

New Issue

Date of Sale: Monday, June 3, 2019
Between 10:30 and 11:00 A.M., C.D.T. (Closed Speer Auction)
Before 11:00 A.M., C.D.T. (Sealed Bids)
(Alternate Bid Methods)

Investment Rating:
Moody's Investors Service ...
(Rating Requested)

Official Statement

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for federal alternative minimum tax purposes. Interest on the Bonds is not exempt from present Iowa incomes taxes. The Bonds will be designated as "qualified tax-exempt obligations". See "TAX MATTERS" herein for a more detailed discussion.



\$3,500,000*
CITY OF WAVERLY
Bremer County, Iowa
General Obligation Bonds, Series 2019

Dated Date of Delivery **Book-Entry** **Bank Qualified** **Due Serially June 1, 2020 - 2029**

The \$3,500,000* General Obligation Bonds, Series 2019 (the "Bonds") are being issued by the City of Waverly, Bremer County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 in the following years and amounts.

AMOUNTS*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS

Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)	Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)
\$315,000	2020	_____ %	_____ %	_____	\$350,000	2025	_____ %	_____ %	_____
310,000	2021	_____ %	_____ %	_____	365,000	2026	_____ %	_____ %	_____
320,000	2022	_____ %	_____ %	_____	375,000	2027	_____ %	_____ %	_____
330,000	2023	_____ %	_____ %	_____	390,000	2028	_____ %	_____ %	_____
340,000	2024	_____ %	_____ %	_____	405,000	2029	_____ %	_____ %	_____

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

Bonds due June 1, 2020 - 2025, inclusive, are not subject to optional redemption. Bonds due June 1, 2026 - 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2025, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds are expected to be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, (ii) acquire real estate, and (iii) pay the costs of issuance of the Bonds. See "THE PROJECT" herein.

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Bonds will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

The City intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

This Official Statement is dated May 21, 2019 and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Ms. Jenifer Mein, Finance Director, City of Waverly, 200 1st Street NE, Waverly, Iowa, 50677, or from the Registered Municipal Advisors to the City.



*Subject to principal adjustment in accordance with the Official Terms of Offering.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Form, which are provided for the convenience of potential investors and should be reviewed in their entirety by potential investors.

Issuer:	City of Waverly, Bremer County, Iowa.
Issue:	\$3,500,000* General Obligation Bonds, Series 2019.
Dated Date:	Date of delivery (expected to be on or about June 27, 2019).
Interest Due:	Each June 1 and December 1, commencing December 1, 2019.
Principal Due:	Serially each June 1, commencing June 1, 2020 through 2029, as detailed on the cover page of this Official Statement.
Optional Redemption:	Bonds maturing on or after June 1, 2026, are callable at the option of the City on any date on or after June 1, 2025, at a price of par plus accrued interest. See “OPTIONAL REDEMPTION” herein.
Authorization:	The Bonds are being issued pursuant to authority established in Code of Iowa 2019 as amended, Chapter 384, and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution of the City Council duly passed and approved.
Security:	The Bonds are valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar.
Investment Rating:	An investment rating for the Bonds has been requested from Moody’s Investors Service, New York, New York. See “INVESTMENT RATING” herein.
Purpose:	The proceeds of the Bonds are expected to be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, (ii) acquire real estate, and (iii) pay the costs of issuance of the Bonds. See “THE PROJECT” herein.
Tax Matters:	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Bonds as discussed under “TAX MATTERS” in this Official Statement. Interest on the Bonds is not exempt from present State of Iowa income taxes. See APPENDIX C for a draft form of legal opinion for the Bonds.
Bank Qualified:	The City intends to designate the Bonds as “qualified tax-exempt obligations”.
Bond Registrar/Paying Agent:	UMB Bank, n.a., Kansas City, Missouri.
Delivery:	The Bonds are expected to be delivered on or about June 27, 2019.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

*Subject to change.

CITY OF WAVERLY
Bremer County, Iowa

Dean Soash
Mayor

Council Members

Brian Birgen

Rodney Drenkow

Tim Kangas

Dan McKenzie

Ann Rathe

Mike Sherer

Edith Waldstein

Officials

James W. Bronner
City Administrator

Carla Guyer
City Clerk

Jenifer Mein
Finance Director

William Werger, Esq.
City Attorney

BONDHOLDERS' RISKS

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular bond or note issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "___" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Various factors, including additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS**” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The City intends to designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The City has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the City in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or future legislation being enacted or whether the currently proposed terms of any pending legislation will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the City after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the City nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See **APPENDIX B – Describing Book-Entry Only Issuance.**

Continuing Disclosure

A failure by the City to comply with continuing disclosure obligations (see “**CONTINUING DISCLOSURE**” herein) will not constitute an event of default on the Bonds. Any such failure must be disclosed in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City no later than two hundred seventy (270) days after the close of each fiscal year, commencing with the fiscal year ending June 30, 2019, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City’s operations and financial condition. The City has a \$9,000,000 Cyber-Liability Policy. The City cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described herein.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

Legislation

From time to time, there are proposals pending in Congress and in the Iowa Legislature that could, if enacted, alter or amend one or more of the matters described herein in certain respects or would adversely affect the market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Tax Levy Procedures

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable property valuation within the City. See **“PROPERTY ASSESSMENT AND TAX INFORMATION”** herein for more details. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Federal Funds Orders and State Funds Legislation

Various federal executive orders, and Iowa Code Chapter 825 (collectively “ICE Enforcement Initiatives”), impose requirements intended to ensure compliance with the federal immigration detainment processes. The ICE Enforcement Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount could negatively impact the City’s overall financial position and may affect its rating.

Other Factors

An investment in the Bonds involves an element of risk. The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

THE CITY

The City was incorporated in 1859 under the laws of the state of Iowa (the “State”). The City is approximately 11.1 square miles with a 2010 Census population of 9,874, which is a 10.1% increase over the 2000 Census population of 8,968. The City is the largest city in Bremer County (the “County”).

City Organization and Services

The City operates under a Mayor-Council form of government with an appointed administrator. One Council Member is elected from each of the City's five wards and two are elected at-large. The City's Administrator is responsible for the day-to-day management of the City. The City has a seven-member Planning Commission. The City also has a five-member Utility Board of Trustees, which was established by City referendum in 1977. The Utility Board of Trustees, which serves six-year terms, determines policy and oversees management of the municipal electric utility, and is appointed by the Mayor, subject to approval of the City Council. The City owned Waverly Health Center operates under the management of a five-member elected Board of Trustees.

The City provides residents with the following services: 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 has 68 full-time employees and 75 part-time and/or seasonal. Of the 68 full-time employees, 16 are police officers. In addition, the city has 37 volunteer fire fighters. The City Unit union has a two-year contract through fiscal year 2020. The Police union has a three-year contract through fiscal year 2020.

Community Life

The City has 12 miles of trails and paths, over 350 acres of land in park facilities, two public 18-hole golf courses, a new public library, the new City owned Waverly Health Center, the Wartburg-Waverly Sports & Wellness complex and abundant cultural opportunities.

Education

Public education to the City is provided by the Waverly-Shell Rock Community School District (the "District"), with certified enrollment of 2,080 for Fiscal Year 2017-18. There are approximately 395 full and part-time employees of the District. Seven schools make up the District: four elementary schools, one middle schools, one senior high schools, and one alternative school for ninth through twelfth graders. Private Education is also provided through the St. Paul's Lutheran School for grades Pre-K through grade 6, with certified enrollment of 222 for Fiscal Year 2017-18. Four-year college programs and vocational training are available throughout the area including the Wartburg College, University of Northern Iowa and Hawkeye Community College.

Transportation

The City is located in northeastern Iowa about 15 miles north of the Waterloo-Cedar Falls metropolitan area. Highways serving the area include State Highway No. 3 and U.S. Highways Nos. 63 and 218. Interstate Highway No. 380 is located approximately 15 miles to the south. In addition to rail service and motor carrier transportation, charter air service is available at the Waverly Municipal Airport and commercial air service is available in Waterloo, 15 miles south.

SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with the County and the State of Iowa (the "State").

Population

The following table reflects population trends for the City, the County and the State.

Population Comparison(1)

Year	The City	Percent Change	The County	Percent Change	The State	Percent Change
1970	7,205	n/a	22,737	n/a	2,824,376	n/a
1980	8,444	17.20%	24,820	9.16%	2,913,808	3.17%
1990	8,539	1.13%	22,813	(8.09%)	2,776,755	(4.70%)
2000	8,968	5.02%	23,325	2.24%	2,926,324	5.39%
2010	9,874	10.10%	24,276	4.08%	3,046,355	4.10%

Note: (1) Source: U.S. Bureau of the Census.

Employment

Following are lists of large employers located in the City.

Major City Employers(1)

Name	Product/Service	Approximate Employment(2)
CUNA Mutual Life Insurance Company	Insurance.....	550
Wartburg College	Higher Education	500
Waverly Health Center	Hospital/Healthcare	485
Waverly-Shell Rock Community Schools	Education	405
GMT Corporation.....	Manufacturing.....	350
Bartels Lutheran Retirement Community	Long-term Health Care	240
Walmart.....	Retail Store.....	225
Nestle Beverage.....	Powdered Beverages.....	210
Bremer County	Government.....	190
Life Line Emergency Vehicles.....	Manufacturing.....	180
LSI/Bremwood.....	Social Services	170
Doerfer Companies	Automation Equipment.....	150
City of Waverly	Government.....	145
United Equipment Accessories, Inc.	Engine Electrical Equipment	130
TDS Automation, Inc.	Robotic Equipment & Systems.....	125
American Made Cutlery d/b/a Rada Manufacturing Co.	Kitchen Knives and Utensils.....	100

Notes: (1) Source: Area Chamber of Commerce, selected telephone surveys and the 2019 Iowa Manufacturers database.
 (2) May include part-time employees.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the U.S. Census Bureau 2013 - 2017 American Community Survey 5-year estimated values.

Employment By Industry(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	61	1.2%	510	3.9%	61,618	3.9%
Construction	230	4.4%	719	5.6%	100,925	6.3%
Manufacturing.....	884	17.0%	2,698	20.9%	241,327	15.1%
Wholesale trade	56	1.1%	235	1.8%	46,221	2.9%
Retail trade.....	580	11.1%	1,393	10.8%	186,277	11.6%
Transportation and warehousing, and utilities.....	141	2.7%	440	3.4%	73,774	4.6%
Information	42	0.8%	175	1.4%	26,772	1.7%
Finance and insurance, and real estate and rental and leasing.....	529	10.1%	1,020	7.9%	121,725	7.6%
Professional, scientific, and management, and administrative and waste management services	273	5.2%	636	4.9%	117,560	7.3%
Educational services, and health care and social assistance	1,752	33.6%	3,585	27.7%	387,957	24.3%
Arts, entertainment, and recreation, and accommodation and food services	312	6.0%	529	4.1%	117,554	7.3%
Other services, except public administration.....	182	3.5%	611	4.7%	68,339	4.3%
Public administration	173	3.3%	380	2.9%	49,669	3.1%
Total	5,215	100.0%	12,931	100.0%	1,599,718	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2013 - 2017.

Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations	2,145	41.1%	4,802	37.1%	564,694	35.3%
Service occupations	890	17.1%	1,991	15.4%	263,453	16.5%
Sales and office occupations	1,240	23.8%	2,951	22.8%	363,159	22.7%
Natural resources, construction, and maintenance occupations.....	382	7.3%	1,178	9.1%	151,391	9.5%
Production, transportation, and material moving occupations	558	10.7%	2,009	15.5%	257,021	16.1%
Total	5,215	100.0%	12,931	100.0%	1,599,718	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2013 - 2017.

The annual average unemployment rates for the City are not available. Following shows the annual average unemployment rates for the County, the State and the United States.

Annual Average Unemployment Rates(1)(2)

Calendar Year	The County	The State	United States
2010	4.9%	6.0%	9.6%
2011	4.4%	5.5%	8.9%
2012	3.8%	5.0%	8.1%
2013	3.8%	4.7%	7.4%
2014	3.7%	4.2%	6.2%
2015	3.5%	3.8%	5.3%
2016	3.6%	3.6%	4.9%
2017	2.8%	3.1%	4.4%
2018	2.0%	2.5%	3.9%
2019(3)	2.2%	2.4%	3.8%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.
 (2) Not seasonally adjusted.
 (3) Preliminary rates for the month of March, 2019.

Building Permits

Single Family building permits have averaged \$5,598,326 over the last five years in the City, excluding the value of land.

