

New Issue

Date of Sale: Monday, May 6, 2024 (Alternate Bid Methods)
Between 10:30 and 11:00 A.M., C.D.T. (Closed Speer Auction)
Before 11:00 A.M., C.D.T. (Sealed Bids)

Investment Rating:
S&P Global Ratings ...
(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 Notes is excludable from gross income for federal income tax purposes.



\$4,840,000*
CITY OF MOUNT VERNON
Linn County, Iowa
General Obligation Capital Loan Notes, Series 2024

Dated Date of Delivery Book-Entry Bank Qualified Due Serially June 1, 2025 - 2043

The \$4,840,000* General Obligation Capital Loan Notes, Series 2024 (the "Notes") are being issued by the City of Mount Vernon, Linn County, Iowa (the "City" or the "Issuer"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2024.

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

Table with 10 columns: 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). Rows list various maturity amounts from \$175,000 to \$375,000.

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

OPTIONAL REDEMPTION

Notes due June 1, 2025 - 2032, inclusive, are not subject to optional redemption. Notes due June 1, 2033 - 2043, inclusive, are callable in whole or in part on any date on or after June 1, 2032, at a price of par and accrued interest.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Notes are expected to be used to pay the costs of: (i) aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 including constructing the Glenn Street project roadway and associated utilities and infrastructure improvements in the Stoner Plaza Tenth Addition as authorized in Amendment No. 8 to the Mount Vernon Urban Renewal Plan;

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Notes 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, real 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 Notes 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 April 22, 2024, 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".



*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 Notes 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 Notes 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 Notes, 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 Notes, 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 Notes 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 Notes 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.

No representation is made regarding whether the Notes constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

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OFFICIAL BID FORM

OFFICIAL TERMS OF OFFERING

 Exhibit A – Example Issue Price Certificate

NOTE ISSUE SUMMARY

This Note 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 Mount Vernon, Linn County, Iowa.
Issue:	\$4,840,000* General Obligation Capital Loan Notes, Series 2024.
Dated Date:	Date of delivery (expected to be on or about June 4, 2024).
Interest Due:	Each June 1 and December 1, commencing December 1, 2024.
Principal Due:	Serially each June 1, commencing June 1, 2025 through 2043, as detailed on the cover page of this Official Statement.
Optional Redemption:	Notes maturing on or after June 1, 2033, are callable at the option of the City on any date on or after June 1, 2032, at a price of par plus accrued interest. See “ OPTIONAL REDEMPTION ” herein.
Authorization:	The Notes are being issued pursuant to authority established in Code of Iowa, 2023 as amended, Chapters 384 and 403 (the “Act”), and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Note Resolution”) of the City duly passed and approved.
Security:	The Notes are valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable real 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.
Investment Rating:	An investment rating for the Notes has been requested from S&P Global Ratings, New York, New York. See “ INVESTMENT RATING ” herein.
Purpose:	The proceeds of the Notes are expected to be used to pay the costs of: (i) aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 including constructing the Glenn Street project roadway and associated utilities and infrastructure improvements in the Stoner Plaza Tenth Addition as authorized in Amendment No. 8 to the Mount Vernon Urban Renewal Plan; (ii) aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 including improvements to the swimming pool and related facilities as authorized in Amendment No. 9 to the Mount Vernon Urban Renewal Plan; (iii) 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 thereon; the construction, reconstruction, and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks, 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 any of the foregoing purposes including overlay of 4th Street NW, Cass Street, intersection of 10th and Summit and watermain on 4th St and 5th Ave and acquisition, improvement and equipping of waterworks, water mains, and extensions, and real and personal property, useful for providing potable water including water meter replacements and related equipment, and (iv) pay certain costs of issuance related to the Notes.
Tax Matters:	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Notes as discussed under “ TAX MATTERS ” in this Official Statement. Interest on the Notes is not exempt from present State of Iowa income taxes. See APPENDIX C for a draft form of legal opinion for the Notes.
Bank Qualified:	The City intends to designate the Notes as “qualified tax-exempt obligations”.
Note Registrar/Paying Agent:	UMB Bank, n.a., West Des Moines, Iowa (the “Registrar”).
Delivery:	The Notes are expected to be delivered on or about June 4, 2024.
Book-Entry Form:	The Notes 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 Notes. 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 MOUNT VERNON
Linn County, Iowa

Thomas M. Wieseler
Mayor

Council Members

Mark Andresen

Craig Engel

Scott Rose

Paul Tuerler

Stephanie West

Officials

Chris Nosbisch
City Administrator

Lori Boren
Assistant City Administrator

Marsha Dewell
City Clerk

Holly Corkery, Esq. Lynch Dallas PC
City Attorney

SECURITY AND SOURCE OF PAYMENT

Pursuant to the Resolution and the Act, the Notes and the interest thereon are general obligations of the City, and all taxable real property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Notes without constitutional or statutory limitation as to rate or amount. For a description of certain constitutional limits on the issuance of general obligation debt by the City, see “Debt Limitation” herein.

