	-	-
Capital Projects	166,926	331,170	47,629
Debt Service	19,500	-	2,709
<b>Total Expenditures</b>	<b>470,679</b>	<b>331,170</b>	<b>50,338</b>
Excess (deficiency) of revenues over expenditures	(101,320)	(115,126)	(50,338)
<b>Other financing sources (uses):</b>			
Issuance of Debt	179,500	-	345,981
Premium on Bond Issuance	-	-	11,824
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	350,000	-
Transfers Out	(138,000)	-	(200,000)
<b>Total other financing sources (uses)</b>	<b>41,500</b>	<b>350,000</b>	<b>157,805</b>
Net Change in Fund Balance	(59,820)	234,874	107,467
Fund balances (deficits) - beginning of year	106,774	(24,641)	(10,314)
Prior Period Adjustment	-	-	-
Fund balances (deficits) - beginning of year, as restated	106,774	(24,641)	(10,314)
Fund balances (deficits) - end of year	\$ 46,954	\$ 210,233	\$ 97,153

Capital Project Funds				
Waverly Dam Reconstruction	4th St Project	4th St NW Reconstruction	Emergency Demolition Program	Historical Survey
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,965
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,965
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,908	10,933	368,341	47,216	15,142
-	-	1,072	-	-
4,908	10,933	369,413	47,216	15,142
(4,908)	(10,933)	(369,413)	(47,216)	(13,177)
-	-	136,946	-	-
-	-	4,679	-	-
-	-	-	-	-
4,908	-	542,166	-	-
-	-	-	-	-
4,908	-	683,791	-	-
-	(10,933)	314,378	(47,216)	(13,177)
-	(18,444)	(314,378)	(25,332)	(6,005)
-	-	-	-	-
-	(18,444)	(314,378)	(25,332)	(6,005)
\$ -	\$ (29,377)	\$ -	\$ (72,548)	\$ (19,182)

**CITY OF WAVERLY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2015**

	Capital Project Funds			
	City Bridge Projects	Housing Rehab	Flood Home Demolition	Public Services Facility
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	-	-	-	-
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
General Government	-	-	-	-
Capital Projects	16,690	-	88,811	83,546
Debt Service	-	-	-	3,153
Total Expenditures	16,690	-	88,811	86,699
Excess (deficiency) of revenues over expenditures	(16,690)	-	(88,811)	(86,699)
Other financing sources (uses):				
Issuance of Debt	-	-	-	403,654
Premium on Bond Issuance	-	-	-	13,761
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	20,000	-	-	100,000
Transfers Out	-	-	-	-
Total other financing sources (uses)	20,000	-	-	517,415
Net Change in Fund Balance	3,310	-	(88,811)	430,716
Fund balances (deficits) - beginning of year	124,671	13,907	46,703	(81,979)
Prior Period Adjustment	-	-	-	105,452
Fund balances (deficits) - beginning of year, as restated	124,671	13,907	46,703	23,473
Fund balances (deficits) - end of year	\$127,981	\$ 13,907	\$ (42,108)	\$ 454,189

Capital Project Funds					
Storm Drainage Improvements	2nd Ave SW Reconstruction	Airport Runway Reconstruction	Airport Land Acquisition	Dog Park	2nd St NE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	84,696	117,380	699,341	66,666	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	95	285
-	84,696	117,380	699,341	66,761	285
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	135,577	120,810	742,192	82,095	326,246
-	-	-	3,470	-	-
-	135,577	120,810	745,662	82,095	326,246
-	(50,881)	(3,430)	(46,321)	(15,334)	(325,961)
-	-	-	391,473	-	-
-	-	-	18,734	-	-
-	-	-	-	-	-
-	35,000	-	150,000	16,729	323,415
(123,415)	-	-	-	-	-
(123,415)	35,000	-	560,207	16,729	323,415
(123,415)	(15,881)	(3,430)	513,886	1,395	(2,546)
123,415	5,117	(11,300)	(45,835)	-	-
-	-	-	-	-	-
123,415	5,117	(11,300)	(45,835)	-	-
\$ -	\$ (10,764)	\$ (14,730)	\$ 468,051	\$ 1,395	\$ (2,546)

**CITY OF WAVERLY, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2015**

	Capital Project Funds		
	Outdoor Pool Renovation	CDBG Flood Buyouts	HMGP Flood Buyout
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	1,509
Total Revenue	-	-	1,509
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	716,320	-	-
Debt Service	5,303	-	-
Total Expenditures	721,623	-	-
Excess (deficiency) of revenues over expenditures	(721,623)	-	1,509
Other financing sources (uses):			
Issuance of Debt	682,158	-	-
Premium on Bond Issuance	23,145	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	48,000	-	35,708
Transfers Out	-	(35,708)	-
Total other financing sources (uses)	753,303	(35,708)	35,708
Net Change in Fund Balance	31,680	(35,708)	37,217
Fund balances (deficits) - beginning of year	(26,979)	44,613	(37,217)
Prior Period Adjustment	-	-	-
Fund balances (deficits) - beginning of year, as restated	(26,979)	44,613	(37,217)
Fund balances (deficits) - end of year	\$ 4,701	\$ 8,905	\$ -

Capital Project Funds		Permanent		Governmental Nonmajor Funds
Sidewalk Program	South Industrial Park	Perpetual Care		
\$ -	\$ -	\$ -	\$ -	\$ 1,003,269
2,940	-	-	-	2,940
-	-	-	-	25,039
-	-	-	-	2,581,037
28,651	-	-	-	28,651
-	-	5,930	-	97,541
-	-	-	-	15,003
-	-	-	-	11,403
140	-	-	-	8,863
31,731	-	5,930	-	3,773,746
-	-	-	-	21,932
-	-	-	-	1,026,370
-	-	-	-	25,371
-	-	-	-	296,394
-	-	-	-	21,675
309,250	3,500	-	-	3,789,281
6,667	-	-	-	41,874
315,917	3,500	-	-	5,222,897
(284,186)	(3,500)	5,930	-	(1,449,151)
786,929	-	-	-	2,926,641
33,628	-	-	-	105,771
-	-	-	-	3,150
-	-	-	-	1,980,715
-	-	-	-	(2,121,970)
820,557	-	-	-	2,894,307
536,371	(3,500)	5,930	-	1,445,156
(295,279)	778,577	490,621	-	1,724,012
-	-	-	-	549,302
(295,279)	778,577	490,621	-	2,273,314
\$ 241,092	\$ 775,077	\$ 496,551	\$ -	\$ 3,718,470