City Building Permits(1) (Excludes the Value of Land)

Fiscal Year	Single-Family		Home Remodeling Improvements		Multi-Family		Commercial Industrial		Commercial/Industrial Improvements		Total	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value	Permits	Value
2011	22	\$5,912,644	361	\$2,736,519	1	\$ 692,000	8	\$3,222,251	47	\$3,720,222	439	\$16,283,636
2012	25	6,220,052	365	3,018,054	2	927,882	6	3,404,128	34	6,662,050	432	20,232,166
2013	35	8,732,669	326	2,978,361	6	1,697,000	6	2,446,977	50	3,961,009	423	19,816,016
2014	25	6,483,866	311	2,663,013	11	2,749,499	2	303,555	39	3,493,048	388	15,692,981
2015	13	2,993,410	182	1,755,740	4	1,625,240	4	5,248,016	30	6,608,214	233	18,230,620
2016	31	8,538,014	312	2,607,277	10	3,608,000	3	2,221,443	49	10,524,006	405	27,498,740
2017	27	6,970,222	321	3,769,589	23	6,476,201	0	0	35	5,996,762	406	23,212,774
2018	10	3,006,120	271	7,659,286	10	5,170,000	3	1,125,000	45	4,480,485	339	21,440,891
2019(2)	15	4,256,368	224	1,891,642	14	6,098,780	5	6,252,185	36	2,662,300	294	21,161,275

Notes: (1) Source: the City.
 (2) Through April 2019.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$164,000. This compares to \$155,100 for the County and \$137,200 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2013 - 2017 American Community Survey.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	165	6.1%	479	6.2%	90,767	10.2%
\$50,000 to \$99,999.....	218	8.0%	1,219	15.9%	203,149	22.8%
\$100,000 to \$149,999.....	742	27.2%	1,949	25.3%	196,759	22.1%
\$150,000 to \$199,999.....	661	24.2%	1,549	20.1%	153,250	17.2%
\$200,000 to \$299,999.....	646	23.7%	1,607	20.9%	147,859	16.6%
\$300,000 to \$499,999.....	248	9.1%	747	9.7%	73,685	8.3%
\$500,000 to \$999,999.....	38	1.4%	105	1.4%	19,079	2.1%
\$1,000,000 or more.....	8	0.3%	35	0.5%	4,737	0.5%
Total.....	2,726	100.0%	7,690	100.0%	889,285	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 - 2017.

Mortgage Status(1)

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage.....	1,721	63.1%	4,595	59.8%	541,664	60.9%
Housing units without a mortgage.....	1,005	36.9%	3,095	40.2%	347,621	39.1%
Total.....	2,726	100.0%	7,690	100.0%	889,285	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 - 2017.

Income

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$84,110. This compares to \$82,474 for the County and \$72,270 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2013 - 2017 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	16	0.7%	110	1.7%	24,497	3.1%
\$10,000 to \$14,999.....	19	0.8%	88	1.3%	16,991	2.1%
\$15,000 to \$24,999.....	45	2.0%	243	3.7%	46,528	5.8%
\$25,000 to \$34,999.....	115	5.1%	347	5.3%	59,737	7.5%
\$35,000 to \$49,999.....	220	9.7%	657	10.0%	102,312	12.8%
\$50,000 to \$74,999.....	536	23.7%	1,451	22.1%	168,411	21.0%
\$75,000 to \$99,999.....	421	18.6%	1,300	19.8%	139,013	17.4%
\$100,000 to \$149,999.....	558	24.7%	1,541	23.4%	150,051	18.7%
\$150,000 to \$199,999.....	169	7.5%	442	6.7%	50,929	6.4%
\$200,000 or more.....	160	7.1%	395	6.0%	42,107	5.3%
Total.....	2,259	100.0%	6,574	100.0%	800,576	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$61,935. This compares to \$65,440 for the County and \$56,570 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2013 - 2017 American Community Survey.

Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	205	5.8%	453	4.8%	71,544	5.7%
\$10,000 to \$14,999.....	85	2.4%	270	2.9%	57,984	4.6%
\$15,000 to \$24,999.....	343	9.7%	893	9.5%	124,425	9.9%
\$25,000 to \$34,999.....	268	7.5%	749	7.9%	123,477	9.9%
\$35,000 to \$49,999.....	435	12.2%	1,057	11.2%	175,714	14.0%
\$50,000 to \$74,999.....	766	21.6%	1,967	20.8%	244,762	19.6%
\$75,000 to \$99,999.....	525	14.8%	1,498	15.9%	175,018	14.0%
\$100,000 to \$149,999.....	587	16.5%	1,679	17.8%	174,081	13.9%
\$150,000 to \$199,999.....	180	5.1%	467	4.9%	56,730	4.5%
\$200,000 or more.....	160	4.5%	412	4.4%	47,852	3.8%
Total.....	3,554	100.0%	9,445	100.0%	1,251,587	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 - 2017.

Agriculture

Shown below is information on the agricultural value of the County and the statewide average.

Average Value Per Acre(1)

	2014	2015	2016	2017	2018
Average Value Per Acre:					
Bremer County.....	\$9,174	\$8,692	\$8,139	\$8,402	\$8,501
State of Iowa.....	7,943	7,633	7,183	7,326	7,264

Note: (1) Source: Cooperative Extension Service - Iowa State University.

Local Option Sales Tax

The City approved a 1% local option sales and service tax (“Local Option Tax”) at a special referendum. The Local Option Tax for the City became effective July 1, 2003. On November 8, 2016 the voters reapproved the Local Option Tax for a 20-year period which will expire on June 30, 2039. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated 100% for streets and bridges; trail, river or park-related improvements and infrastructure; and public safety vehicles and related equipment.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approve the repeal or tax rate change, or, in certain circumstances, upon adoption of a motion by the governing body of the incorporated city requesting the repeal. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. A Local Option Tax may not be repealed within one year of the effective date.

The State of Iowa Department of Revenue (the “Department”) administers collection and disbursement of all local option sales and services taxes in conjunction with administration of the State-wide sales, services and use tax presently assessed at 6%. The Department is required by statute to remit at least 95% of the estimated tax receipts to a county board of supervisors (for taxes imposed in unincorporated areas) and to each incorporated city. Such remittances are on a monthly basis. Once a year the Department reconciles its monthly estimated payments and makes an adjustment payment or debit at the November 10 payment date. Remittance of collections within a county are based upon the following statutory formula for county-wide collections:

- 75 percent: Based on a pro rata share of population (the most recent certified federal census) of those incorporated or unincorporated areas in a county which have approved a Local Option Tax.
- 25 percent: Based on a pro rata share of total property tax dollars levied during the three year period beginning July 1, 1982, through June 30, 1985, for those incorporated or unincorporated areas of a county which have approved a Local Option Tax.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of (i) certain sales of motor fuel or special fuel as defined in Chapter 452A, (ii) the rental of rooms, apartments or sleeping quarters taxed under Chapter 423A (hotel/motel tax) during the period the hotel/motel tax is imposed, (iii) the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, (iv) the sales price from a pay television service consisting of a direct-to-home satellite service, (v) the sale of equipment by the State Department of Transportation or (vi) certain construction-related equipment and other items.

The following table shows the trend of City Local Option tax receipts.

Local Option Tax Receipts(1)

Fiscal Year Ending June 30	Local Option Sales Tax Receipts(2)	Percent Change +/-
2010.....	\$787,977	n/a
2011.....	793,563	0.71%
2012.....	889,306	12.06%
2013.....	898,484	1.03%
2014.....	939,840	4.60%
2015.....	949,194	1.00%
2016.....	953,289	0.43%
2017.....	926,534	(2.81%)
2018.....	958,861	3.49%
2019.....	879,848(3)	(8.24%)

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Includes a reconciliation payment in November attributable to the previous fiscal year.
 (3) Collections received or expected to be received, not including any allowance for the reconciliation payment.

Retail Sales

The Department of Revenue of the State of Iowa provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the City. The following amounts exclude the City's Local Option Tax.

Retail Taxable Sales(1)

Fiscal Year Ending June 30	Taxable Sales	Annual Percent Change + (-)
2009.....	\$120,901,846	n/a
2010.....	117,254,365	(3.02%)
2011.....	118,958,766	1.45%
2012.....	125,019,611	5.09%
2013.....	128,799,113	3.02%
2014.....	131,901,218	2.41%
2015.....	137,844,754	4.51%
2016.....	139,984,602	1.55%
2017.....	142,895,867	2.08%
2018.....	150,513,170	5.33%

Growth from 2009 to 2018..... 24.49%

- Note: (1) Source: the Iowa Department of Revenue.

THE PROJECT

The proceeds of the Bonds are expected to be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, (ii) acquire real estate, and (iii) pay the costs of issuance of the Bonds.

More specifically, the proceeds of the Bonds will be used to pay costs of: opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, and market places, and the removal and replacement of dead or diseased trees; the construction, reconstruction, and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks and pedestrian underpasses and overpasses, culverts, retaining walls, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices; and the acquisition of any real estate needed for the foregoing purposes; rehabilitation and improvement of parks already owned, and facilities, equipment, and improvements commonly found in city parks; and grants for commercial building façade rehabilitation along Bremer Avenue.

DEFAULT RECORD

The City has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding \$29,070,000* principal amount of general obligation debt. In addition, the City has outstanding approximately \$1,505,000 principal amount of sewer debt and 2,570,000 of water revenue debt.

The City has a general obligation legal debt limit equal to 5% of Actual Valuation. For the January 1, 2017 Actual Valuation of \$746,794,883 (including tax increment valuation and excluding military exemption valuation) applied to fiscal year 2018/19 the total limit is \$37,339,744. Including the Bonds, the estimated principal amount of bonded and non-bonded debt applicable to this limit is \$29,070,000, resulting in a net legal debt margin of \$8,269,744.

The City does not expect to issue any additional general obligation debt in calendar year 2019.

Summary of Outstanding General Obligation Bonded Debt(1) (Principal Only)

Series 2011.....	\$ 490,000
Series 2012C.....	930,000
Taxable Series 2013A.....	105,000
Series 2014A.....	5,465,000
Series 2015B.....	6,335,000
Series 2017A.....	1,190,000
Series 2017B.....	485,000
Series 2018A.....	10,570,000
The Bonds(2).....	<u>3,500,000</u>
Total(2).....	\$29,070,000

Notes: (1) Source: the City.
 (2) Subject to change.

*Subject to change.

General Obligation Debt(1)
 (Principal Only)

Fiscal Year Ending June 30	Series 2011	Series 2012C	Series 2013A	Series 2014A	Series 2015B	Series 2017A	Series 2017B	Series 2018A	Total Outstanding G.O. Debt
2020	\$240,000	\$305,000	\$105,000	\$ 665,000	\$ 780,000	\$ 160,000	\$ 65,000	\$ 970,000	\$ 3,290,000
2021	250,000	310,000	0	695,000	815,000	165,000	65,000	985,000	3,285,000
2022	0	315,000	0	695,000	830,000	165,000	65,000	1,005,000	3,075,000
2023	0	0	0	705,000	870,000	170,000	70,000	1,030,000	2,845,000
2024	0	0	0	725,000	905,000	170,000	70,000	1,050,000	2,920,000
2025	0	0	0	370,000	940,000	175,000	70,000	1,080,000	2,635,000
2026	0	0	0	385,000	875,000	185,000	80,000	1,110,000	2,635,000
2027	0	0	0	395,000	320,000	0	0	1,155,000	1,870,000
2028	0	0	0	410,000	0	0	0	1,190,000	1,600,000
2029	0	0	0	420,000	0	0	0	995,000	1,415,000
Total	\$490,000	\$930,000	\$105,000	\$5,465,000	\$6,335,000	\$1,190,000	\$485,000	\$10,570,000	\$25,570,000

Fiscal Year Ending June 30	The Bonds(2)	Total General Obligation Debt(2)	Cumulative Principal Retired(2)	
			Amount	Percent
2020	\$ 315,000	\$ 3,605,000	\$ 3,605,000	12.40%
2021	310,000	3,595,000	7,200,000	24.77%
2022	320,000	3,395,000	10,595,000	36.45%
2023	330,000	3,175,000	13,770,000	47.37%
2024	340,000	3,260,000	17,030,000	58.58%
2025	350,000	2,985,000	20,015,000	68.85%
2026	365,000	3,000,000	23,015,000	79.17%
2027	375,000	2,245,000	25,260,000	86.89%
2028	390,000	1,990,000	27,250,000	93.74%
2029	405,000	1,820,000	29,070,000	100.00%
Total	\$3,500,000	\$29,070,000		

Notes: (1) Source: the City.
 (2) Subject to change.

Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2017..... \$746,794,883
 City Taxable Value, January 1, 2017..... \$471,293,019

	Total	Applicable		Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2010 Pop. 9,874)
		Percent	Amount			
Direct Bonded Debt(3).....	\$29,070,000	100.00%	\$29,070,000	3.89%	6.17%	\$2,944.10
Overlapping Debt:						
Waverly-Shell Rock School District.....	\$ 6,340,000	61.01%	\$ 3,868,034	0.52%	0.82%	\$391.74
Hawkeye Community College(4)	6,050,000	4.61%	278,905	0.04%	0.06%	28.25
Bremer County	1,250,000	34.92%	436,500	0.06%	0.09%	44.21
Total Overlapping Bonded Debt.....	\$13,640,000		\$ 4,583,439	0.62%	0.97%	\$ 464.19
Total Direct and Overlapping Bonded Debt(3)			\$33,653,439	4.51%	7.14%	\$3,408.29
Per Capita Actual Value						\$75,632.46
Per Capita Taxable Value.....						\$47,730.71

- Notes: (1) Source: the City, Audited Financial Statements and EMMA for the County, School District and Community College.
 (2) As of the date of issuance for the Direct Bonded Debt and June 2, 2019 for Overlapping Debt.
 (3) Subject to change.
 (4) Excludes \$14,210,000 in Industrial New Jobs Training Certificates, which are expected to be paid by proceeds from anticipated job credits from withholding taxes.