Section 76.2 of the Code of Iowa, 2023, as amended (the “Iowa Code”), provides that when an Iowa political subdivision issues general obligation notes, the governing authority of such political subdivision shall, by resolution adopted before issuing the notes, provide for the assessment of an annual levy upon all the taxable real property in the political subdivision sufficient to pay the interest and principal of the notes. A certified copy of such resolution shall be filed with the County Auditor in which the Issuer is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable real property within the boundaries of the Issuer, until funds are realized to pay the Notes in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Notes as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable real property in the Issuer in each of the years while the Notes are outstanding. The Issuer shall file a certified copy of the Resolution with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the Issuer and when collected, the proceeds of the taxes shall be deposited into the Debt Service Fund of the Issuer and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Notes and for no other purpose whatsoever.

Nothing in the Resolution prohibits or limits the ability of the City to use legally available moneys other than the proceeds of the general ad valorem property taxes levied as described in the preceding paragraph to pay all or any portion of the principal of or interest on the Notes. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Notes, the City may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Notes.

CERTAIN NOTEHOLDERS' RISKS

An investment in the Notes is subject to certain risks. No person should purchase the Notes unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Notes. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgement as to whether the Notes are an appropriate investment.

Secondary Market

There can be no guarantee that there will be a secondary market for the Notes or, if a secondary market exists, that such Notes 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 Notes.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE NOTES AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE NOTES, IF ANY, COULD BE LIMITED.

Ratings Loss

S&P Global Ratings ("S&P") has assigned a rating of "___" to the Notes. 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 S&P's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Notes.

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 Notes.

Redemption Prior to Maturity

In considering whether to make an investment in the Notes, it should be noted the Notes are subject to optional redemption, as outlined herein, without Noteholder discretion or consent. See "**OPTIONAL REDEMPTION**" herein.

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 “anticipated,” “plan,” “expect,” “projected,” “estimate,” “budget,” “pro-forma,” “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 Notes.

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS**” herein, the interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Notes, 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 Notes would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Notes, and there is no provision for an adjustment of the interest rate on the Notes.

The City intends to designate the Notes 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 Notes.

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

DTC-Beneficial Owners

Beneficial Owners of the Notes may experience some delay in the receipt of distributions of principal of and interest on the Notes 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 Notes can be effected only through DTC Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge the Notes to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, 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.**

Pension and OPEB Benefits

The City participates in the Iowa Public Employee's Retirement System (IPERS). Summary descriptions of the IPERS Plan follows, for more detailed information including amongst other things pension benefits, Issuer's deferred outflows and inflows on resources related to pensions, actuarial assumptions, discount rate sensitivity, and expenses, see **APPENDIX A – FISCAL YEAR 2022 AUDIT Note 4**.

In fiscal year 2023, pursuant to the IPERS' required rate, the City's Regular employees (members) contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% for a total rate of 15.52%. The City's contributions to IPERS for the year ended June 30, 2023 were \$206,868. 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.

At June 30, 2023, the City reported a liability of \$441,595 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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. While the City's contributions to IPERS are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See **"APPENDIX A – AUDITED FINANCIAL STATEMENTS"** for additional information on pension and liabilities of the City.

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

The City administers a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$482,981. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

See **APPENDIX A – Notes (4) and (9)** herein for further discussion of the City's employee retirement benefit obligations.

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 Notes. 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 Notes and their market price.

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Notes 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. 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 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 cannot predict whether its cyber liability policy will be sufficient in the event of a cyberattack. However, the Notes are secured by an unlimited ad valorem property tax as described herein. See “**SECURITY AND SOURCE OF PAYMENT**” herein.

Suitability of Investment

The interest rate borne by the Notes is intended to compensate the investor for assuming the risk of investing in the Notes. 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 Notes are an appropriate investment for such investor.