CITY OF WAVERLY, IOWA  
Schedule of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>Electric Utility</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	\$ 9,535	\$ 14,277,614	\$ 14,280,424	\$ 6,725
Accounts Receivable	1,201,387	14,127,494	14,158,231	1,170,650
Other Receivable	18,858	472,128	471,307	19,679
Total Assets	1,229,780	28,877,236	28,909,962	1,197,054
<b><u>Liabilities</u></b>				
Due to Other Governments	1,188,985	28,578,697	28,609,416	1,158,266
Other Payables	40,795	298,539	300,546	38,788
Total Liabilities	1,229,780	28,877,236	28,909,962	1,197,054
<b><u>Warburg-Waverly Wellness Center</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	615,935	899,590	1,504,352	11,173
Total Assets	615,935	899,590	1,504,352	11,173
<b><u>Liabilities</u></b>				
Due to Other Governments	615,935	899,590	1,504,352	11,173
Total Liabilities	615,935	899,590	1,504,352	11,173
<b><u>Totals</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	625,470	15,177,204	15,784,776	17,898
Accounts Receivable	1,201,387	14,127,494	14,158,231	1,170,650
Other Receivable	18,858	472,128	471,307	19,679
Total Assets	1,845,715	29,776,826	30,414,314	1,208,227
<b><u>Liabilities</u></b>				
Due to Other Governments	1,804,920	29,478,287	30,113,768	1,169,439
Other Payables	40,795	298,539	300,546	38,788
Total Liabilities	\$ 1,845,715	\$ 29,776,826	\$ 30,414,314	\$ 1,208,227

## 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	100 – 108
<p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	109 – 112
<p style="padding-left: 40px;">These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	113 – 121
<p style="padding-left: 40px;">These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	122 - 123
<p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	124 - 128
<p style="padding-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	

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

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 13,874,528	\$ 18,880,181	\$ 21,032,486	\$ 23,672,634
Restricted	451,600	907,320	1,901,399	2,056,639
Unrestricted	7,690,383	5,696,327	4,289,177	2,566,051
Total Governmental Activities Net Position	<u>\$ 22,016,511</u>	<u>\$ 25,483,828</u>	<u>\$ 27,223,062</u>	<u>\$ 28,295,324</u>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$ 10,367,357	\$ 10,825,782	\$ 10,839,282	\$ 11,575,601
Restricted	268,943	294,728	182,668	541,706
Unrestricted	1,461,106	1,510,592	1,790,196	711,666
Total Business-type Activities Net Position	<u>\$ 12,097,406</u>	<u>\$ 12,631,102</u>	<u>\$ 12,812,146</u>	<u>\$ 12,828,973</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 24,241,885	\$ 29,705,963	\$ 31,871,768	\$ 35,248,235
Restricted	720,543	1,202,048	2,084,067	2,598,345
Unrestricted	9,151,489	7,206,919	6,079,373	3,277,717
Total Primary Government Activities Net Position	<u>\$ 34,113,917</u>	<u>\$ 38,114,930</u>	<u>\$ 40,035,208</u>	<u>\$ 41,124,297</u>

Notes:

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 31,003,445	\$ 38,301,899	\$ 42,386,586	\$ 43,321,391	\$ 45,860,962	\$ 44,889,601
2,240,151	2,828,214	2,369,707	2,699,291	2,509,661	2,043,840
<u>2,646,083</u>	<u>2,727,228</u>	<u>3,004,997</u>	<u>2,503,546</u>	<u>976,180</u>	<u>149,599</u>
<u>\$ 35,889,679</u>	<u>\$ 43,857,341</u>	<u>\$ 47,761,290</u>	<u>\$ 48,524,228</u>	<u>\$ 49,346,803</u>	<u>\$ 47,083,040</u>
\$ 11,665,128	\$ 11,417,580	\$ 11,902,943	\$ 10,591,981	\$ 10,274,538	\$ 8,167,297
474,334	475,584	89,088	89,468	88,279	-
<u>993,468</u>	<u>1,127,573</u>	<u>1,253,202</u>	<u>2,366,784</u>	<u>2,509,368</u>	<u>4,581,247</u>
<u>\$ 13,132,930</u>	<u>\$ 13,020,737</u>	<u>\$ 13,245,233</u>	<u>\$ 13,048,233</u>	<u>\$ 12,872,185</u>	<u>\$ 12,748,544</u>
\$ 42,668,573	\$ 49,719,479	\$ 54,289,529	\$ 53,913,372	\$ 56,135,500	\$ 53,056,894
2,714,485	3,303,798	2,458,795	2,788,759	2,597,940	2,043,840
<u>3,639,551</u>	<u>3,854,801</u>	<u>4,258,199</u>	<u>4,870,330</u>	<u>3,485,548</u>	<u>4,730,846</u>
<u>\$ 49,022,609</u>	<u>\$ 56,878,078</u>	<u>\$ 61,006,523</u>	<u>\$ 61,572,461</u>	<u>\$ 62,218,988</u>	<u>\$ 59,831,580</u>