PROPERTY ASSESSMENT AND TAX INFORMATION

Property Tax Assessment

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Taxable Valuation. Such rollback percentages may be changed in future years. Certain historical rollback percentages for residential, multi-residential, agricultural and commercial valuations are as follows:

Percentages for Taxable Valuation After Rollbacks(1)

Fiscal Year	Residential	Multi-Residential(2)	Ag Land & Buildings	Commercial
2010/11.....	46.9094%	N/A	66.2715%	100.0000%
2011/12.....	48.5299%	N/A	69.0152%	100.0000%
2012/13.....	50.7518%	N/A	57.5411%	100.0000%
2013/14.....	52.8166%	N/A	59.9334%	100.0000%
2014/15.....	54.4002%	N/A	43.3997%	95.0000%
2015/16.....	55.7335%	N/A	44.7021%	90.0000%
2016/17.....	55.6259%	86.2500%	46.1068%	90.0000%
2017/18.....	56.9391%	82.5000%	47.4996%	90.0000%
2018/19.....	55.6209%	78.7500%	54.4480%	90.0000%
2019/20.....	56.9180%	75.0000%	56.1324%	90.0000%

- Notes: (1) Source: the Iowa Department of Revenue.
 (2) New category beginning with fiscal year 2017.

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2017, are used to calculate tax liability for the tax year starting July 1, 2018 through June 30, 2019.

Property Tax Collection

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the City. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 and March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Tuesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

Actual (100%) Valuations for the City(1)(2)

Property Class	Fiscal Year:	2015/16	2016/17	2017/18	2018/19	Preliminary
	Levy Year:	2014	2015	2016	2017	2019/20 2018
Residential		\$503,640,696	\$549,062,750	\$559,705,690	\$569,662,180	\$583,577,990
Agricultural		5,414,067	5,489,888	5,549,390	4,427,280	4,385,122
Commercial		128,646,060	110,227,630	114,079,100	114,331,793	114,191,792
Industrial		34,111,830	32,917,740	32,609,350	33,972,240	33,973,610
Multi-residential(3)		0	18,321,990	18,700,300	18,806,897	18,739,198
Railroads		507,427	518,488	602,681	732,085	945,859
Utilities without Gas and Electric(4)		1,570,652	1,389,219	1,259,129	1,283,020	1,330,951
Gas and Electric Utility(4)		4,611,070	4,703,908	4,661,743	4,501,684	4,566,808
Other		0	0	0	0	14,308
Less: Military Exemption		(1,027,860)	(981,560)	(948,224)	(922,296)	(898,220)
Total		\$677,473,942	\$721,650,053	\$736,219,159	\$746,794,883	\$760,827,418
Percent Change +/-		1.88%(5)	6.52%	2.02%	1.44%	1.88%

- Notes: (1) Source: Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2014	2015	2016	2017	2018
TIF Valuation	\$64,900,742	\$69,092,942	\$49,601,692	\$55,348,964	\$54,537,096

- (3) New Class as of January 1, 2015, previously reported as Commercial Property.
 (4) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.
 (5) Based on 2013 Actual Valuation of \$664,950,409.

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For the January 1, 2018 levy year, the City's Taxable Valuation was comprised of approximately 68% residential, 21% commercial, 6% industrial, 3% multi-residential, 1% utilities, 1% agriculture and less than 1% railroads and military exemption.

Taxable ("Rollback") Valuations for the City(1)(2)

Property Class	Fiscal Year: Levy Year:	2015/16 2014	2016/17 2015	2017/18 2016	2018/19 2017	Preliminary 2019/20 2018
Residential		\$280,696,546	\$305,421,144	\$318,691,363	\$316,851,200	\$332,160,972
Agricultural		2,410,579	2,509,118	2,635,917	2,410,581	2,455,205
Commercial		115,781,454	99,204,874	102,671,199	102,898,622	102,772,621
Industrial		30,700,647	29,625,966	29,348,415	30,575,016	30,576,249
Multi-residential(3)		0	15,802,721	15,427,762	14,810,435	14,054,428
Railroads		456,684	466,639	542,413	658,877	851,273
Utilities without Gas and Electric(4)		1,570,652	1,389,219	1,259,129	1,283,020	1,330,951
Gas and Electric Utility(4)		3,337,861	2,971,817	2,858,190	2,727,564	2,604,893
Less: Military Exemption		(1,027,860)	(981,560)	(948,224)	(922,296)	(898,220)
Total		\$433,926,563	\$456,409,938	\$472,486,164	\$471,293,019	\$485,908,372
Percent Change +/-		1.27%(4)	5.18%	3.52%	(0.25%)	3.10%

- Notes: (1) Source: Iowa Department of Management.
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1: TIF Valuation	2014	2015	2016	2017	2018
	\$64,900,842	\$69,092,942	\$49,601,692	\$55,348,964	\$54,537,096

- (3) New Class as of January 1, 2015, previously reported as Commercial Property.
 (4) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.
 (5) Based on 2013 Taxable Valuation of \$428,505,674.

The following shows the trend in the City's tax extensions and collections.

Tax Extensions and Collections(1)

Levy Year	Fiscal Year	Amount Levied	Amount Collected(2)	Percent Collected
2008.....	2009-10.....	\$4,290,422	\$4,301,445	100.26%
2009.....	2010-11.....	4,460,591	4,469,070	100.19%
2010.....	2011-12.....	4,657,939	4,667,731	100.21%
2011.....	2012-13.....	4,780,652	4,830,133	101.04%
2012.....	2013-14.....	4,952,345	5,007,343	101.11%
2013.....	2014-15.....	5,329,955	5,362,269	100.61%
2014.....	2015-16.....	5,264,349	5,257,108	99.86%
2015.....	2016-17.....	5,529,788	5,748,010	103.95%
2016.....	2017-18.....	6,061,652	6,088,658	100.45%
2017.....	2018-19.....	6,095,525	-In Collection - -	

- Notes: (1) Source: the State of Iowa Department of Management and the City. Does not include Levies or Collections for Utility Replacement. Does not include levies and collections for the City's tax increment finance district.
 (2) Includes delinquent taxes.

Principal Taxpayers(1)

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>Levy Year 2017 Taxable Valuation(2)</u>
CUNA Mutual Life Insurance	Life Insurance	\$ 8,934,210
Walmart	Retail Store	8,275,239
Birdworks LLC	Student Housing	5,367,679
Nestle Beverage Company	Food Production	4,484,169
First National Bank of Waverly	Financial Institution	4,115,466
GMT Corporation	Manufacturing	3,931,657
Graening-Knights II, LC	Housing	3,558,213
Waverly Hotel Group	Hotel	3,255,948
Village Square Plaza LTD Partners	Retail Stores	3,146,868
MDM Partnership	Housing	<u>2,984,526</u>
Total		\$48,053,975
Ten Largest Taxpayers as Percent of City's 2017 Taxable Valuation (\$471,293,019)		10.20%

- Notes: (1) Source: the County.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

Levy Limits

Normal municipal operations and maintenance costs are generally funded through the corporate property tax levy. Iowa State Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2013 through levy year 2017 are shown below:

Property Tax Rates: Levy Years 2013 - 2017(1)(2) (Per \$1,000 Actual Valuation)

	Fiscal Year: Levy Year:	2014/15 <u>2013</u>	2015/16 <u>2014</u>	2016/17 <u>2015</u>	2017/18 <u>2016</u>	2018/19 <u>2017</u>
City:						
General Fund	\$	8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000
Emergency Levy		0.00000	0.00000	0.00000	0.00000	0.00000
Debt Service Fund		2.27095	2.36742	2.40560	2.73012	2.75517
Employee Benefits		3.40051	3.18678	3.18112	3.00000	3.24127
Capital Improvement		0.00000	0.00000	0.00000	0.00000	0.00000
Other		<u>0.37773</u>	<u>0.39413</u>	<u>0.34030</u>	<u>0.34916</u>	<u>0.35264</u>
Total City	\$	14.14919	\$14.04833	\$14.02702	\$14.17928	\$14.44908
Bremer County	\$	5.24949	\$ 5.16064	\$ 5.03670	\$ 4.60911	\$ 4.30000
Waverly Shell Rock Community Schools		15.78299	15.78302	15.18389	12.72187	12.77766
Hawkeye Community College		0.95088	0.95088	0.95088	0.97071	1.01703
Other		<u>0.63137</u>	<u>0.68597</u>	<u>0.66655</u>	<u>0.64532</u>	<u>0.69896</u>
Total Tax Rate	\$	36.76392	\$36.62884	\$35.86504	\$33.12629	\$33.24273

- Notes: (1) Source: Iowa Department of Management.
 (2) Does not include the tax rate for agriculture.

Tax Levy Procedures

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the City. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bond holders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Notwithstanding the foregoing, Iowa Code section 76.2 provides when an Iowa political subdivision issues bonds, “the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor(s) to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

Utility Property Tax Replacement

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than “taxable property” for purposes of computing the City’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 1% of the City’s levy year 2018 taxable valuation currently is utility property.

Tax Increment Financing

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts to be established for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation for this type of TIF district in the City for levy year 2018 was \$54,537,096.

The second type of tax increment financing was authorized by state legislative action in the mid-1980's. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programming for new employees of existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the cost of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates, the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. There is no current valuation for this second type of TIF district.

Legislation

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2019 legislative session, the Iowa General Assembly passed Senate File 634 which is subject to approval by the Governor. If signed into law, this bill modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the city budget, including levies for the General Fund, the Emergency Fund, Trust and Agency Funds for pensions, insurance, transit, civic centers, certain bridges, sanitary disposal, and emergency management. The bill also includes a provision that will require the affirmative vote of 2/3 of the city council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula.

The bill does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Bonds. It is too early to evaluate the affect this legislation, if signed into law, will have on the overall financial position of the City or its ability to fund essential services.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for multi-residential properties from the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunication property that is subject to taxation.

Given the wide scope of the statutory changes, and the State's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the Act on the City's future property tax collections is uncertain and the City has not attempted to quantify the financial impact of the Act's provisions on the City's future operations. It has been projected by Moody's Investor Service that local governments in Iowa were likely to experience sizeable reductions in tax revenues collected starting in fiscal 2018¹. According to Moody's, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of multi-residential developments (such as college towns), or significant amounts of telecommunications property.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues bonds, "[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

FINANCIAL INFORMATION

Financial Reports

The City's financial statements are audited annually by certified public accountants. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this "**FINANCIAL INFORMATION**" section are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2018 (the "2018 Audit"). The 2018 Audit has been prepared by Williams & Company, P.C., Certified Public Accountants, Le Mars, Iowa, (the "Auditor"), and received by the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2018 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2018 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2018 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2018 Audit. Questions or inquiries relating to financial information of the City since the date of the 2018 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City's 2018 Audit. The City expects its General Fund balance for the fiscal year ending June 30, 2019 to decrease by approximately \$150,000. The City has approved a budget for fiscal year 2020 with an anticipated decrease to the General Fund balance of approximately \$100,000.

¹ US Public Finance Weekly Credit Outlook, May 30, 2013, Moody's Investors Service.

**Statement of Net Position
 Governmental Activities(1)**

	Audited as of June 30				
	2014	2015	2016	2017	2018
ASSETS:					
Cash and Cash Equivalents	\$ 3,896,982	\$13,740,267	\$ 6,315,113	\$ 5,641,450	\$ 5,965,664
Investments	815,515	812,688	828,385	844,047	867,569
Receivables					
Property Taxes	6,946,836	7,209,133	7,401,681	7,315,674	7,148,945
Accounts and Unbilled Usage	52,088	12,428	12,201	13,783	5,504
Taxes	0	0	0	0	27,209
Special Assessments	31,335	29,258	20,133	80,239	67,265
Notes Receivable	0	351,850	265,080	180,000	90,000
Others	0	0	189	0	0
Due from Other Governments	666,657	1,378,126	2,022,414	562,878	389,084
Inventories	74,062	75,689	74,377	88,789	87,795
Prepaid Items	62,760	66,795	89,510	0	0
Deferred Charges					
Investments in Joint Venture	30,221	33,583	28,819	32,364	29,489
Capital Assets					
Land	12,088,845	13,481,614	13,788,364	14,364,221	15,322,725
Construction in Progress	4,413,801	8,730,129	8,607,134	642,754	3,824,681
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>37,644,944</u>	<u>37,712,862</u>	<u>43,020,611</u>	<u>49,465,153</u>	<u>46,816,994</u>
Total Assets	<u>\$66,624,046</u>	<u>\$83,634,422</u>	<u>\$82,474,011</u>	<u>\$79,231,352</u>	<u>\$80,642,924</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Charge on Refunding	\$ 39,711	\$ 26,366	\$ 14,371	\$ 6,500	\$ 3,109
Pension Related Deferred Outflows	0	727,941	1,280,725	1,463,092	1,304,790
LIABILITIES:					
Accounts Payable	\$ 1,464,387	\$ 2,843,147	\$ 1,537,680	\$ 352,825	\$ 1,779,279
Accrued Payroll and Payroll Benefits	108,957	128,063	171,554	196,042	207,569
Accrued Claims	26,715	27,629	6,516	30,914	46,426
Deposits on Future Bond Issues	73,800	0	0	0	0
Deferred Revenue					
Deferred Good Faith Bond Deposit	0	0	0	0	220,000
Accrued Interest Payable	15,156	32,620	48,390	46,696	39,737
Noncurrent Liabilities					
Due Within One Year					
Bonds and Notes Payable	1,992,578	2,283,112	2,226,236	2,543,982	2,594,002
Compensated Absences Payable	212,560	223,836	228,980	252,181	264,843
Due in More Than One Year					
Bonds and Notes Payable	8,233,761	20,356,258	18,066,178	15,534,379	14,684,411
Compensated Absences Payable	141,707	149,224	152,654	168,121	176,562
Net Pension Liability	0	2,744,013	3,415,458	4,421,925	4,366,147
Net OPEB Liability	116,283	158,476	200,669	242,862	796,232
Total Liabilities	<u>\$10,385,905</u>	<u>\$28,946,378</u>	<u>\$26,063,315</u>	<u>\$23,789,927</u>	<u>\$25,175,208</u>
DEFERRED INFLOWS OF RESOURCES:					
Succeeding Year Property Taxes	\$ 6,931,049	\$ 7,193,821	\$ 7,373,615	\$ 7,284,632	\$ 7,148,945
Pension Related Deferred Inflows	0	1,167,490	858,714	103,208	125,663
Total Deferred Inflows of Resources	0	8,361,311	8,232,329	7,387,840	7,274,608
NET POSITION:					
Net Invested in Capital Assets	\$45,860,962	\$44,889,601	\$45,139,066	\$46,400,267	\$48,702,502
Restricted for:					
Debt Service	71,189	69,734	0	11,107	88,528
Tax Increment Financing	855,253	282,536	316,389	614,833	319,335
Employee Benefits	53,191	73,341	55,849	93,628	0
Road Purposes	455,348	520,132	923,975	976,010	836,613
Local Option Sales Tax	563,857	113,625	388,373	662,291	829,167
Cable TV	20,202	19,870	29,488	37,225	38,910
Airport Expansion	0	0	489,916	304,794	261,550
16 th Street Reconstruction	0	0	0	1,256	0
Historical Survey	0	0	0	1,078	0
FEMA Flood Projects	0	0	0	26,681	6,248
Endowments: Non-expendable	490,621	496,551	502,381	507,588	513,603
Unrestricted	<u>976,180</u>	<u>149,599</u>	<u>1,636,015</u>	<u>(113,581)</u>	<u>(2,095,449)</u>
Total Net Position	<u>\$49,346,803</u>	<u>\$47,083,040</u>	<u>\$49,483,452</u>	<u>\$49,523,177</u>	<u>\$49,501,007</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2014 through 2018.