Bankruptcy and Insolvency

The rights and remedies provided in the Resolution 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 in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State. The various opinions of counsel to be delivered with respect to the Notes and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter Nine of the Federal Bankruptcy Code, the owners of the Notes could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the City fails to comply with its covenants under the Resolution or fails to make payments on the Notes, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Notes.

Under sections 76.16 and 76.16A of the Iowa Code, as amended, a city, county, or other political subdivision may become a debtor under Chapter Nine of the Federal Bankruptcy Code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, “debt” means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized note issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to Chapter 28E of the Iowa Code, or other political subdivision.

Matters Relating to Enforceability of Agreements

There is no note trustee or similar person to monitor or enforce the provisions of the Resolution. The owners of the Notes should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (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) may have to be enforced from year to year.

Holders of the Notes 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 Notes, 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.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution. The remedies available to the owners of the Notes upon an event of default under the Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the Federal Bankruptcy Code, certain of the remedies specified in the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Notes 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.

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 Resolution, including principal of and interest on the Notes.

Legislation

From time to time, there are proposals pending in Congress and in the Iowa General Assembly 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 Notes, or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further such proposals may impact the marketability or market value of the Notes 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 Notes. 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 Notes. 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 Notes would be impacted thereby.

Changes in Property Taxation: From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could adversely affect the City's financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance future changes to property taxation by the Iowa General Assembly will not be applied retroactively. See "Property Tax Legislation" herein for a discussion on recent changes to the property tax process. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts on the City's financial condition. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the "**SECURITY AND SOURCE OF PAYMENT**" herein.

Tax Levy Procedures

The Notes are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable real property within the corporate limits of 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 real property within the corporate limits of 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 Notes for a particular fiscal year may cause Noteholders to experience delay in the receipt of distributions of principal of and/or interest on the Notes. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (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) may have to be enforced from year to year.

Loss of Tax Base

Economic and other factors beyond the City’s control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the City. In addition, the State of Iowa has been susceptible to tornados, flooding and other extreme weather wherein winds and flooding have from time to time caused significant damage, which if such events were to occur, may have an adverse impact on the City’s financial position.

Federal Funds Orders and State Funds Legislation

Various federal executive orders, and Iowa Code Chapter 27A (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 and could slow down completion of certain of the Projects. However, the Notes are secured by an unlimited ad valorem property tax and are not secured by state or federal funds. See **“SECURITY AND SOURCE OF PAYMENT”** herein.

Other Factors

An investment in the Notes involves an element of risk. The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. 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.

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THE CITY

The City is located in east central Iowa in Linn County (the “County”). The City was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa (the “State”). The City is approximately 3.50 square miles with a 2020 Census population of 4,527.

City Organization and Services

The City operates under the Mayor-Council form of government. Policy is established by a Mayor and five Council members. The Council members are elected on a non-partisan basis for four-year terms, which are staggered. The City Administrator, City Clerk and City Attorney are appointed by the City Council. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, storm water, and solid waste utilities for its citizens.

Approximately 20 people, not including police officers, are employed by the City on a full-time basis. In addition, there are part-time and seasonal employees. The City currently employs 8 full-time police officers and 5 reserve officers. The City is served by a volunteer fire department with approximately 31 volunteers operating out of a centrally located fire station.

Various City employees are members of one of two collective bargaining units. The Chauffeurs, Teamster and Helpers Local Union 238 represents members for both bargaining units and the contracts expire on June 30, 2024.

Recreation programs and planning for the City’s seven parks, complete renovated outdoor swimming pool, dog park and skate park is overseen by a Parks and Recreation Commission which is appointed by the Mayor and Council. The City employs a full-time Parks and Recreation Director and a full-time Marketing and Tourism Director. A Historic Preservation Commission, appointed by the Mayor and Council, is active in seeking grants and recommending local structures to be included in the National Historic Register. The Tree Committee is comprised of a mix of City employees and citizens to oversee the care and planting of trees in the community. The City employs a full time Main Street Director and the City is designated a “Main Street USA” city. The City contracts with Linn County to provide access to full-time building inspection for permits.