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

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 337,530	\$ 636,525	\$ 657,669	\$ 722,714	\$ 806,618	\$ 842,098	\$ 819,187	\$ 854,130	\$ 819,124	\$ 964,181
Public Safety	1,702,173	1,594,179	1,826,343	1,842,773	1,890,848	2,174,059	2,176,921	2,313,898	2,344,143	2,187,109
Public Works	2,229,068	2,583,298	3,051,121	3,525,685	3,091,315	2,910,741	3,423,797	3,455,969	4,007,339	4,063,154
Health and Social Services	4,470	40,492	371,172	752,457	160,307	185,670	183,493	159,562	161,194	184,325
Community & Economic Development	260,829	323,131	453,463	439,362	1,081,165	1,024,662	1,063,706	1,122,593	1,151,508	1,557,169
Culture and Recreation	1,940,735	2,008,138	2,391,710	2,266,639	2,218,807	2,322,625	2,364,603	2,308,768	2,362,684	2,364,658
Debt Service	677,574	629,037	581,318	533,573	410,454	360,531	374,287	306,030	194,220	477,628
Capital Projects	124,404	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>7,276,783</b>	<b>7,814,800</b>	<b>9,332,796</b>	<b>10,083,203</b>	<b>9,659,514</b>	<b>9,820,386</b>	<b>10,405,994</b>	<b>10,520,950</b>	<b>11,040,212</b>	<b>11,797,624</b>
Business-type Activities										
Water	935,603	992,197	1,004,759	1,015,570	1,046,779	987,418	1,045,903	1,239,221	1,357,585	1,129,752
Sewer	1,363,527	1,340,567	1,459,406	1,371,630	1,449,551	1,426,007	1,391,096	1,793,911	1,700,847	1,524,393
Solid waste	787,681	794,029	917,857	960,872	945,847	1,010,520	1,056,793	1,069,970	1,197,667	1,206,111
<b>Total Business-type Activities Expenses</b>	<b>3,086,811</b>	<b>3,126,793</b>	<b>3,382,022</b>	<b>3,348,072</b>	<b>3,442,177</b>	<b>3,423,945</b>	<b>3,493,792</b>	<b>4,103,102</b>	<b>4,256,099</b>	<b>3,860,256</b>
<b>Total Primary Government Expenses</b>	<b>10,363,594</b>	<b>10,941,593</b>	<b>12,714,818</b>	<b>13,431,275</b>	<b>13,101,691</b>	<b>13,244,331</b>	<b>13,899,786</b>	<b>14,624,052</b>	<b>15,296,311</b>	<b>15,657,880</b>
<b>Program Revenues (2)</b>										
Governmental Activities:										
Charges for Services										
General Government	276,152	248,926	288,618	220,787	225,423	242,245	234,040	224,984	241,614	268,368
Public Safety	190,165	66,869	53,784	40,546	44,690	69,828	72,235	60,096	53,708	41,530
Public Works	57,233	94,986	76,341	106,013	85,054	60,305	54,485	82,504	25,914	27,995
Community & Economic Development	-	-	24,002	28,000	19,231	19,988	9,941	12,347	12,338	20,266
Culture and Recreation	646,625	668,242	574,588	615,094	604,391	626,784	628,104	614,045	676,297	667,345
Operating Grants and Contributions	1,102,485	1,380,110	2,162,998	2,562,584	1,610,920	2,044,044	1,594,594	1,556,417	1,922,408	1,803,342
Capital Grants and Contributions	23,000	1,404,076	803,799	448,176	6,869,966	7,153,867	3,862,415	945,531	414,555	1,507,147
<b>Total Governmental Activities Program Revenues</b>	<b>2,295,660</b>	<b>3,863,209</b>	<b>3,984,130</b>	<b>4,021,200</b>	<b>9,459,675</b>	<b>10,217,061</b>	<b>6,455,814</b>	<b>3,495,924</b>	<b>3,346,834</b>	<b>4,335,993</b>
Business-type Activities:										
Charges for services:										
Water	928,360	1,065,811	1,086,607	1,030,087	1,092,557	1,086,039	1,169,370	1,195,417	1,228,012	1,236,098
Sewer	1,323,162	1,423,835	1,426,363	1,397,455	1,451,773	1,412,172	1,562,986	1,573,000	1,640,186	1,643,939
Solid waste	828,387	838,647	913,187	929,328	1,054,942	1,036,883	1,076,238	1,073,959	1,153,726	1,271,353
Capital Grants and Contributions	159,028	369,790	138,522	-	109,178	-	12,293	-	-	169,235
<b>Total Business-Type Activities Program Revenues</b>	<b>3,238,937</b>	<b>3,698,083</b>	<b>3,564,679</b>	<b>3,356,870</b>	<b>3,708,450</b>	<b>3,535,094</b>	<b>3,820,887</b>	<b>3,842,376</b>	<b>4,021,924</b>	<b>4,320,625</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 5,534,597</b>	<b>\$ 7,561,292</b>	<b>\$ 7,548,809</b>	<b>\$ 7,378,070</b>	<b>\$ 13,168,125</b>	<b>\$ 13,752,155</b>	<b>\$ 10,276,701</b>	<b>\$ 7,338,300</b>	<b>\$ 7,368,758</b>	<b>\$ 8,656,618</b>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expense)/Revenue:</b>										
Governmental Activities:	\$(4,981,123)	\$(3,951,591)	\$(5,348,666)	\$(6,062,003)	\$(199,839)	\$ 396,675	\$(3,950,180)	\$(7,025,026)	\$(7,693,378)	\$(7,461,631)
Business-type Activities	152,126	571,290	182,657	8,798	266,273	111,149	327,095	(260,726)	(234,175)	460,369
Total Primary Government Net Expense	<u>(4,828,997)</u>	<u>(3,380,301)</u>	<u>(5,166,009)</u>	<u>(6,053,205)</u>	<u>66,434</u>	<u>507,824</u>	<u>(3,623,085)</u>	<u>(7,285,752)</u>	<u>(7,927,553)</u>	<u>(7,001,262)</u>
<b>General Revenues</b>										
Governmental Activities:										
Property Taxes	3,623,336	4,955,605	5,269,029	5,738,820	5,854,330	6,010,599	6,318,501	6,745,028	7,133,869	7,000,472
Other Taxes	711,455	-	-	-	-	-	-	-	-	-
Local Option Sales Tax	619,941	708,172	803,943	815,438	828,529	790,374	882,114	871,022	896,970	996,545
Hotel/Motel Taxes	143,631	144,854	173,098	170,557	133,201	154,851	153,154	150,172	163,599	154,137
Interest	223,744	283,245	193,573	57,397	53,120	55,902	31,481	43,479	44,973	34,653
General Intergovernmental Revenues	635,103	169,440	178,926	190,500	202,440	193,778	168,924	153,540	173,778	261,712
Gain (Loss) on Sale of Assets	-	910,094	259,062	30,326	563,272	-	21,192	11,186	-	4,500
Miscellaneous	156,570	53,029	75,766	54,738	119,104	66,833	98,233	40,697	77,764	22,198
Transfers	182,846	194,469	134,503	76,489	40,198	298,650	180,530	-	25,000	57,166
Total Governmental Activities	<u>6,296,626</u>	<u>7,418,908</u>	<u>7,087,900</u>	<u>7,134,265</u>	<u>7,794,194</u>	<u>7,570,987</u>	<u>7,854,129</u>	<u>8,015,124</u>	<u>8,515,953</u>	<u>8,531,383</u>
Business-type Activities:										
Investment Earnings	101,656	103,118	70,915	26,338	9,484	5,881	4,855	5,031	7,606	12,624
Miscellaneous	68,474	53,757	61,975	58,180	68,398	69,427	73,076	76,040	75,521	91,809
Transfers	(182,846)	(194,469)	(134,503)	(76,489)	(40,198)	(298,650)	(180,530)	-	(25,000)	(57,166)
Total Business-type Activities	<u>(12,716)</u>	<u>(37,594)</u>	<u>(1,613)</u>	<u>8,029</u>	<u>37,684</u>	<u>(223,342)</u>	<u>(102,599)</u>	<u>81,071</u>	<u>58,127</u>	<u>47,267</u>
Total Primary Government	<u>6,283,910</u>	<u>7,381,314</u>	<u>7,086,287</u>	<u>7,142,294</u>	<u>7,831,878</u>	<u>7,347,645</u>	<u>7,751,530</u>	<u>8,096,195</u>	<u>8,574,080</u>	<u>8,578,650</u>
<b>Change in Net Position</b>										
Governmental Activities	1,315,503	3,467,317	1,739,234	1,072,262	7,594,355	7,967,662	3,903,949	990,098	822,575	1,069,752
Business-type Activities	139,410	533,696	181,044	16,827	303,957	(112,193)	224,496	(179,655)	(176,048)	507,636
Total Primary Government	<u>\$ 1,454,913</u>	<u>\$ 4,001,013</u>	<u>\$ 1,920,278</u>	<u>\$ 1,089,089</u>	<u>\$ 7,898,312</u>	<u>\$ 7,855,469</u>	<u>\$ 4,128,445</u>	<u>\$ 810,443</u>	<u>\$ 646,527</u>	<u>\$ 1,577,388</u>