**Statement of Activities
 Governmental Activities(1)**

FUNCTIONS/PROGRAMS	Audited for Year Ended June 30				
	2014	2015	2016	2017	2018
Governmental Activities:					
Public Safety	\$(2,257,309)	\$(2,108,048)	\$(2,157,845)	\$(2,401,796)	\$(2,630,846)
Public Works	(2,077,957)	(1,018,847)	(1,487,015)	(2,083,873)	(2,512,655)
Health and Social Services	(161,194)	(184,325)	(64,184)	(9,874)	(9,874)
Culture and Recreation	(1,963,871)	(1,508,598)	(1,644,310)	(1,783,400)	(1,907,195)
Community and Economic Development	(461,317)	(1,468,372)	(387,800)	(1,078,296)	(514,855)
General Government	(577,510)	(695,813)	(571,676)	(876,949)	(896,660)
Debt Service	(194,220)	(477,628)	(536,149)	(437,831)	(445,257)
Total Governmental Activities	\$(7,693,378)	\$(7,461,631)	\$(6,866,979)	\$(8,672,019)	\$(8,917,342)
General Revenues					
Taxes:					
Property	\$7,133,869	\$ 7,000,472	\$ 7,086,413	\$ 7,504,828	\$ 7,287,523
Local Option Sales Tax	896,970	996,545	1,128,998	1,502,733	1,222,010
Hotel/Motel Taxes	163,599	154,137	175,269	232,582	188,106
Interest	44,973	34,653	46,697	50,928	45,347
Unrestricted General Intergovernmental Revenue	173,778	261,712	425,137	400,122	399,892
Gain on Sale of Properties	0	4,500	0	22,500	0
Gain on Sale of Non-Capitalized Assets	0	0	0	8,235	0
Miscellaneous	77,764	22,198	96,217	8,280	224,921
Interfund Transfers	25,000	57,166	60,474	(1,018,464)	(108,102)
Total General Revenues and Transfers	8,515,953	8,531,383	9,019,205	8,711,744	9,259,697
Change In Net Position	822,575	1,069,752	2,170,226	39,725	342,355
Net Position, Beginning	\$48,524,228	\$46,013,288(2)	\$47,331,226(2)	\$49,483,452	\$49,158,652(2)
Net Position, Ending	\$49,346,803	\$47,083,040	\$49,483,452	\$49,523,177	\$49,501,007

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2014 through 2018.
 (2) Restated.

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**Balance Sheet
 General Fund(1)**

	Audited as of June 30				
	2014	2015	2016	2017	2018
ASSETS:					
Cash and Cash Equivalents.....	\$1,178,122	\$2,199,115	\$ 300,434	\$1,193,863	\$1,105,472
Investments	815,515	812,688	828,385	844,047	867,569
Receivables					
Property Taxes	3,156,981	3,130,204	3,237,058	3,558,674	0
Taxes	0	0	0	4,282	15,577
Accounts	42,691	6,163	5,554	5,983	5,504
Subsequent Year Taxes	0	0	0	0	3,502,698
Accrued Interest	155	267	189	0	0
Other	0	189	0	0	0
Due from Other Funds	830,281	0	1,678,421	804,932	1,336,171
Due from Component Units	0	0	0	0	0
Due from Other Governments.....	49,099	82,787	59,116	119,694	82,636
Inventories.....	74,062	75,689	74,377	88,789	87,795
Total Assets.....	<u>\$6,146,906</u>	<u>\$6,307,102</u>	<u>\$6,183,534</u>	<u>\$6,620,264</u>	<u>\$7,003,422</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable.....	\$ 689,347	\$ 704,912	\$ 42,271	\$ 66,659	\$ 69,657
Accrued Wages	96,586	112,904	154,809	179,077	192,960
Total Liabilities.....	\$ 785,933	\$ 817,816	\$ 197,080	\$ 245,736	\$ 262,617
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes.....	3,150,330	3,121,326	3,230,357	3,558,674	3,502,698
Total Deferred Inflows of Resources.....	<u>\$3,150,330</u>	<u>\$3,121,326</u>	<u>\$3,230,357</u>	<u>\$3,558,674</u>	<u>\$3,502,698</u>
Fund Balances:					
Nonspendable	\$ 74,062	\$ 75,689	\$ 74,337	\$ 88,789	\$ 87,795
Assigned	11,416	20,874	24,627	22,810	23,549
Unassigned	<u>2,125,165</u>	<u>2,271,397</u>	<u>2,657,093</u>	<u>2,704,255</u>	<u>3,126,763</u>
Total Fund Balances.....	\$2,210,643	\$2,367,960	\$2,756,097	\$2,815,854	\$3,238,107
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$6,146,906</u>	<u>\$6,307,102</u>	<u>\$6,183,534</u>	<u>\$6,620,264</u>	<u>\$7,003,422</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2014 through 2018.

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**Statement of Revenues, Expenditures and Changes in Fund Balance
 General Fund(1)**

	Audited Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
REVENUES:					
Property Taxes	\$3,084,934	\$3,328,122	\$3,092,974	\$3,252,794	\$3,560,129
Licenses and Permits	65,823	58,900	61,557	84,017	55,831
Intergovernmental.....	702,099	773,284	1,043,281	1,086,813	1,059,106
Charges for Service.....	816,638	813,504	781,367	782,133	758,549
Fines and Forfeits.....	64,414	52,559	54,191	57,489	54,876
Contributions	25,633	13,210	24,386	46,536	31,666
Revenue from Use of Property	59,736	103,178	57,046	51,483	76,897
Interest on Investments	34,580	10,697	31,154	39,806	38,394
Miscellaneous.....	55,986	10,515	29,595	16,306	170,937
Total Revenue	<u>\$4,909,843</u>	<u>\$5,163,969</u>	<u>\$6,175,551</u>	<u>\$5,417,377</u>	<u>\$5,806,385</u>
EXPENDITURES:					
Current:					
Public Safety	\$1,662,425	\$1,786,830	\$2,054,017	\$1,551,997	\$1,627,351
Public Works	590,613	469,365	525,077	504,661	523,824
Health and Social Services.....	161,194	184,325	64,184	9,874	9,874
Culture and Recreation.....	2,813,560	2,313,022	2,406,151	2,252,057	2,022,963
Community and Economic Development	292,902	1,175,773	353,163	1,108,781	502,553
General Government.....	815,808	850,252	837,847	708,822	747,520
Debt Service.....	0	1,499	0	0	0
Total Expenditures.....	<u>\$6,336,502</u>	<u>\$6,781,066</u>	<u>\$6,240,439</u>	<u>\$6,136,192</u>	<u>\$5,434,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$(1,426,659)	\$(1,617,097)	\$(1,064,888)	\$ (718,815)	\$ 372,300
Other Financing Sources (Uses)					
Transfers (Net)(2).....	\$1,962,439	\$1,774,414	\$1,453,025	\$ 778,572	\$ 35,950
Net Change in Fund Balances	\$535,780	\$157,317	\$388,137	\$59,757	\$ 408,250
Fund Balance - Beginning	<u>\$1,674,863</u>	<u>\$2,210,643</u>	<u>\$2,367,960</u>	<u>\$2,756,097</u>	<u>\$2,829,857(3)</u>
Fund Balance - Ending.....	<u>\$2,210,643</u>	<u>\$2,367,960</u>	<u>\$2,756,097</u>	<u>\$2,815,854</u>	<u>\$3,238,107</u>

- Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2014 through 2018.
 (2) Property taxes are transferred in from a special revenue tax fund to offset the employee benefits that are expensed through the General Fund.
 (3) Restated.

EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

PENSIONS

The City participates in two public pension systems, Iowa Public Employee's Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). Summary descriptions of each Plan follow, for more detail as to each available see **APPENDIX A – Note 9**.

In fiscal year 2018, pursuant to the IPERS' required rate, the City's employees contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. The City's contributions to IPERS for the year ended June 30, 2018 were \$317,219. The City's contribution to MFPRSI for year ended June 30, 2018 was \$274,026. The City's share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to IPERS and MFPRSI.

At June 30, 2018, the City reported a liability of \$3,040,688 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. 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 IPERS participating employers.

At June 30, 2018, the City reported a liability of \$2,133,919 for its proportionate share of the MFPRSI net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

The following table shows changes in the Total OPEB Liability:

Total OPEB Liability Beginning of Year, as Restated.....	\$621,390
Changes for the year	
Service Cost.....	28,192
Interest.....	28,740
Difference Between Expected and Actual Experience	40,096
Changes in Assumptions.....	99,682
Benefit Payments.....	<u>(21,868)</u>
Net Changes.....	<u>174,842</u>
Total OPEB Liability End of Year.....	\$796,232

See **APPENDIX A – Notes (9) and (12)** herein for further discussion of the City’s employee retirement benefit obligations.

Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa Plan (“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.

Defined Benefit Pension Plan – Iowa Public Employee’s Retirement System

The City also contributes to the Iowa Public Employees’ Retirement System (“IPERS”). The City’s employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The City’s employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the City’s employee retires before normal retirement age, the employee’s monthly retirement benefit will be permanently reduced by an early retirement reduction. IPERS provides pension benefits as well as disability benefits to City employees and benefits to the employees’ beneficiaries upon the death of the eligible employee. Copies of IPERS annual financial report may be obtained from www.ipers.org. However, the information presented in such financial reports or on such websites is not incorporated into this Final Official Statement by any reference.

Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the City and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the futures.

The following table sets forth the contributions made by the City and employees to IPERS for the period indicated.

<u>Fiscal Year</u>	<u>% of Payroll Paid by the City</u>	<u>% of Payroll Paid by Employee</u>
2015.....	8.93%	5.95%
2016.....	8.93%	5.95%
2017.....	8.93%	5.95%
2018.....	8.93%	5.95%
2019.....	9.44%	6.29%

The City cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for fiscal years ended June 30, 2014 through, and including, 2018 (collectively, the "IPERS CAFRs (2014-2018)"), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the "IPERS Actuarial Reports (2014-2018)"). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

<u>Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Market Value of Assets [b]</u>	<u>Actuarial Accrued Liability [c]</u>	<u>Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]</u>	<u>Funded Ratio (Actuarial Value) [a]/[c]</u>	<u>Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]</u>	<u>Funded Ratio (Market Value) [b]/[c]</u>	<u>UAAAL as a Percentage of Covered (Actuarial Value) Covered Payroll [d] {[b-a]/[c]}</u>
2014.....	\$26,460,428,085	\$28,038,549,893	\$32,004,456,088	\$5,544,028,003	82.68%	\$3,965,906,195	87.61%	\$7,099,277,280 78.09%
2015.....	27,915,379,103	28,429,834,829	33,370,318,731	5,454,939,628	83.65%	4,940,483,902	85.19%	7,326,348,141 74.46%
2016.....	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82%	7,556,515,720 73.92%
2017.....	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21%	7,863,160,443 88.62%
2018.....	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36%	6,328,245,058	83.62%	7,983,219,527 85.37%

Source: IPERS Reports.

According to IPERS, the market value investment return on program assets is as follows:

<u>Fiscal Year Ended June 30</u>	<u>Investment Return %</u>
2014.....	15.88%
2015.....	3.96%
2016.....	2.15%
2017.....	11.70%
2018.....	7.97%

Source: IPERS Reports

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

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the Auditor of State's website or links to other website site or links to other websites through the IPERS website.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B - BOOK-ENTRY SYSTEM** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Kansas City, Missouri. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding an interest payment date on such bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not an item of tax preference for federal alternative minimum tax purposes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Qualified Tax-Exempt Obligations

The City does not reasonably expect to issue more than \$10,000,000 in tax-exempt obligations in calendar year 2019 which must be taken into account and accordingly, will designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds may be less than the amount payable on such Bonds at maturity ("Discount Bonds"). Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds may be greater than the amount of such Bonds at maturity ("Premium Bonds"). An amount equal to the difference between the initial public offering price of Premium Bonds (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes a premium to the initial purchaser of such Premium Bonds. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Bonds. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues herein covered by the opinion and with respect to the various state tax consequences of an investment in Bonds.