Notes:

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

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 <sup>1</sup>	Tax Increment Financing Taxes	Cable TV Franchise Tax <sup>2</sup>	Hotel - Motel Tax	Total Taxes
2006	\$ 3,623,336	\$ 613,218	\$ -	\$ 688,065	\$ 48,070	\$ 146,890	\$5,119,579
2007	3,962,657	708,172	-	992,950	52,620	144,852	5,861,251
2008	4,227,819	803,943	-	1,041,210	49,784	173,098	6,295,854
2009	4,319,975	815,438	-	1,418,845	46,878	170,557	6,771,693
2010	4,301,441	828,529	-	1,552,889	49,136	133,201	6,865,196
2011	4,460,164	790,374	-	1,550,435	50,836	154,851	7,006,660
2012	4,667,731	881,166	-	1,649,930	51,360	150,148	7,400,335
2013	4,830,132	874,064	-	1,915,351	51,384	148,736	7,819,667
2014	5,173,802	897,221	-	2,121,270	57,632	163,599	8,413,524
2015	\$ 5,418,739	\$ 983,208	-	\$ 1,584,732	\$ 50,150	\$ 154,137	\$8,190,966

Percentage  
Change  
in Dollars Over  
10 Years

49.55%	60.34%	N/A	130.32%	4.33%	4.93%	59.99%
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**Notes:**

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

<sup>2</sup> Mediacom changed revenue distribution to quarterly.

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 56,105	\$ 65,635	\$ 59,122	\$ 64,791
Unreserved	1,377,426	2,688,512	2,896,720	1,782,381
Nonspendable <sup>2</sup>	-	-	-	-
Restricted <sup>2</sup>	-	-	-	-
Committed <sup>2</sup>	-	-	-	-
Assigned <sup>2</sup>	-	-	-	-
Unassigned <sup>2</sup>	-	-	-	-
Total General Fund	<u>\$ 1,433,531</u>	<u>\$ 2,754,147</u>	<u>\$ 2,955,842</u>	<u>\$ 1,847,172</u>
All Other Governmental Funds				
Reserved	\$ 470,369	\$ 511,995	\$ 516,770	\$ 557,818
Unreserved, reported in:				
Special Revenue Funds	1,287,143	1,604,900	1,415,982	1,495,475
Capital Projects Funds	4,674,246	1,898,051	1,165,065	314,939
Nonspendable <sup>2</sup>	-	-	-	-
Restricted <sup>2</sup>	-	-	-	-
Assigned <sup>2</sup>	-	-	-	-
Unassigned <sup>2</sup>	-	-	-	-
Total All Other Governmental Funds	<u>\$ 6,431,758</u>	<u>\$ 4,014,946</u>	<u>\$ 3,097,817</u>	<u>\$ 2,368,232</u>
Total Governmental Funds				
Reserved	\$ 526,474	\$ 577,630	\$ 575,892	\$ 622,609
Unreserved, reported in:				
General Fund	1,377,426	2,688,512	2,896,720	1,782,381
Special Revenue Funds	1,287,143	1,604,900	1,415,982	1,495,475
Capital Projects Funds	4,674,246	1,898,051	1,165,065	314,939
Nonspendable <sup>2</sup>	-	-	-	-
Restricted <sup>2</sup>	-	-	-	-
Committed <sup>2</sup>	-	-	-	-
Assigned <sup>2</sup>	-	-	-	-
Unassigned <sup>2</sup>	-	-	-	-
Total Governmental Funds	<u>\$ 7,865,289</u>	<u>\$ 6,769,093</u>	<u>\$ 6,053,659</u>	<u>\$ 4,215,404</u>

Notes:

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 69,998	\$ -	\$ -	\$ -	\$ -	\$ -
1,452,931	-	-	-	-	-
-	55,058	55,817	58,623	74,062	75,689
-	-	367,798	-	-	-
-	-	-	-	-	-
-	16,431	22,206	26,025	11,416	20,874
-	1,492,201	1,562,142	1,590,215	2,125,165	2,271,397
<u>\$ 1,522,929</u>	<u>\$ 1,563,690</u>	<u>\$ 2,007,963</u>	<u>\$ 1,674,863</u>	<u>\$ 2,210,643</u>	<u>\$ 2,367,960</u>
\$ 591,774	\$ -	\$ -	\$ -	\$ -	\$ -
1,576,193	-	-	-	-	-
809,766	-	-	-	-	-
-	476,204	478,808	485,084	490,621	496,551
-	3,471,095	4,879,176	2,228,356	2,034,196	1,564,753
-	1,218,091	1,559,378	1,529,851	1,263,823	9,011,683
-	(422,145)	(660,019)	(748,823)	(2,263,027)	(230,217)
<u>\$ 2,977,733</u>	<u>\$ 4,743,245</u>	<u>\$ 6,257,343</u>	<u>\$ 3,494,468</u>	<u>\$ 1,525,613</u>	<u>\$ 10,842,770</u>
\$ 661,772	\$ -	\$ -	\$ -	\$ -	\$ -
1,452,931	-	-	-	-	-
1,576,193	-	-	-	-	-
809,766	-	-	-	-	-
-	531,262	534,625	543,707	564,683	572,240
-	3,471,095	5,246,974	2,228,356	2,034,196	1,564,753
-	-	-	-	-	-
-	1,234,522	1,581,584	1,555,876	1,275,239	9,032,557
-	1,070,056	902,123	841,392	(137,862)	2,041,180
<u>\$ 4,500,662</u>	<u>\$ 6,306,935</u>	<u>\$ 8,265,306</u>	<u>\$ 5,169,331</u>	<u>\$ 3,736,256</u>	<u>\$ 13,210,730</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Taxes	\$ 5,098,363	\$ 5,808,631	\$ 6,246,070	\$ 6,724,815	\$ 6,816,060
Licenses and Permits	20,461	104,771	89,096	70,932	76,995
Intergovernmental	1,862,099	2,289,765	2,839,001	3,133,340	8,624,439
Charges for Services	816,965	826,422	762,581	753,881	749,174
Fines and Forfeits	48,530	43,692	60,519	55,617	57,984
Investment Earnings	223,744	281,232	190,953	53,475	49,430
Rental Income	48,460	86,141	105,137	130,010	94,636
Special Assessments	29,557	14,824	24,624	8,107	13,293
Contributions	52,076	19,943	46,245	62,145	53,426
Proceeds from the Sale of Real Estate & Equipment	9,690	-	-	-	-
Refunds/Reimbursements	424,806	-	-	-	-
Miscellaneous	155,922	60,087	75,766	54,738	100,733
Total Revenues	<u>\$ 8,790,673</u>	<u>\$ 9,535,508</u>	<u>\$ 10,439,992</u>	<u>\$ 11,047,060</u>	<u>\$ 16,636,170</u>
<b>Expenditures</b>					
Public Safety	1,806,846	1,505,718	2,527,463	1,865,308	1,967,944
Public Works	1,150,898	1,120,069	1,361,664	1,398,593	1,549,928
Health and Social Services	4,470	40,492	371,172	752,457	160,307
Culture and Recreation	1,870,055	2,092,858	1,965,203	2,112,607	2,068,757
Community and Economic Development	683,676	211,505	424,329	379,384	1,139,355
General Government	681,145	708,594	759,889	708,822	750,950
Debt Service					
Principal	3,264,741	1,465,223	1,365,468	1,492,422	1,559,972
Interest	626,454	608,512	598,918	578,130	421,926
Capital Projects	1,787,442	4,116,093	2,671,634	3,837,918	7,365,555
Total Expenditures	<u>\$ 11,875,727</u>	<u>\$ 11,869,064</u>	<u>\$ 12,045,740</u>	<u>\$ 13,125,641</u>	<u>\$ 16,984,694</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(3,085,054)	(2,333,556)	(1,605,748)	(2,078,581)	(348,524)
<b>Other Financing Sources (Uses)</b>					
Issuance of Bonds and Notes	4,040,000	124,983	1,093,267	4,360,000	680,312
Premiums on Bonds Issued	-	-	-	-	-
Payment of Refunded Bonds	-	-	(589,612)	(4,295,000)	(650,000)
Transfers In	1,829,403	2,439,569	3,836,910	3,383,978	3,852,667
Transfers Out	(1,691,557)	(2,245,100)	(3,709,313)	(3,238,978)	(3,812,469)
Sale of Fixed Assets	-	917,908	259,062	30,326	563,272
Total Other Financing Sources (Uses)	<u>\$ 4,177,846</u>	<u>\$ 1,237,360</u>	<u>\$ 890,314</u>	<u>\$ 240,326</u>	<u>\$ 633,782</u>
Net change in fund balances	<u>\$ 1,092,792</u>	<u>\$ (1,096,196)</u>	<u>\$ (715,434)</u>	<u>\$ (1,838,255)</u>	<u>\$ 285,258</u>
Debt service as a percentage of non-capital expenditures <sup>1</sup>	38.57%	26.75%	21.52%	22.29%	20.73%

Fiscal Year				
2011	2012	2013	2014	2015
\$ 6,955,824	\$ 7,351,217	\$ 7,766,222	\$ 8,192,294	\$ 8,151,154
74,274	76,835	77,482	91,315	83,939
9,302,604	5,343,456	2,592,220	2,262,054	3,377,252
789,360	782,155	775,303	859,319	842,155
81,432	82,890	70,244	64,414	52,559
53,322	31,481	42,180	43,948	32,623
56,533	56,924	70,947	75,058	120,581
11,746	9,619	6,215	20,944	4,600
86,594	42,529	43,424	145,064	110,751
-	-	-	-	-
-	240,984	21,505	-	-
102,756	98,079	40,697	65,295	22,198
<u>\$ 17,514,445</u>	<u>\$ 14,116,169</u>	<u>\$ 11,506,439</u>	<u>\$ 11,819,705</u>	<u>\$ 12,797,812</u>
1,944,423	2,062,017	2,390,307	1,968,180	2,096,232
1,648,157	2,030,615	1,596,015	1,824,051	1,495,735
160,670	158,493	159,562	161,194	184,325
2,280,472	2,208,790	2,104,902	2,254,536	2,355,850
1,133,362	1,059,750	1,115,555	1,130,112	1,657,349
727,688	753,230	795,178	815,808	871,927
1,637,393	1,879,524	1,796,882	1,895,000	2,085,000
381,360	413,974	304,063	191,920	490,171
8,678,411	5,866,802	2,930,055	3,202,963	9,269,704
<u>\$ 18,591,936</u>	<u>\$ 16,433,195</u>	<u>\$ 13,192,519</u>	<u>\$ 13,443,764</u>	<u>\$ 20,506,293</u>
(1,077,491)	(2,317,026)	(1,686,080)	(1,624,059)	(7,708,481)
2,534,318	4,690,000	700,000	83,226	15,804,500
50,796	1,079	-	-	767,487
-	(645,000)	(2,135,000)	-	-
3,480,232	3,850,901	4,753,789	3,677,611	5,137,112
(3,181,582)	(3,670,371)	(4,753,789)	(3,574,023)	(5,079,946)
-	48,788	25,105	4,170	4,500
<u>\$ 2,883,764</u>	<u>\$ 4,275,397</u>	<u>\$ (1,409,895)</u>	<u>\$ 190,984</u>	<u>\$ 16,633,653</u>
<u>\$ 1,806,273</u>	<u>\$ 1,958,371</u>	<u>\$ (3,095,975)</u>	<u>\$ (1,433,075)</u>	<u>\$ 8,925,172</u>
21.17%	21.16%	22.52%	20.76%	22.92%