Audits

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Tax Legislation

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. Also, future legislative proposals, or clarification of the Code, may affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding pending or proposed tax legislation, as to which Bond Counsel expresses no opinion.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Enforcement

Owners of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution authorizing issuance of the Bonds (the “Bond Resolution”). There is no bond trustee or similar person to monitor or enforce the terms of the Bond Resolution. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds may have to be enforced year to year.

The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Bonds cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and to the exercise of judicial discretion, which may result in delay, in appropriate cases.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Bond Resolution, including principal of and interest on the Bonds.

Opinion

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise. See **APPENDIX C** for a draft form of legal opinion for the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).

CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Undertaking"). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in "**APPENDIX D – Form of Continuing Disclosure Certificate**". This Undertaking is being made by the City to assist the Underwriter(s) in complying with the Rule.

Breach of the Undertaking will not constitute a default or an "Event of Default" under the Bonds or Resolution, respectively. A broker or dealer is to consider a known breach of the Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Undertaking may adversely affect the transferability and liquidity of the Bonds and their market price.

In the past 5 years the City has complied with its previous Undertakings in all material respects except as follows: With respect to Sewer Revenue Refunding Capital Loan Notes, Series 2008, the audited financial statements of the City for fiscal year 2014 were timely filed on EMMA but were not properly linked to this obligation, and financial information and operating data were not timely filed for fiscal year 2014. With respect to outstanding water revenue obligations, certain operating data tables were not filed for fiscal years 2015 through 2017. With respect to Health Center revenue obligations, audited financial statements, financial information and operating data were not timely filed for fiscal year 2016, and certain operating data tables were not filed for fiscal years ended 2014 through 2016. The Hospital Revenue Bonds were redeemed in full November 1, 2017. The City did not timely file notices of its failure to provide the aforementioned information on or before the dates specified in its prior Undertakings.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

OPTIONAL REDEMPTION

Bonds due June 1, 2020 - 2025 inclusive, are not subject to optional redemption. Bonds due June 1, 2026 - 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2025, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Bonds to be called has been reached.

If less than all of the maturity is called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Thirty days' written notice of redemption shall be given to the registered owner of the Bond. Failure to give written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment. Written notice will be deemed completed upon transmission to the owner of record.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

LEGAL MATTERS

The Bonds are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the sections regarding "**TAX MATTERS**", and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto. A legal opinion in substantially the form set forth in **APPENDIX C** to this Official Statement will be delivered at closing.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in the Bond Counsel's opinion. The opinion will state, in part, that the obligation of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

This Official Statement is not to be construed as a contract or agreement amongst the City, the Underwriter, or the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement or the sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in this Official Statement is not guaranteed.

INVESTMENT RATING

The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on Monday, June 3, 2019. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$_____ (reflecting the par amount of \$_____, plus a reoffering premium of \$_____, and less an Underwriter's discount of \$_____). The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated May 21, 2019, for the \$3,500,000* General Obligation Bonds, Series 2019, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge, information and belief, information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **JENIFER J. MEIN**
Finance Director
CITY OF WAVERLY
Bremer County, Iowa

/s/ **JAMES W. BRONNER**
City Administrator
CITY OF WAVERLY
Bremer County, Iowa

**Subject to change.*

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APPENDIX A

**CITY OF WAVERLY
BREMER COUNTY, IOWA**

FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS

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

Prepared by the
Finance Department
Jenifer Mein, Finance Director

**CITY OF WAVERLY, IOWA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2018
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Web Site: www.waverlyia.com

January 14, 2019

Honorable Mayor and City Council
City of Waverly
Waverly, Iowa

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

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

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

PROFILE OF THE CITY OF WAVERLY

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

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

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

FINANCIAL INFORMATION

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

The City of Waverly is a growing manufacturing, retailing, educational, and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 550, Wartburg College with 500 employees, Waverly Health Center with 484 employees, Waverly Shell-Rock Schools with 404 employees, GMT Corporation with 276 employees, and Bartels Lutheran Retirement Community with 239 employees.

In July 2003 the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, while controlling property taxes. This revenue will continue to pay for safety, project debt, along with drainage and street improvements. The revenue stream has been consistent over the years with total receipts of \$936,872 in fiscal year 2018. Future projects for these funds include additional bond payments and various street improvements. After a vote by the citizens in 2016, the collection of the local option sales tax will continue through June 30, 2037.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's July 2018 unemployment rate of 1.9% compares favorably to the State's rate of 2.7 % for the same period. The tax base for the City is showing favorable increases. Growth of the City's taxable valuation has been excellent compared to other cities of similar size. Assessed valuations for the same period increased, but the state's residential rollback continues to affect the taxing ability of cities. A new property class was established for multi-residential property in fiscal year 2017 and will likely have long-term impact for Waverly.

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

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

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

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

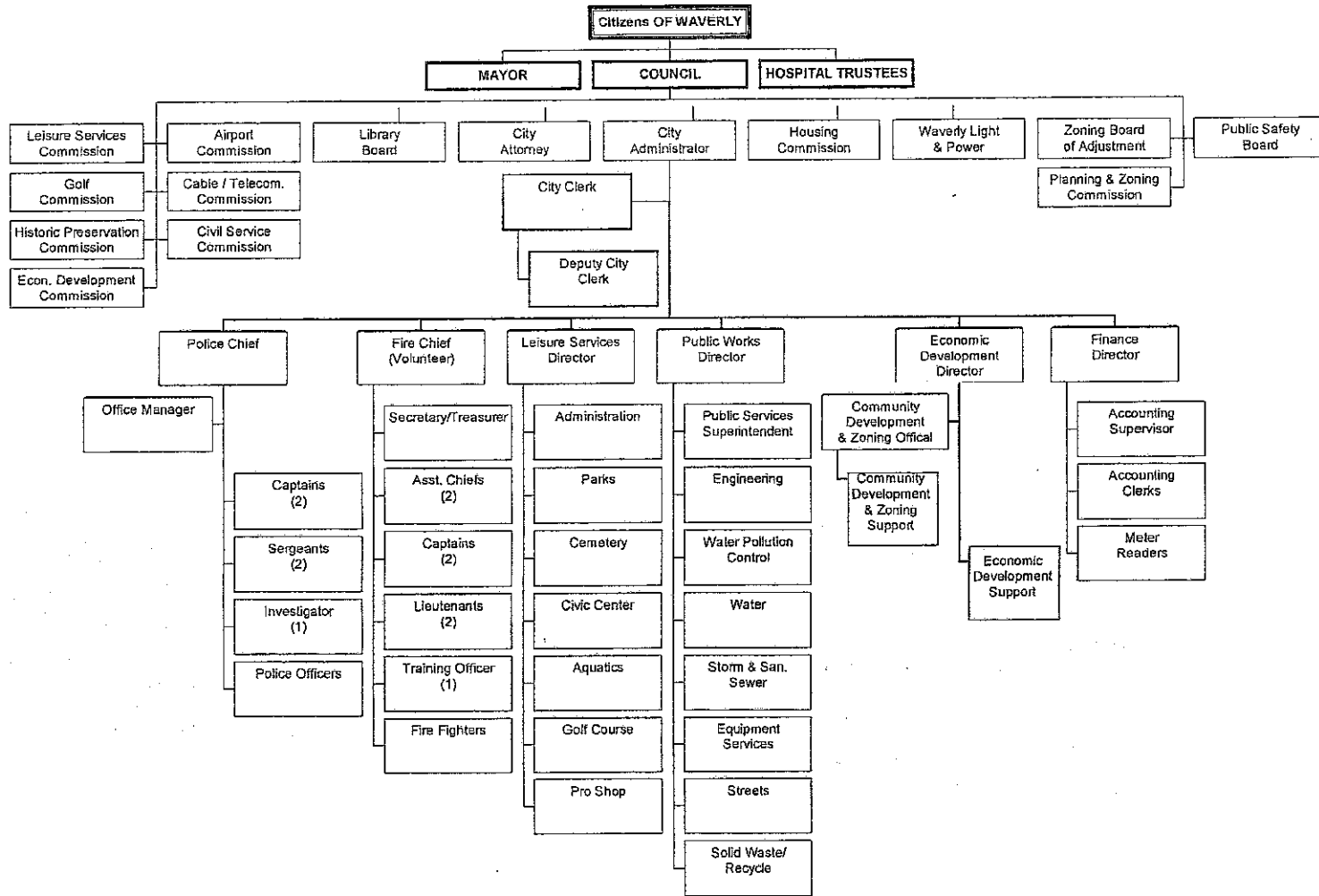
The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in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

Respectfully submitted,

James W. Bronner
City Administrator

Jenifer J. Mein
Director of Finance

Organizational Flow Chart The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

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

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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



Government Finance Officers Association

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

Presented to

**City of Waverly
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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

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

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



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

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

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of the City of Waverly's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waverly's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waverly's internal control over financial reporting and compliance.


Certified Public Accountants

Le Mars, Iowa
January 14, 2019

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2018 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

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

Overview of the Financial Statements

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

Reporting the City as a Whole

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

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

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

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

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

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

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

Reporting the City's Fiduciary Responsibilities

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

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

Government-wide Financial Analysis

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

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

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

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

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

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

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

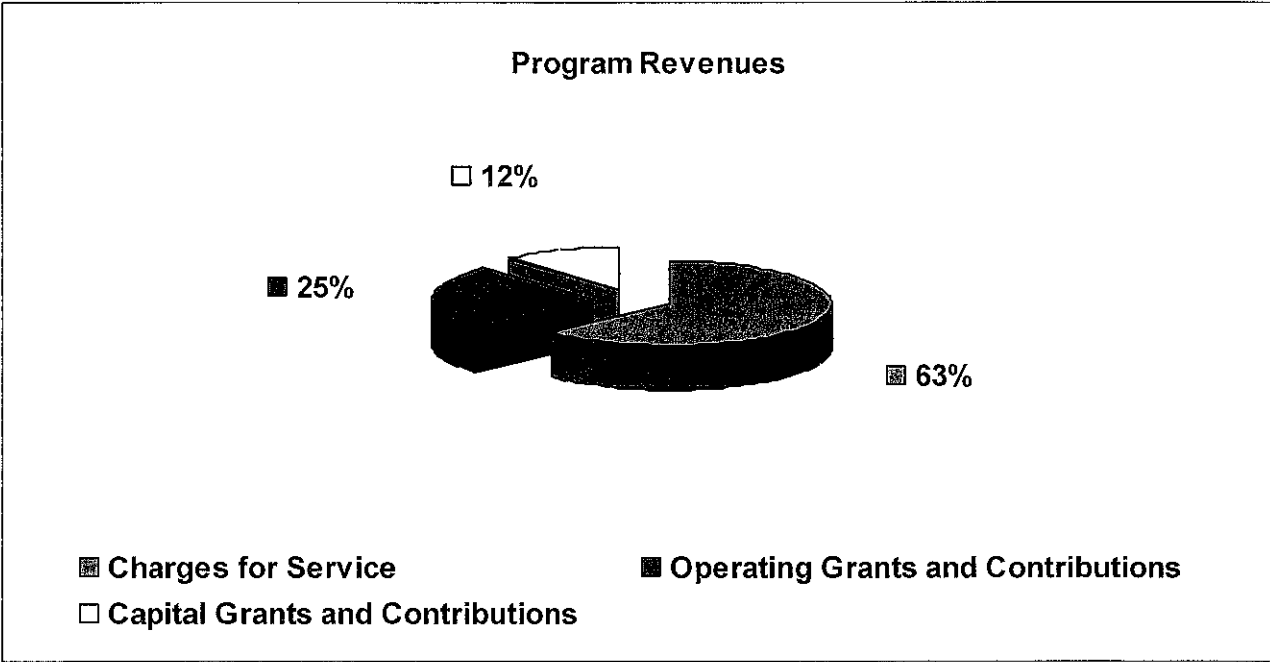
City reported positive balances in all categories of net position other than governmental unrestricted.

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

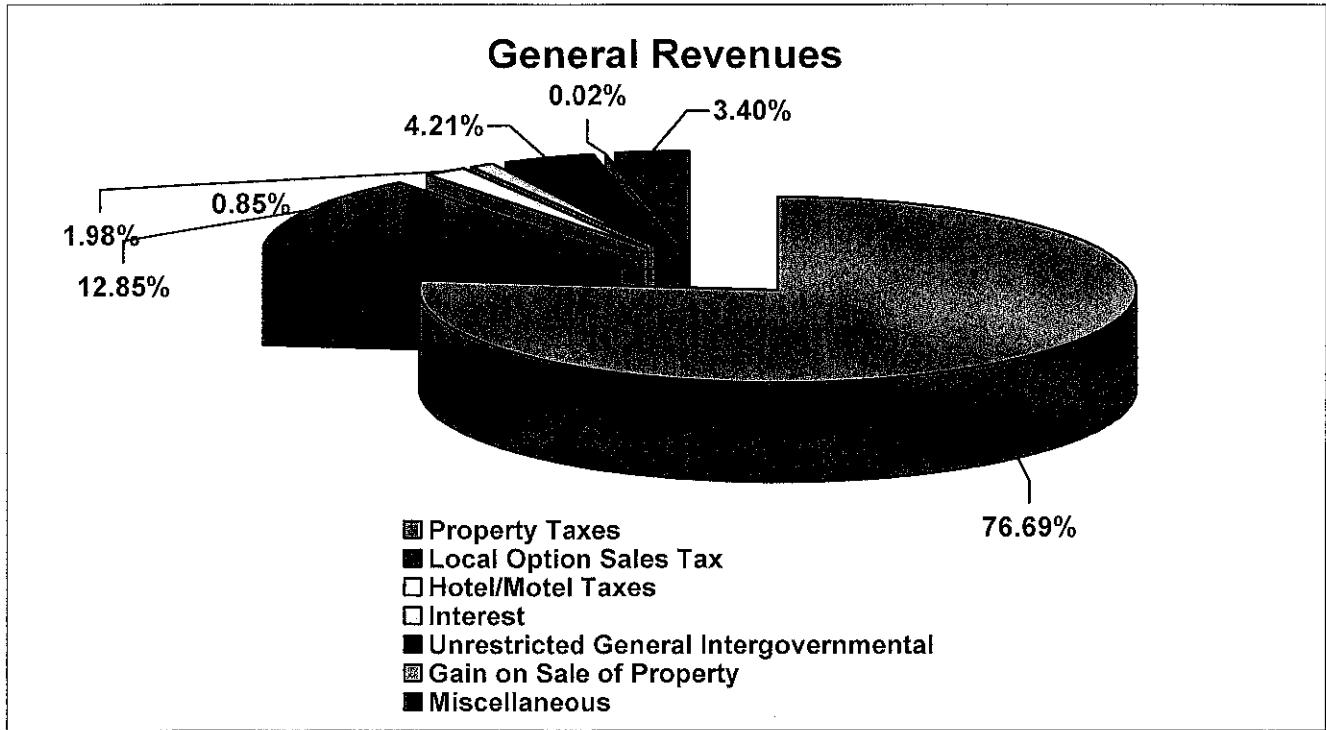
Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Program Revenues:						
Charges for Services	\$ 989,052	\$1,028,452	\$4,490,157	\$4,400,392	\$5,479,209	\$5,428,844
Operating Grants and Contributions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

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

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



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



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

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

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

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

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

Governmental Activities

The Statement of Activities requires some additional explanation. The format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$2,701,599 and received \$70,753 in charges for services and grants, leaving a cost to the taxpayer of \$2,630,846 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

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

The net cost of governmental activities this year was \$8,917,342. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

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

Business-Type Activities

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

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

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$4,943,538. The combined Governmental Funds fund balance decreased \$1,606,665 mostly as a result of continuing capital projects.

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

Capital Assets

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

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

Debt Administration

On June 30, 2018 the City had \$17,855,000 of GO Bond debt outstanding.

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

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$36,810,958 for the 2018 fiscal year. With outstanding General Obligation Debt applicable to this limit of \$19,202,505 the City is at 52% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

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

Requests for Information

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

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

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Waverly Health Center	Waverly Utilities
ASSETS					
Cash and Cash Equivalents	\$ 5,965,664	\$ 2,772,222	\$ 8,737,886	\$ 13,273,968	\$ 7,593,490
Investments	867,569	434,872	1,302,441	2,547,322	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	5,504	362,948	368,452	6,547,350	3,237,821
Taxes	27,209	-	27,209	-	-
Subsequent Year Taxes	7,148,945	-	7,148,945	-	-
Accrued Interest	-	-	-	25,330	40,133
Other	-	-	-	94,066	-
Estimated third-party payor settlements	-	-	-	195,000	-
Estimated Unbilled Usage	-	121,737	121,737	-	-
Special Assessments	67,265	65,313	132,578	-	-
Notes Receivable	90,000	-	90,000	-	-
Due from Other Governmental Agencies	389,084	-	389,084	-	-
Inventories	87,795	119,785	207,580	1,203,882	1,888,121
Prepaid Assets	-	-	-	454,284	282,891
Other	-	-	-	77,438	3,621,543
Restricted Assets:					
Cash and Cash Equivalents	-	437,000	437,000	-	1,484,304
Investment in Joint Venture	29,489	-	29,489	-	-
Land	15,322,725	117,723	15,440,448	2,206,302	351,624
Construction in Progress	3,824,681	204,443	4,029,124	286,473	660,322
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,816,994	18,310,241	63,127,235	11,841,942	44,711,555
Total Assets	80,642,924	20,946,284	101,589,208	38,753,357	63,871,804
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	3,109	-	3,109	-	-
Pension Related Deferred Outflows	1,304,790	235,483	1,540,273	6,179,927	888,450
Total Deferred Outflows of Resources	1,307,899	235,483	1,543,382	6,179,927	888,450
LIABILITIES					
Accounts Payable	1,779,279	47,670	1,826,949	1,373,473	1,367,296
Accrued Wages	207,569	49,319	256,888	2,415,466	3,579,328
Line of Credit	-	-	-	700,170	-
Other Accrued Expenses	-	-	-	815,377	147,839
Customer Deposits	-	23,495	23,495	-	-
Accrued Claims	46,426	-	46,426	-	-
Unearned Revenue	-	25,210	25,210	-	104,034
Deferred Good Faith Bond Deposit	220,000	33,100	253,100	-	-
Accrued Interest Payable	39,737	7,887	47,624	-	44,892
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	335,000	335,000	-	1,217,045
General Obligation Bonds	2,555,000	300,000	2,855,000	-	-
Notes Payable	39,002	73,663	112,665	268,299	-
Compensated Absences and Benefits	264,843	62,158	327,001	-	-
Due in more than one year:					
Revenue Bonds Payable	-	2,462,587	2,462,587	-	16,439,996
General Obligation Bonds	14,684,411	945,174	15,629,585	-	-
Notes Payable	-	76,143	76,143	489,267	-
OPEB Liability	796,232	-	796,232	-	378,987
Net Pension Liability	4,366,147	808,460	5,174,607	20,602,087	2,317,011
Compensated Absences and Benefits	176,562	41,439	218,001	-	-
Total Liabilities	25,175,208	5,291,305	30,466,513	26,664,139	25,596,428
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Taxes	7,148,945	-	7,148,945	-	-
Pension Related Deferred Inflows	125,663	29,955	155,618	531,660	66,907
Regulator credits - Rate Stabilization	-	-	-	-	1,525,294
Total Deferred Inflows of Resources	7,274,608	29,955	7,304,563	531,660	1,592,201
NET POSITION					
Net Investment in Capital Assets	48,702,502	12,439,840	61,142,342	13,577,151	29,205,835
Restricted for:					
Debt Service	88,528	94,493	183,021	-	323,619
Tax Increment Financing	319,335	-	319,335	-	-
Road Purposes	836,613	-	836,613	-	-
Local Option Sales Tax	829,167	-	829,167	-	-
Airport Expansion	261,550	-	261,550	-	-
FEMA Flood Projects	6,248	-	6,248	-	-
Cable TV	38,910	-	38,910	-	-
Endowments:					
Nonexpendable	513,603	-	513,603	-	-
Unrestricted	(2,095,449)	3,326,174	1,230,725	4,160,334	8,042,171
Total Net Position	\$ 49,501,007	\$ 15,860,507	\$ 65,361,514	\$ 17,737,485	\$ 37,571,625

See Accompanying Notes to Financial Statements

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

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

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

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

See Accompanying Notes to Financial Statements

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

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

See Accompanying Notes to Financial Statements

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

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

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

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

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

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

See Accompanying Notes to Financial Statements

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

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

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

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

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

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

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

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

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

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

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

Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 6,959

Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures. (21,103)

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net position. The net revenue of the internal service funds is reported with governmental activities. (182,775)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (124,979)

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

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

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

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

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

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

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,329,103	\$ 1,692,555
Miscellaneous	6,793	3,311
Reimbursement from Employees/Insurance	-	-
Total Operating Revenues	<u>1,335,896</u>	<u>1,695,866</u>
Operating Expenses:		
General Government	-	-
Employee Services	369,485	525,570
Contract Services	216,040	309,477
Supplies	89,287	112,633
Repairs and Maintenance	46,513	31,313
Utilities	117,814	145,907
Miscellaneous	3,458	4,885
Depreciation	328,522	515,526
Total Operating Expenses	<u>1,171,119</u>	<u>1,645,111</u>
Operating Income (Loss)	164,777	50,755
Non-Operating Income (Expense):		
Interest Income	10,939	19,117
Special Assessment Revenue	-	-
Revenue from Use of Property	98,477	-
Gain (Loss) on Disposition of Equipment	-	-
Interest Expense	(40,564)	(53,456)
Total Non-Operating Income (Expenses)	<u>68,852</u>	<u>(34,339)</u>
Income (Loss) before Contributions and Transfers	233,629	16,416
Contributed Capital Revenue	49,300	311,564
Transfers In	125,000	-
Transfers (Out)	(83,100)	-
Change in Net Position	324,829	327,980
Net Position - Beginning	4,803,637	8,133,181
Prior Period Adjustment	-	-
Net Position - Beginning, as Restated	<u>4,803,637</u>	<u>8,133,181</u>
Net Position - Ending	<u>\$ 5,128,466</u>	<u>\$ 8,461,161</u>

See Accompanying Notes to Financial Statements

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

See Accompanying Notes to Financial Statements

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

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

See Accompanying Notes to Financial Statements

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

(Continued)

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

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

See Accompanying Notes to Financial Statements

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

See Accompanying Notes to Financial Statements

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

ASSETS

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

LIABILITIES

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

NET POSITION

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Utilities – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. Waverly Utilities is financially accountable to the City. During the fiscal year ended June 30, 2018, Waverly Utilities transferred \$861,864 to the City of Waverly which is accounted for in the City's financial statements as intergovernmental revenue in the applicable City funds. The utility operates on a calendar year. Therefore financial statements presented herein are reported for the year ended December 31, 2017.

Jointly Governed Organizations

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

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

C. Fund Accounting

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

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

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

The City reports the following major governmental funds:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Budgets

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

F. Cash And Cash Equivalents And Investments

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

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Tax Receivable

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2018 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2017. Any county collections on the 2017-2018 tax levy remitted to the City within 60 days subsequent to June 30, 2018, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2018, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

All inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

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

L. Property and Equipment

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

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

M. Deferred Outflows of Resources

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

N. Compensated Absences

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

O. Long-Term Obligations

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity

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

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

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

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

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

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

Q. Net Position Flow Assumption

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

R. Fund Balance Flow Assumptions

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Interfund Transactions

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

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

T. Deferred Inflows of Resources

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

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

U. Pensions

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

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

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2018, were entirely covered by federal depository insurance or by

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

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

the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no significant differences in investments held during the year from those at June 30, 2018.

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

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

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

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

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

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

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

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

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

Note 3 - RECEIVABLES

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

Note 4 - DUE FROM OTHER GOVERNMENTS

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

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

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2018, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	<u>\$ 1,336,171</u>

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

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

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

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

Construction in progress at June 30, 2018, for the governmental activities consisted of costs associated with various street projects and airport improvements.

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

Note 6 - CAPITAL ASSETS (CONTINUED)

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

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

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

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

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

Note 6 - CAPITAL ASSETS (CONTINUED)

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

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

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

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

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

Note 6 - CAPITAL ASSETS (CONTINUED)

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

Note 7 - LONG-TERM LIABILITIES

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

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

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

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

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

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

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

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

Notes Payable

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

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

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

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

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

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

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

General Obligation

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

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

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

Revenue Bonds

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

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

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

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

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

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

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

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

Waverly Health Center

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

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

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Waverly Utilities

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

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

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

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

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

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

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

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.

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

Pension Benefits

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

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

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

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

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

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

Disability and Death Benefits

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

Contributions

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

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

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

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

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

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

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

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

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies dated March 24, 2017.

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

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

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

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

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

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

Payables to the pension plan

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

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

Note 9 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

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

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

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

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

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

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

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

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00 percent of earnable compensation. The contribution rate was 27.68 percent for the year ended June 30, 2018.

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

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

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

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$2,133,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2017, the City's proportion was 0.363855 percent which was a decrease of 0.001909 percent from its proportions measured as of June 30, 2016.

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

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

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

Note 9 - PENSION PLAN (CONTINUED)

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

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

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

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

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

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

Payables to MFPRSI - All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2018.

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

Note 10 - DEFICIT FUND EQUITY

The City has ten funds with deficit equity balances at June 30, 2018. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

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

Note 11 - RISK MANAGEMENT

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

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

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

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

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

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

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

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

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

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

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

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2014 United States Life Tables.