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

Fiscal Year	Real Property		Utilities <sup>3</sup>		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value <sup>2</sup>	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
2006	\$400,227,354	\$234,339,310	\$5,813,677	\$5,898,577	\$406,041,031	\$240,237,887	\$ 14.852	59.17%
2007	463,670,117	256,420,559	6,391,451	6,095,819	470,061,568	262,516,378	14.699	55.85%
2008	490,500,027	268,565,295	6,910,814	5,536,691	497,410,841	274,101,986	15.071	55.11%
2009	575,400,233	324,797,829	7,911,996	5,527,775	583,312,229	330,325,604	14.781	56.63%
2010	586,382,560	336,384,219	8,780,101	5,527,775	595,162,661	341,911,994	14.340	57.45%
2011	591,931,845	345,447,343	9,051,046	5,764,139	600,982,891	351,211,482	14.504	58.44%
2012	600,246,807	359,088,087	9,218,277	5,874,314	609,465,084	364,962,401	14.604	59.88%
2013	621,511,271	382,297,300	9,330,400	6,096,518	630,841,671	388,393,818	14.254	61.57%
2014	630,243,149	410,744,591	9,122,016	5,939,377	639,365,165	416,683,968	14.247	65.17%
2015	\$602,476,470	\$422,655,243	\$7,091,567	\$5,850,431	\$609,568,037	\$428,505,674	\$ 14.149	70.30%

Source: Bremer County, Iowa; County Auditor

The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. For FY 2015 this Notes: percentage is 54.4002%.

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

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

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

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

Fiscal Year	City of Waverly				Overlapping Rates				Total Direct and Overlapping
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	
2006	\$ 8.837	\$ 2.814	\$ 3.201	\$ 14.852	\$ 12.020	\$ 6.668	\$ 1.067	\$ 19.755	\$ 34.607
2007	8.850	2.835	3.014	14.699	12.371	6.337	1.040	19.748	34.447
2008	8.555	3.782	2.734	15.071	12.390	6.520	0.828	19.738	34.809
2009	8.564	3.601	2.616	14.781	12.375	7.098	1.001	20.474	35.255
2010	8.573	3.321	2.446	14.340	12.242	6.630	0.932	19.804	34,144
2011	8.579	3.553	2.371	14.504	13.691	6.114	0.997	20.802	35.306
2012	8.583	3.734	2.286	14.604	14.451	5.698	0.961	21,110	35.714
2013	8.564	3.657	2.033	14.254	14.058	5.616	0.961	20.635	34.889
2014	8.543	3.777	1.927	14.247	15.816	5.609	0.952	22.377	36.624
2015	\$ 8.478	\$ 3.400	\$ 2.271	\$ 14.149	\$ 15.782	\$ 5.881	\$ 0.951	\$ 22.614	\$ 36.763

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa  
Principal Taxpayers and Their Assessed Valuations  
June 30, 2015

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CUNA Mutual Life Insurance	\$ 9,947,140	1	2.39%	\$ 9,707,020	1	3.78%
Wal-Mart	9,062,890	2	2.18%	-	-	-
Birdworks LLC	6,816,100	3	1.64%	-	-	-
Nestle Beverage Company	6,748,850	4	1.62%	6,930,930	2	2.70%
Schneider Milling Inc	6,664,777	5	1.60%	1,593,260	10	0.62%
First National Bank-Waverly	4,551,380	6	1.09%	2,734,800	4	1.07%
GMT Corp	4,381,230	7	1.05%	2,319,510	6	0.90%
Village Sq. Plaza Ltd	3,980,860	8	0.96%	-	-	-
Graening Knights II	3,953,570	9	0.95%	-	-	-
Deneui Holdings Inc	3,849,690	10	0.92%	3,658,890	3	1.42%
Terex USA	3,543,320	11	0.85%	3,050,940	5	1.19%
MDM Partnership	3,345,150	12	0.80%	2,081,960	7	0.81%
State Bank & Trust Co	2,865,670	13	0.69%	1,556,410	8	0.61%
Fareway Stores Inc	2,565,360	14	0.62%	1,834,900	9	0.71%
Total Principal Taxpayers	<u>72,275,987</u>			<u>35,468,620</u>		<u>13.81%</u>
All Other Taxpayers	<u>344,407,981</u>		<u>82.65%</u>	<u>221,298,973</u>		<u>86.19%</u>
Total Taxable Valuation	<u>\$ 416,683,968</u>		<u>82.65%</u>	<u>\$ 256,767,593</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
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	4,780,652	4,830,133	101.04%	N/A	4,830,133	101.04%
2014	4,952,345	5,007,343	101.11%	N/A	5,007,343	101.11%
2015	\$ 5,329,955	\$ 5,362,269 (3)	100.61%	N/A	\$ 5,362,269	100.61%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

<sup>1</sup> GAAP Basis

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

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Note Payable			
2006	\$ 15,309,612	\$ 218,003	\$ 1,105,388	\$2,340,000	\$ -	\$ 18,973,003	11.57%	2,116
2007	13,894,612	292,763	950,388	1,975,000	-	17,112,763	10.44%	1,908
2008	13,048,267	238,158	1,636,733	1,535,000	-	16,458,158	7.94%	1,835
2009	11,656,017	182,156	1,373,983	1,245,000	-	14,457,156	6.95%	1,612
2010	10,138,636	157,159	1,106,364	940,000	-	12,342,159	5.44%	1,376
2011	10,980,000	184,900	885,000	630,000	-	12,679,900	5.20%	1,284
2012	13,250,000	46,268	655,000	305,000	-	14,256,268	5.85%	1,444
2013	10,530,000	22,193	2,675,000	175,000	-	13,402,193	5.50%	1,336
2014	8,125,000	66,206	2,755,000	45,000	207,655	11,198,861	4.28%	1,112
2015	\$ 21,657,406	\$ 317,655	\$ 2,385,000	\$3,705,000	\$ 33,602	\$ 28,098,663	9.63%	2,780

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**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual <sup>1</sup> Taxable Value of Property</u>	<u>Per Capita<sup>2</sup></u>
2006	\$ 16,415,000	\$ 18,769	\$ 16,396,231	6.82%	1,828
2007	14,845,000	55,356	14,789,644	5.63%	1,649
2008	14,685,000	32,626	14,652,374	5.35%	1,634
2009	13,030,000	91,817	12,938,183	3.92%	1,443
2010	11,245,000	101,396	11,143,604	3.26%	1,243
2011	11,865,000	72,430	11,792,570	3.36%	1,194
2012	13,905,000	2,168,236	11,736,764	3.22%	1,189
2013	13,205,000	467,780	12,737,220	3.28%	1,269
2014	10,880,000	86,345	10,793,655	2.59%	1,072
2015	\$ 24,050,000	\$ 87,198	\$ 24,137,198	5.63%	\$ 2,388

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

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

<sup>2</sup> Population data used was the estimated census from the year 2014 of 10,106.

**City of Waverly, Iowa**  
**Computation of Direct and Overlapping Debt<sup>3</sup>**  
**June 30, 2015**

Name of Governmental Unit	GO Debt Outstanding	Percentage <sup>4</sup> Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 21,657,406	100%	\$ 21,657,406
Overlapping:			
Bremer County <sup>1</sup>	2,345,000	18%	422,100
Waverly-Shell Rock School District <sup>2</sup>	<u>13,430,000</u>	44%	<u>5,909,200</u>
Total Overlapping Debt	<u>15,775,000</u>		<u>6,331,300</u>
Total Direct and Overlapping Debt	<u>\$ 37,432,406</u>		<u>\$ 27,988,706</u>

Sources:

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

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

Notes:

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 21,449,800	\$ 25,194,381	\$ 26,574,137	\$ 29,165,611
Total Net Debt Applicable to Limit	<u>16,832,236</u>	<u>15,082,395</u>	<u>14,890,532</u>	<u>13,120,339</u>
Legal Debt Margin	\$ 4,617,564	\$ 10,111,986	\$ 11,683,605	\$ 16,045,272
Total Net Debt Applicable to the Limit as a percentage of debt limit	78.47%	59.86%	56.03%	44.99%

**Legal Debt Margin Calculation for Fiscal Year 2015**

<u>Assessed Value</u>		<u>\$ 659,430,099</u>
Real and Personal Property Within the City		
DEBT LIMIT - 5% of ESTIMATED VALUATION		32,971,505
<u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable	28,098,663	
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,990,000	
Water Revenue Bonds	1,715,000	
Solid Waste Notes	317,655	
Golf Course Notes	33,602	
Amount Available for Repayment of General Obligation Debt	<u>87,198</u>	
Debt Applicable to Debt Limit		<u>23,955,208</u>
Legal Debt Margin		<u>\$ 9,016,297</u>

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 29,758,133	\$ 30,049,145	\$ 30,473,254	\$ 31,542,084	\$ 31,968,258	\$ 32,971,505
<u>11,300,763</u>	<u>11,977,470</u>	<u>11,802,800</u>	<u>12,759,413</u>	<u>10,793,655</u>	<u>23,955,208</u>
\$ 18,457,370	\$ 18,071,675	\$ 18,670,454	\$ 18,782,671	\$ 21,174,603	\$ 9,016,297
37.98%	39.86%	38.73%	40.45%	33.76%	72.65%

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal	Payments For Interest
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	283,418	(2,375)	260,862	41,429
2014	1,228,012	1,326,703	305,013	(98,691)	262,931	30,882
2015	\$ 1,236,098	\$ 1,076,601	\$ 306,766	\$ 159,497	\$ 357,931	\$ 51,721

Notes

<sup>1</sup> GAAP Basis

<u>Total Debt Service Payments</u>		<u>Coverage</u>	<u>Net Revenue Available For Debt Service Plus Depreciation</u>		<u>Coverage Without Depreciation</u>
\$	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)		281,043	0.93
	293,813	(0.34)		206,322	0.70
\$	409,652	0.39	\$	466,263	1.14

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

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
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	489,997	(183,675)	294,138	37,236
2014	1,640,186	1,676,045	523,946	(35,859)	297,069	24,802
2015	\$ 1,643,939	\$ 1,470,986	\$ 524,675	\$ 172,953	\$ 212,069	\$ 44,238

Notes

<sup>1</sup> GAAP Basis

<b>Total Debt Service Payments</b>		<b>Coverage</b>	<b>Net Revenue Available For Debt Service Plus Depreciation</b>		<b>Coverage Without Depreciation</b>
\$	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)		306,322	0.92
	321,871	(0.11)		488,087	1.52
\$	256,307	0.67	\$	697,628	2.72

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income <sup>2</sup></u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2014	10,070	261,890,490	26,007	33.1	3,595	2,211	3.70%
2015	10,106 (3)	\$ 291,820,856	\$ 28,876 (4)	34.1 (5)	3,800 (6)	2,233 (7)	3.00% (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 2015 estimate from quickfacts.census.gov
4. Taken from quickfacts.census.gov
5. Estimate from census.gov
6. Estimate from census.gov
7. WSR school enrollment for 14-15
8. Waverly Economic Development

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

Employer	2015		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	575	1	7.14%
Wartburg College	572	2	7.11%
Waverly Health Center	440	3	5.47%
Waverly Shell Rock Schools	375	4	4.66%
Terex Cranes, Inc., Waverly	350	5	4.35%
GMT Corporation	348	6	4.32%
Nestle USA, Beverage Division	285	7	3.54%
Bartels Lutheran Home	259	8	3.22%
Walmart	215	9	2.67%
Lutheran Services in Iowa, Inc	155	10	1.93%
Total Employees of Principal Employers	3,574		44.40%
Other Employees	4,476		55.60%
Adjusted Labor Force <sup>2</sup>	8,050		100.00%

Source:  
Waverly Chamber of Commerce  
Waverly Laborshed Analysis

Note:

<sup>1</sup> Comparative data is not currently available.

<sup>2</sup> Includes full-time and part-time employees based on [www.usa.com](http://www.usa.com).