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

Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

Note 13 - COMMITMENTS

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

Note 14 - CONTINGENCY

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

Note 15 - BLACK HAWK COUNTY LANDFILL CONTRACT

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

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

Note 16 - JOINT VENTURE

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

Note 17 - CONDUIT DEBT OBLIGATIONS

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

Note 18 – URBAN RENEWAL DEVELOPMENT AGREEMENTS

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

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

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

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

Note 19 - TAX ABATEMENTS

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

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

Note 19 - TAX ABATEMENTS (CONTINUED)

City Tax Abatements

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

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

Tax Abatements of Other Entities

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

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

Note 20- SUBSEQUENT EVENTS

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

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

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

Note 21- ACCOUNTING CHANGE/RESTATEMENT

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

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

Note 21- ACCOUNTING CHANGE/RESTATEMENT (CONTINUED)

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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

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

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

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

	2018	2017	2016	2015
City's proportion of the net pension liability	0.363855%	0.365764%	0.360469%	0.364687%
City's proportionate share of the net pension liability	\$ 2,134	\$ 2,287	\$ 1,694	\$ 1,322
City's covered-employee payroll	\$ 1,030	\$ 991	\$ 945	\$ 930
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	200.07%	230.78%	179.26%	142.15%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	78.20%	83.04%	86.27%

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

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

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

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

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

Component Unit	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 2,432	\$ 2,262	\$ 2,165	\$ 1,981	\$ 1,929
Contributions in relation to the statutorily required contribution	(2,432)	(2,262)	(2,165)	(1,981)	(1,929)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit's covered employee payroll	\$ 29,151	\$ 25,330	\$ 24,244	\$ 23,902	\$ 23,310
Contributions as a percentage of covered-employee payroll	8.34%	8.93%	8.93%	8.3%	8.3%

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

See accompanying independent auditors' report

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

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 274	\$ 267	\$ 275	\$ 287	\$ 280
Contributions in relation to the statutorily required contribution	(274)	(267)	(275)	(287)	(280)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 1,053	\$ 1,030	\$ 991	\$ 945	\$ 930
Contributions as a percentage of covered-employee payroll	26.02%	25.92%	27.77%	30.41%	30.12%
	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 232	\$ 215	\$ 171	\$ 137	\$ 143
Contributions in relation to the statutorily required contribution	(232)	(215)	(171)	(137)	(143)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 888	\$ 868	\$ 859	\$ 806	\$ 763
Contributions as a percentage of covered-employee payroll	26.12%	24.77%	19.90%	17.00%	18.75%

See accompanying independent auditors' report

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

Iowa Public Employees' Retirement System

Changes of Benefit Terms:

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

Changes of Assumptions

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

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

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

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

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

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

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

Municipal Fire & Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF WAVERLY STATISTICAL SECTION

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

Contents:	Pages
Financial Trends	97 – 107
<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	108 – 111
<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	112 – 120
<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	121 - 122
<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	123 - 127
<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 Component¹
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Net Investment in Capital Assets	\$23,672,634	\$31,003,445	\$38,301,899	\$42,386,586
Restricted	2,056,639	2,240,151	2,828,214	2,369,707
Unrestricted	<u>2,566,051</u>	<u>2,646,083</u>	<u>2,727,228</u>	<u>3,004,997</u>
Total Governmental Activities Net Position	<u><u>\$28,295,324</u></u>	<u><u>\$35,889,679</u></u>	<u><u>\$43,857,341</u></u>	<u><u>\$47,761,290</u></u>
Business-type Activities				
Net Investment in Capital Assets	\$11,575,601	\$11,665,128	\$11,417,580	\$11,902,943
Restricted	541,706	474,334	475,584	89,088
Unrestricted	<u>711,666</u>	<u>993,468</u>	<u>1,127,573</u>	<u>1,253,202</u>
Total Business-type Activities Net Position	<u><u>\$12,828,973</u></u>	<u><u>\$13,132,930</u></u>	<u><u>\$13,020,737</u></u>	<u><u>\$13,245,233</u></u>
Primary Government				
Net Investment in Capital Assets	\$35,248,235	\$42,668,573	\$49,719,479	\$54,289,529
Restricted	2,598,345	2,714,485	3,303,798	2,458,795
Unrestricted	<u>3,277,717</u>	<u>3,639,551</u>	<u>3,854,801</u>	<u>4,258,199</u>
Total Primary Government Activities Net Position	<u><u>\$41,124,297</u></u>	<u><u>\$49,022,609</u></u>	<u><u>\$56,878,078</u></u>	<u><u>\$61,006,523</u></u>

Notes:

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

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$43,321,391	\$45,860,962	\$44,889,601	\$45,139,066	\$46,400,267	\$48,702,502
2,699,291	2,509,661	2,043,840	2,706,371	3,236,491	2,893,954
2,503,546	976,180	149,599	1,638,015	(113,581)	(2,095,449)
<u>\$48,524,228</u>	<u>\$49,346,803</u>	<u>\$47,083,040</u>	<u>\$49,483,452</u>	<u>\$49,523,177</u>	<u>\$49,501,007</u>
\$10,591,981	\$10,274,538	\$ 8,167,297	\$10,659,431	\$11,615,461	\$12,439,840
89,468	88,279	-	22,734	103,401	94,493
2,366,784	2,509,368	4,581,247	2,892,703	3,178,122	3,326,174
<u>\$13,048,233</u>	<u>\$12,872,185</u>	<u>\$12,748,544</u>	<u>\$13,574,868</u>	<u>\$14,896,984</u>	<u>\$15,860,507</u>
\$53,913,372	\$56,135,500	\$53,056,894	\$55,798,497	\$58,015,728	\$61,142,342
2,788,759	2,597,940	2,043,840	2,729,105	3,339,892	2,988,447
4,870,330	3,485,548	4,730,846	4,530,718	3,064,541	1,230,725
<u>\$61,572,461</u>	<u>\$62,218,988</u>	<u>\$59,831,580</u>	<u>\$63,058,320</u>	<u>\$64,420,161</u>	<u>\$65,361,514</u>

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

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

Fiscal Year

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

(continued on next page)

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

Notes:

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (7,693,378)	\$ (7,461,631)	\$ (6,866,979)	\$ (8,672,019)	\$ (8,917,342)
<u>(234,175)</u>	<u>460,369</u>	<u>774,472</u>	<u>177,846</u>	<u>720,037</u>
<u>(7,927,553)</u>	<u>(7,001,262)</u>	<u>(6,092,507)</u>	<u>(8,494,173)</u>	<u>(8,197,305)</u>
7,133,869	7,000,472	7,086,413	7,504,828	7,287,523
896,970	996,545	1,128,998	1,502,733	1,222,010
163,599	154,137	175,269	232,582	188,106
44,973	34,653	46,697	50,928	45,347
173,778	261,712	425,137	400,122	399,892
-	4,500	-	30,735	-
77,764	22,198	96,217	8,280	224,921
25,000	57,166	60,474	(1,018,464)	(108,102)
<u>8,515,953</u>	<u>8,531,383</u>	<u>9,019,205</u>	<u>8,711,744</u>	<u>9,259,697</u>
7,606	12,624	19,508	17,637	35,407
-	-	-	10,726	1,500
75,521	91,809	92,824	97,443	98,477
<u>(25,000)</u>	<u>(57,166)</u>	<u>(60,474)</u>	<u>1,018,464</u>	<u>108,102</u>
<u>58,127</u>	<u>47,267</u>	<u>51,858</u>	<u>1,144,270</u>	<u>243,486</u>
<u>8,574,080</u>	<u>8,578,650</u>	<u>9,071,063</u>	<u>9,856,014</u>	<u>9,503,183</u>
822,575	1,069,752	2,152,226	39,725	342,355
<u>(176,048)</u>	<u>507,636</u>	<u>826,330</u>	<u>1,322,116</u>	<u>963,523</u>
<u>\$ 646,527</u>	<u>\$ 1,577,388</u>	<u>\$ 2,978,556</u>	<u>\$ 1,361,841</u>	<u>\$ 1,305,878</u>

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

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

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

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

Notes:

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

¹

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

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
58,623	74,062	75,689	74,377	88,789	87,795
-	-	-	-	-	-
26,025	11,416	20,874	24,627	22,810	23,549
<u>1,590,215</u>	<u>2,125,165</u>	<u>2,271,397</u>	<u>2,657,093</u>	<u>2,704,255</u>	<u>3,126,763</u>
<u>\$ 1,674,863</u>	<u>\$ 2,210,643</u>	<u>\$ 2,367,960</u>	<u>\$ 2,756,097</u>	<u>\$ 2,815,854</u>	<u>\$ 3,238,107</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
485,084	490,621	496,551	767,461	507,588	513,603
2,228,356	2,034,196	1,564,753	1,714,074	2,727,209	2,420,088
1,529,851	1,263,823	9,011,683	3,079,501	1,242,751	1,755,210
(748,823)	(2,263,027)	(230,217)	(706,489)	(743,199)	(2,983,470)
<u>\$ 3,494,468</u>	<u>\$ 1,525,613</u>	<u>\$ 10,842,770</u>	<u>\$ 4,854,547</u>	<u>\$ 3,734,349</u>	<u>\$ 1,705,431</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
543,707	564,683	572,240	841,838	596,377	601,398
2,228,356	2,034,196	1,564,753	2,203,990	2,727,209	2,420,088
1,555,876	1,275,239	9,032,557	2,614,212	1,265,561	1,778,759
841,392	(137,862)	2,041,180	1,950,604	1,961,056	143,293
<u>\$ 5,169,331</u>	<u>\$ 3,736,256</u>	<u>\$ 13,210,730</u>	<u>\$ 7,610,644</u>	<u>\$ 6,550,203</u>	<u>\$ 4,943,538</u>

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

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

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

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

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

Source: Bremer County, Iowa; County Auditor

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

¹ Taxable Value does not include the Tax Increment Levy

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

³ Utilities includes Railroads, Utilities, and Gas & Electric

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

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

Source: Bremer County Iowa: County Auditor

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

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

Source: Bremer County, Iowa: County Treasurer

**City of Waverly, Iowa
Property Tax Levies and Collections ¹
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>
2009	\$ 4,307,395	\$ 4,319,975	100.29%	N/A	\$ 4,319,975	100.29%
2010	4,290,422	4,301,445	100.26%	N/A	4,301,445	100.26%
2011	4,460,591	4,469,070	100.19%	N/A	4,469,070	100.19%
2012	4,657,939	4,667,731	100.21%	N/A	4,667,731	100.21%
2013	4,780,652	4,830,133	101.04%	N/A	4,830,133	101.04%
2014	4,952,345	5,007,343	101.11%	N/A	5,007,343	101.11%
2015	5,329,955	5,362,269	100.61%	N/A	5,362,269	100.61%
2016	5,264,349	5,257,108	99.86%	N/A	5,257,108	99.86%
2017	5,529,788	5,748,010	103.95%	N/A	5,748,010	103.95%
2018	\$ 6,061,652	\$ 6,088,658	100.45%	N/A	\$ 6,088,658	100.45%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

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

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

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

Notes:

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

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

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

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

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

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

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2018

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

Sources:

¹ Finance Dept, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

<u>Assessed Value</u>	
Real and Personal Property Within the City	<u>\$ 736,219,159</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION	36,810,958
<u>Amount of Debt Applicable to Limit</u>	
Total Debt and Long-Term Notes Payable	21,470,980
Less:	
Revenue Bonds:	
Sewer Revenue Bonds	1,505,000
Sewer Revenue Bonds Premium	57,587
Water Revenue Bonds	1,235,000
Solid Waste Notes	149,806
Golf Course Notes	39,002
Amount Available for Repayment of General Obligation Debt	128,265
Add:	
Urban Renewal Development Agreements	<u>846,185</u>
Debt Applicable to Debt Limit	<u>19,202,505</u>
Legal Debt Margin	<u><u>\$ 17,608,453</u></u>

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 31,542,084	\$ 31,968,258	\$ 32,971,505	\$ 33,601,567	\$ 35,847,307	\$ 36,810,958
<u>12,759,413</u>	<u>10,793,655</u>	<u>23,955,208</u>	<u>21,435,000</u>	<u>19,789,924</u>	<u>19,202,505</u>
\$ 18,782,671	\$ 21,174,603	\$ 9,016,297	\$ 12,166,567	\$ 16,057,383	\$ 17,608,453
40.45%	33.76%	72.65%	63.79%	55.21%	52.17%

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

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

Notes

¹ GAAP Basis

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

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

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

Notes

¹ GAAP Basis

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

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income²</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2010	9,874	243,670,572	24,678	34.1	3,545	1,969	4.00%
2018	10,126 (3)	\$ 287,467,014	\$ 28,389 (4)	33.9 (5)	3,734 (6)	2,270 (7)	1.90% (8)

Sources: U.S. Census Bureau

Notes:

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

**City of Waverly, Iowa
Principal Employers
Current Year ¹**

Employer	2018		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	550	1	4.04%
Wartburg College	500	2	3.68%
Waverly Health Center	484	3	3.56%
Waverly Shell Rock Schools	404	4	2.97%
GMT Corporation	276	5	2.03%
Bartels Lutheran Retirement Comm	239	6	1.76%
Walmart	225	7	1.65%
Nestle USA	210	8	1.54%
Bremer County	189	9	1.39%
Life Line Emergency Vehicles	178	10	1.31%
Total Employees of Principal Employers	3,255		23.93%
Other Employees	10,345		76.07%
Adjusted Labor Force²	13,600		100.00%

Source:
Waverly Economic Development

Note:

- ¹ Comparative data is not currently available.
- ² Includes full-time and part-time employees based on Iowa Work Force Development

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	11	11	14.5	13.5	13.5	13.5	13	13	13	15.5
Library	10	10	10.5	10.5	10.5	10.5	11	11	10	10.6
Public Safety										
Police										
Officers	16	16	16	16	16	16	16	16	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	1	1	8	8	8	8	8	8	9	9
Volunteers	36	36	29	29	29	29	29	29	28	28
Highways and Streets										
Public Works Admin/Engineering	4.75	4.75	4.75	6	6	6	6	6	6	6
Zoning/Economic	3	3	3	3	3	4	5	5	5	0
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	6.75
Sanitation	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.7
Culture and Recreation	17	17	18	18	18	18	18	18	18	18
Water	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.75	3.75
Sewer	6	6	5.5	5.5	5.5	5.5	3.5	3.5	5.75	5.75
	<u>126.75</u>	<u>126.75</u>	<u>131.25</u>	<u>131.5</u>	<u>131.5</u>	<u>132.5</u>	<u>131.5</u>	<u>131.5</u>	<u>133</u>	<u>131.05</u>

Source: City of Waverly Accounting Department

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

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

Source: Annual reports from each department.