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	10.5	11	11	11	11	14.5	13.5	13.5	13.5	13
Library	9.5	10	10	10	10	10.5	10.5	10.5	10.5	11
Public Safety										
Police										
Officers	15	16	16	16	16	16	16	18	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	1	1	1	1	1	8	8	8	8	8
Volunteers	36	36	36	36	36	29	29	29	29	29
Highways and Streets										
Public Works Admin/Engineering	5	6	4.75	4.75	4.75	4.75	6	6	6	6
Zoning/Economic	0	0	3	3	3	3	3	3	4	5
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	7
Building Inspection <sup>1</sup>	1	0	0	0	0	0	0	0	0	0
Sanitation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Culture and Recreation <sup>2</sup>	24	23	20	17	17	18	18	18	18	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Sewer	6	6	6	6	6	5.5	5.5	5.5	5.5	3.5
	<u>130</u>	<u>131</u>	<u>129.75</u>	<u>126.75</u>	<u>126.75</u>	<u>131.25</u>	<u>131.5</u>	<u>131.5</u>	<u>132.5</u>	<u>131.5</u>

Source: City of Waverly Accounting Department

Notes:

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

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

Function	Fiscal Year			
	2007	2008	2009	2010
<b>Police</b>				
Physical Arrests	555	691	556	490
Parking Violations	840	1,037	937	850
Traffic Violations	1,021	1,516	1,155	1,152
<b>Fire</b>				
Number of Calls Answered	131	135	127	120
<b>Highways and Streets</b>				
Street Maintenance (Blocks)	100	120	103	112
Street Reconstruction (Blocks)	2.85	7	9	0
<b>Building Permits</b>				
Number	404	357	402	414
Value	\$ 55,475,429	\$ 12,722,997	\$ 21,983,939	\$ 37,596,455
Permit Fees	\$ 147,000	\$ 70,269	\$ 103,873	\$ 35,259
<b>Sanitation</b>				
Solid Waste Collected (tons)	4,143	4,532	4,186	3,939
Recyclables Collected (pounds)	1,836,893	1,892,803	1,954,793	1,816,441
<b>Water</b>				
Water Pumped (in thousands of gallons)	333,907	352,075	367,679	356,739
Water Billed (in thousands of gallons)	271,203	268,325	257,857	242,962
Percent Accountable	81%	76%	70%	68%

Source: Annual reports from each department.

Fiscal Year

	2011	2012	2013	2014	2015
	456	324	299	340	504
	881	570	599	728	528
	1,174	1,175	950	847	818
	118	110	111	76	112
	92	92	97	95	95
	22	0	36	10	10
	455	432	423	388	422
\$	16,635,779	\$ 20,192,166	\$ 19,816,016	\$ 15,692,981	\$ 35,672,014
\$	89,506	\$ 94,305	\$ 111,018	\$ 139,127	\$ 139,265
	4,111	3,910	3,653	3,910	3,995
	1,974,000	1,911,020	1,956,116	1,840,308	1,397,998
	327,325	329,465	328,942	327,477	375,445
	273,135	259,173	266,859	270,427	260,622
	83%	79%	81%	83%	69%

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

Function	Fiscal Year			
	2006	2007	2008	2009
<b>Police:</b>				
Stations	1	1	1	1
Patrol Units	4	8	8	8
Fire Stations	1	1	1	1
<b>Sanitation</b>				
Collection Trucks	3	3	4	4
Recycling Trucks	1	1	1	1
<b>Highways and Streets</b>				
Streets City Maintained (miles)	67	67	67	67
State Highway (miles)	-	-	-	-
<b>Culture and Recreation</b>				
Parks Acreage	120	120	120	120
Parks	24	24	24	24
Miles of Recreational Trails	10	10	12	14
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
<b>Cemetery</b>				
Cemeteries (acres)	47	47	47	47
<b>Water</b>				
Water Mains (miles)	66	66	68	68
Number of Service Connections	3,353	3,447	3,527	3,476
Daily Ave. Consumption in Gallons	881,000	914,814	961,750	1,012,819
Fire Hydrants	634	640	660	660
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
<b>Sewer</b>				
Sanitary Sewers (miles)	62	62	62	62
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,160	3,397	3,468	3,427
Daily Ave. Treatments in Gallons	1,027,151	1,029,500	1,829,100	1,174,000
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Source: Annual reports from each department.

2010	2011	Fiscal Year		2014	2015
		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	67	67	67
-	7	7	7	7	7
120	140	140	140	140	140
24	25	25	25	25	25
14	15	15	15	15	15
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	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	73	73	73	74	71
3,477	3,518	3,539	3,591	3,664	3,674
977,367	909,236	932,625	996,948	1,059,384	1,028,616
660	679	679	679	690	690
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
62	62	62	62	63	61
1	1	1	1	1	1
3,423	3,461	3,477	3,527	3,595	3,620
1,076,884	1,370,000	942,167	1,240,333	1,202,904	1,102,000
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

**CITY OF WAVERLY, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)**  
**For the Year Ended June 30, 2015**

Federal Grantor Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>Direct:</b>		
U.S. Department of Justice:		
Bulletproof Vest Partnership Program	16.607	2,375
U.S. Department of Transportation:		
Airport Improvement Program	20.106	815,977
<b>Indirect:</b>		
U.S. Department of Transportation		
Passed through the Iowa Department of Transportation:		
Highway Planning and Construction	20.205	268,456
Passed through the Governor's Traffic Safety Bureau:		
State and Community Highway State Grant	20.600	4,200
Impaired Driving Countermeasures Grant	20.616	9,000
Total expenditures of federal awards		<b>\$ 1,100,008</b>

**Note 1 - Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Waverly, Iowa, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**CITY OF WAVERLY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (e) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major program was as follows:  
20.106 Airport Improvement Program
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) The City of Waverly did not qualify as a low-risk auditee.

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

**Instances of Non-Compliance:**

No matters were noted.

There were no prior year audit findings.

**Material Weakness:**

2015-001 Financial Reporting

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

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

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

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

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

**CITY OF WAVERLY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**Part III: Findings Related to Federal Awards**

**Instances of Non-Compliance:**

No matters were noted.

**Material Weakness:**

No matters were noted.

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

IV-A-15 - Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the Health and Social Services, Culture and Recreation, Community and Economic Development and business type/enterprises function.

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

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

Conclusion – Response accepted.

IV-B-15 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-15 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-15 - Business Transactions – No business transactions between the City and City officials or employees are as follows.

IV-E-15 - 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-15 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-15 - 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-15 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-I-15 - 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 auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 14, 2016. 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 and questioned costs 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 and questioned costs as item 2015-001 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, 2015 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.

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

Le Mars, Iowa  
January 14, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Members of the City Council  
Waverly, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited the City of the City of Waverly, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Waverly, Iowa's major federal program for the year ended June 30, 2015. City of Waverly, Iowa's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City of Waverly, Iowa's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Waverly, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Waverly, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of the City of Waverly, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Waverly, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each

major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly, Iowa's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Le Mars, Iowa  
January 14, 2016