Fiscal Year

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

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

Function	Fiscal Year			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Patrol Units	8	8	8	8
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	4	4	4	4
Recycling Trucks	1	1	1	1
Highways and Streets				
Streets City Maintained (miles)	67	67	67	67
State Highway (miles)	-	-	7	7
Culture and Recreation				
Parks Acreage	120	120	140	140
Parks	24	24	25	25
Miles of Recreational Trails	14	14	15	15
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	2	2	2	2
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemetery (acres)	47	47	47	47
Water				
Water Mains (miles)	68	68	73	73
Number of Service Connections	3,476	3,477	3,518	3,539
Daily Ave. Consumption in Gallons	1,012,819	977,367	909,236	932,625
Fire Hydrants	660	660	679	679
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	62	62	62	62
Number of Treatment Plants	1	1	1	1
Number of Service Connections	3,427	3,423	3,461	3,477
Daily Ave. Treatments in Gallons	1,174,000	1,076,884	1,370,000	942,167
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Source: Annual reports from each department.

2013	2014	Fiscal Year		2017	2018
		2015	2016		
1	1	1	1	1	1
8	8	8	8	8	8
1	1	1	1	1	1
4	4	4	4	4	4
1	1	1	1	1	1
67	67	67	67	69	69.6
7	7	7	7	7	7
140	140	140	146	175	175
25	25	25	25	25	25
15	15	15	15	15	15
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	1
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
47	47	47	47	47	47
73	74	71	74	76	74
3,591	3,664	3,674	3,966	4,059	4,099
996,948	1,059,384	1,028,616	966,307	976,682	976,583
679	690	690	692	693	639
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
62	63	61	63	60	60
1	1	1	1	1	1
3,527	3,595	3,620	3,912	3,966	3,973
1,240,333	1,202,904	1,102,000	1,020,000	1,588,904	1,154,000
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000



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

Honorable Members of the City Council
City of Waverly, Iowa

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

City of Waverly's Response to Findings

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

Purpose of this Report

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

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

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 14, 2019

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

Part I: Summary of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Material Weakness:

2018-001 Financial Reporting

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

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

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

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

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

2018-002 Utility Accounts Receivable Adjustments

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

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

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

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

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

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

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

Part III: Other Findings Related to Required Statutory Reporting

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

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

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

Conclusion – Response accepted.

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

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

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

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

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

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

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

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

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

DRAFT FORM OF OPINION OF BOND COUNSEL



Ahlers & Cooney, P.C.
Attorneys at Law
100 Court Avenue, Suite 600
Des Moines, Iowa 50309-2231
Phone: 515-243-7611
Fax: 515-243-2149
www.ahlerslaw.com

[date]

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Waverly, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Bonds, Series 2019, by said City, dated _____, 2019, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$ _____ (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

City of Waverly, State of Iowa
\$ _____ General Obligation Bonds, Series 2019
Page 2

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

DRAFT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Waverly, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ General Obligation Bonds, Series 2019 (the "Bonds") dated _____, 2019. The Bonds are being issued pursuant to a Resolution of the Issuer approved on June 17, 2019 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated _____, 2019.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with information for the 2018/2019 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

c) The Dissemination Agent shall:

i. each year file Annual Financial Information with the National Repository; and

ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "Debt Information", "Property Assessment and Tax Information", "Financial Information", "Pension", and "Other Post-Employment Benefits (OPEB)".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
- vii. Modifications to rights of Holders of the Bonds, if material;
- viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Bonds;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes on the Bonds;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- xvi. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Optional: Attorney to check facts: Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, _____, [Prior fiscal year if audit not yet available as of the date of the Final Official Statement.] were not available for inclusion in the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.]

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: _____ day of _____, 2019.

CITY OF WAVERLY, STATE OF IOWA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Waverly, Iowa.

Name of Bond Issue: \$_____ General Obligation Bonds, Series 2019

Dated Date of Issue: _____, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by _____.

Dated: _____ day of _____, 20__.

CITY OF WAVERLY, STATE OF IOWA

By: _____
Its: _____

OFFICIAL BID FORM

City of Waverly
200 1st Street NE
Waverly, IA 50677

Monday, June 3, 2019
Speer Financial, Inc.
Facsimile: (319) 291-8628

City Council:

For the \$3,500,000* General Obligation Bonds, Series 2019 (the "Bonds"), of the City of Waverly, Bremer County, Iowa (the "City"), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$ _____ (no less than \$3,472,000). The Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Bonds of each designated maturity.

AMOUNTS* AND MATURITIES – JUNE 1

\$315,0002020 _____%	\$330,0002023 _____%	\$375,0002027 _____%
310,0002021 _____%	340,0002024 _____%	390,0002028 _____%
320,0002022 _____%	350,0002025 _____%	405,0002029 _____%
	365,0002026 _____%	

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____

*Subject to principal adjustment in accordance with the Official Terms of Offering.

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa. The City will pay for the legal opinion. The Purchaser agrees to pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the City's good faith bank and under the terms provided in the Official Terms of Offering for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the City in the amount of the Deposit under the terms provided in the Official Terms of Offering for the Bonds.

Attached hereto is a list of members of our account on whose behalf this bid is made.

Form of Deposit (Check One)

Prior to Bid Opening:
 Certified/Cashier's Check
 Wire Transfer

Within TWO Hours of Bid Opening:
 Wire Transfer

Amount: \$70,000

Account Manager Information

Underwriter/Bank _____
 Address _____
 Authorized Rep _____
 City _____ State/Zip _____
 Direct Phone (_____) _____
 FAX Number (_____) _____
 E-Mail Address _____

Bidders Option Insurance

<p>We have purchased insurance from:</p> <p><u>Name of Insurer</u> <i>(Please fill in)</i></p> <p>_____</p> <p>Premium: _____</p> <p>Maturities: (Check One)</p> <p><input type="checkbox"/> _____ Years</p> <p><input type="checkbox"/> All</p>
--

The foregoing bid was accepted and the Bonds sold by resolution of the City on June 3, 2019, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

CITY OF WAVERLY
BREMER COUNTY, IOWA

City Clerk

Mayor

-----NOT PART OF THE BID-----
 (Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	19,838.33
AVERAGE LIFE	5.668 Years

OFFICIAL TERMS OF OFFERING

\$3,500,000*
CITY OF WAVERLY
Bremer County, Iowa

General Obligation Bonds, Series 2019

The City of Waverly, Bremer County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$3,500,000* General Obligation Bonds, Series 2019 (the “Bonds”), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.D.T., Monday, June 3, 2019. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City’s sale (as described below). The City will also receive sealed bids for the Bonds, on an all or none basis, at City Hall, 200 1st Street NE, Waverly, Iowa, before 11:00 A.M., C.D.T., Monday, June 3, 2019. The City will also receive facsimile bids at (319) 291-8628 or (319) 352-5772 for the Bonds, on an all or none basis, before 11:00 A.M., C.D.T., Monday, June 3, 2019. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to reject all bids, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the City reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property within the corporate limits of the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the Winning Bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$3,500,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.*

The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.

Establishment of Issue Price (10% Test May Apply if Competitive Sale Requirements are Not Satisfied)

- (a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Ahlers & Cooney, P.C. (“Bond Counsel”). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., Waterloo, Iowa (“Speer”).

- (b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:
- (i) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
 - (ii) all bidders shall have an equal opportunity to bid;
 - (iii) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - (iv) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Bonds are awarded.

- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
- (i) “Public” means any person other than an Underwriter or a Related Party,
 - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
 - (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
 - (iv) “Sale Date” means the date that the Bonds are awarded by the City to the winning bidder.

Bond Details

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Kansas City, Missouri. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2019 and is payable by UMB Bank, n.a., Kansas City, Missouri (the “Bond Registrar”). The Bonds are dated the date of delivery (expected to be on or about June 27, 2019).

AMOUNTS* AND MATURITIES – JUNE 1

\$315,000	2020	\$330,000	2023	\$375,000	2027
310,000	2021	340,000	2024	390,000	2028
320,000	2022	350,000	2025	405,000	2029
		365,000	2026		

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds due June 1, 2020 - 2025, inclusive, are non-callable. The Bonds due June 1, 2026 - 2029, inclusive, are callable in whole or in part and on any date on or after June 1, 2025, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Method of Bidding Electronically

Notwithstanding the fact that the City permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the City.

All-or-none bids must be submitted via the internet address www.SpeerAuction.com. The use of SpeerAuction shall be at the bidder’s risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids.

To bid via the SpeerAuction webpage, bidders must first visit the SpeerAuction webpage where, if they have not previously registered with either SpeerAuction, Grant Street Group (the “Auction Administrator”) or any other website administered by the Auction Administrator, they may register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The “Rules” of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the City’s Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder’s bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The City is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the City. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628 or (319) 352-5772. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the City nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

Bidding Parameters and Award of the Bonds

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Bonds and must be for not less than \$3,472,000.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

Good Faith Deposit and Other Matters

The winning bidder is required to a wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street
38th Floor
Chicago, IL 60602
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: City of Waverly, Bremer County, Iowa bid for
\$3,500,000* General Obligation Bonds, Series 2019

If the wire shall arrive in such account prior to the date and time of the sale of the Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such prospective purchaser is not awarded the Bonds. The City and any prospective purchaser who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful prospective purchaser; (ii) if the bid is accepted, the Deposit shall be forwarded to the City, (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the prospective purchaser; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The City covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

The Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about June 27, 2019. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York (or arrange for “FAST” delivery) through the facilities of DTC and will pay for the bond attorney’s opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the City.

The City intends to designate the Bonds as “qualified tax-exempt obligations” pursuant to the small issuer exception provided by Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from Ms. Jenifer J. Mein, Finance Director, 200 1st Street NE, Waverly, Iowa 50677 or an electronic copy of this Official Statement is available from the www.speerfinancial.com website under “Official Statement Sales/Competitive Calendar” or from the Registered Municipal Advisor to the City, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077), and One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

/s/ **JENIFER J. MEIN**
Finance Director
CITY OF WAVERLY
Bremer County, Iowa

EXHIBIT A

EXAMPLE ISSUE PRICE CERTIFICATE

[from bond counsel]

USE FOR GENERAL RULE 10%- PUBLIC SALE

EXHIBIT A

CITY OF WAVERLY, IOWA

\$ _____
GENERAL OBLIGATION BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ("Purchaser") [the "Representative"] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the Bonds").

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.
2. ***Defined Terms.***
 - a) *Issuer* means City of Waverly, Iowa.
 - b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Purchaser's] [the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer [and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance

with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer [and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

SALE PRICES

(Attached)

USE FOR ALL HOLD THE PRICE – NEGOTIATED OR PUBLIC SALE

(To be used upon election of the Purchaser)

EXHIBIT A

CITY OF WAVERLY, IOWA

**\$ _____
GENERAL OBLIGATION BONDS, SERIES 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (["[Purchaser]"][the "Representative"]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Initial Offering Price of the Bonds.

a) [Purchaser][The Underwriting Group] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

b) As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [Purchaser][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. *Defined Terms.*

a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [Purchaser][the Underwriters] [has][have] sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

b) *Issuer* means [DESCRIBE ISSUER].

c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

f) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

g) The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [the Purchaser's][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer [and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

INITIAL OFFERING PRICES OF THE BONDS

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

USE FOR COMPETITIVE SALES – 3 BIDS RECEIVED

EXHIBIT A

CITY OF WAVERLY, IOWA

\$ _____
GENERAL OBLIGATION BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.

a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.¹

c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. *Defined Terms.*

a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees

¹ Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer [and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

**[\$[PRINCIPAL AMOUNT]
[BOND CAPTION]**

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of [NAME OF MUNICIPAL ADVISOR] (the "Municipal Advisor"), as the municipal advisor to [NAME OF ISSUER] in connection with the issuance of the above-captioned obligations (the "Bonds"), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds.

1. The Bonds were offered for sale at specified written terms more particularly described in the Notice of Sale, which was distributed to potential bidders, a copy of which is attached to this certificate as Attachment 1.

2. The Notice of Sale was disseminated electronically through [NAME OF DISSEMINATION PLATFORM][, and a copy of the Notice of Sale (or a summary thereof) was published in The Bond Buyer[®] newspaper on [DATE]]. The method[s] of distribution of the Notice of Sale [is][are] regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders. [INSERT ADDITIONAL OR DIFFERENT DESCRIPTION OF BIDDING PROCESS, IF APPLICABLE].

3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive "last-look").

4. The Issuer received bids from at least three bidders who represented that they have established industry reputations for underwriting new issuances of municipal bonds. Based upon the Municipal Advisor's knowledge and experience in acting as the municipal advisor for other municipal issues, the Municipal Advisor believes those representations to be accurate. Copies of the bids received are attached to this certificate as Attachment 2.

5. The winning bidder was [NAME OF UNDERWRITER] (the "Purchaser"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice of Sale, as shown in the bid comparison attached as Attachment 3 to this certificate. The Issuer awarded the Bonds to the Purchaser.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Municipal Advisor's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal

income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer [and the Borrower] from time to time relating to the Bonds. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Municipal Advisor.

[MUNICIPAL ADVISOR]

By: _____

Name: _____

Dated: [ISSUE DATE]

ATTACHMENT 1
NOTICE OF SALE

(Attached)

ATTACHMENT 2

BIDS RECEIVED

(Attached)

ATTACHMENT 3
BID COMPARISON

(Attached)