Community Life

The City has several City parks throughout the community. Other recreational and leisure opportunities are located throughout the Cedar Rapids and Iowa City area. Cultural facilities in the area include numerous museums and theaters, along with the Cedar Rapids Symphony Orchestra. The University of Iowa Hawkeyes in Iowa City, less than 25 miles from the City, offers spectator sports opportunities in the Big Ten college conference. Riverboat and casino gambling are offered in such cities as Dubuque, Clinton, Waterloo, Riverside and the Quad Cities, all within a 75 mile radius of the City.

Education

The Mount Vernon Community School District (the “District”) provides public education for City and area residents. The District has a certified enrollment of 1,098 students in grades PK-12 as of October 2023. Washington Elementary School has grades PK-4, Mount Vernon Middle School has grades 5-8, and Mount Vernon High School has grades 9-12. A wide variety of activities in fine arts, academics, and athletics allow students to develop their skills and talents.

Post-secondary educational opportunities are provided to City residents in nearby Mount Vernon, Iowa City, Cedar Rapids, and include: Cornell College, Mount Mercy University, Coe College, Kirkwood Community College, and University of Iowa.

Transportation

The City is located at the intersection of the east-west U.S. Highway 30 and north-south State Highway 1. U.S. Interstate 80 is 19 miles south of the City, and U.S. Interstate 380 is 15 miles west. Commercial rail transportation is provided by the Union Pacific Railroad. Commercial air transportation is available at the Eastern Iowa Airport in Cedar Rapids.

SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with the County and the State.

Population

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

Population Comparison(1)

<u>Year</u>	<u>The City</u>	<u>Percent Change</u>	<u>The County</u>	<u>Percent Change</u>	<u>The State</u>	<u>Percent Change</u>
1970	3,018	n/a	163,213	n/a	2,824,376	n/a
1980	3,325	10.17%	169,775	4.02%	2,913,808	3.17%
1990	3,657	9.98%	168,767	(0.59%)	2,776,755	(4.70%)
2000	3,390	(7.30%)	191,701	13.59%	2,926,324	5.39%
2010	4,506	32.92%	211,226	10.19%	3,046,355	4.10%
2020	4,527	0.47%	230,299	9.03%	3,190,369	4.73%

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

Employment

Following are lists of large employers located in the surrounding area.

Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Iowa City	University of Iowa	Higher Education	22,830
Iowa City	University of Iowa Hospitals & Clinics	Healthcare	11,550
Cedar Rapids/Coralville	Collins Aerospace	Electronic Equipment Design	9,800
Cedar Rapids	Unity Point Health	Healthcare	2,980
Cedar Rapids	Cedar Rapids Community School District	Education	2,880
Cedar Rapids	Transamerica	Insurance/Financial	2,600
Cedar Rapids/Iowa City	Hy-Vee Food Stores	Grocer	2,355
Cedar Rapids	Nordstrom Direct	Logistics/Distribution	2,150
Cedar Rapids	Mercy Medical Center	Healthcare	2,140
Amana	Whirlpool Corporation	Manufacturing	2,100
Cedar Rapids/Iowa City	Pearson Education Measurement	Education Publishing	1,765
Iowa City	Iowa City Community School District	Education	1,700
Iowa City	Veterans Affairs Health Care System	Healthcare	1,560
Cedar Rapids	City of Cedar Rapids	Government	1,310
Iowa City	ACT, Inc.	Education	1,245

Note: (1) Source: Area Chamber of Commerce, selected telephone surveys and the 2022 Iowa Manufacturers Database.

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 2018 - 2022 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.....	13	0.6%	1,589	1.3%	59,661	3.7%
Construction.....	62	3.0%	7,201	5.9%	109,620	6.7%
Manufacturing.....	270	13.1%	20,711	17.1%	241,735	14.9%
Wholesale trade.....	12	0.6%	2,606	2.1%	43,644	2.7%
Retail trade.....	216	10.5%	13,719	11.3%	188,572	11.6%
Transportation and warehousing, and utilities.....	99	4.8%	7,021	5.8%	84,056	5.2%
Information.....	42	2.0%	2,331	1.9%	23,201	1.4%
Finance and insurance, and real estate and rental and leasing.....	58	2.8%	10,066	8.3%	125,957	7.7%
Professional, scientific, and management, and administrative and waste management services.....	190	9.2%	12,071	9.9%	122,753	7.5%
Educational services, and health care and social assistance.....	769	37.2%	28,090	23.2%	393,500	24.2%
Arts, entertainment, and recreation, and accommodation and food services.....	245	11.9%	8,962	7.4%	114,116	7.0%
Other services, except public administration.....	14	0.7%	4,033	3.3%	68,874	4.2%
Public administration.....	75	3.6%	2,918	2.4%	51,745	3.2%
Total.....	2,065	100.0%	121,318	100.0%	1,627,434	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2018 - 2022.

Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations.....	771	37.3%	48,715	40.2%	620,397	38.1%
Service occupations.....	516	25.0%	17,744	14.6%	251,632	15.5%
Sales and office occupations.....	503	24.4%	26,695	22.0%	321,247	19.7%
Natural resources, construction, and maintenance occupations.....	115	5.6%	9,391	7.7%	154,866	9.5%
Production, transportation, and material moving occupations.....	160	7.7%	18,773	15.5%	279,292	17.2%
Total.....	2,065	100.0%	121,318	100.0%	1,627,434	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2018 - 2022.

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
2015.....	3.8%	3.7%	5.3%
2016.....	3.6%	3.6%	4.9%
2017.....	3.3%	3.1%	4.4%
2018.....	2.8%	2.6%	3.9%
2019.....	2.8%	2.7%	3.7%
2020(3).....	6.2%	5.2%	8.1%
2021(3).....	4.5%	3.8%	5.4%
2022.....	3.2%	2.8%	3.6%
2023.....	3.5%	2.9%	3.6%
2024(4).....	4.2%	3.3%	4.2%

- Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.
 (2) Not seasonally adjusted.
 (3) The increase in unemployment rates may be attributable to the COVID-19 pandemic.
 (4) Preliminary rates for the month of February 2024.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City’s owner-occupied homes was \$234,400. This compares to \$188,800 for the County and \$181,600 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 2018 - 2022 American Community Survey.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	64	6.9%	3,887	5.6%	66,889	7.2%
\$50,000 to \$99,999.....	13	1.4%	4,614	6.6%	129,783	14.1%
\$100,000 to \$149,999.....	50	5.4%	13,483	19.3%	158,953	17.2%
\$150,000 to \$199,999.....	197	21.3%	15,823	22.6%	157,129	17.0%
\$200,000 to \$299,999.....	326	35.2%	17,229	24.7%	206,136	22.3%
\$300,000 to \$499,999.....	276	29.8%	11,424	16.3%	152,269	16.5%
\$500,000 to \$999,999.....	0	0.0%	2,850	4.1%	44,144	4.8%
\$1,000,000 or more.....	0	0.0%	584	0.8%	7,381	0.8%
Total.....	926	100.0%	69,894	100.0%	922,684	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2018 - 2022.

Mortgage Status(1)

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage.....	665	71.8%	46,158	66.0%	552,272	59.9%
Housing units without a mortgage.....	261	28.2%	23,736	34.0%	370,412	40.1%
Total.....					922,684	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2018 - 2022.

Income and Benefits

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$107,078. This compares to \$96,369 for the County and \$90,921 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 2018 - 2022 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	0	0.0%	1,050	1.8%	19,266	2.4%
\$10,000 to \$14,999.....	5	0.6%	676	1.2%	12,209	1.5%
\$15,000 to \$24,999.....	15	1.7%	2,512	4.3%	31,695	3.9%
\$25,000 to \$34,999.....	36	4.1%	2,563	4.4%	40,734	5.1%
\$35,000 to \$49,999.....	44	5.0%	4,705	8.1%	75,502	9.4%
\$50,000 to \$74,999.....	67	7.6%	9,270	15.9%	136,964	17.1%
\$75,000 to \$99,999.....	163	18.4%	9,624	16.6%	131,007	16.3%
\$100,000 to \$149,999.....	324	36.6%	13,023	22.4%	188,746	23.5%
\$150,000 to \$199,999.....	119	13.4%	7,277	12.5%	86,058	10.7%
\$200,000 or more.....	113	12.8%	7,450	12.8%	81,095	10.1%
Total.....	886	100.0%	58,150	100.0%	803,276	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2018 to 2022.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$98,991. This compares to \$75,457 for the County and \$70,571 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 2018 - 2022 American Community Survey.

Household Income(I)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	14	1.2%	2,884	3.1%	53,544	4.2%
\$10,000 to \$14,999.....	35	3.0%	2,829	3.0%	46,854	3.6%
\$15,000 to \$24,999.....	117	10.1%	6,514	6.9%	96,051	7.4%
\$25,000 to \$34,999.....	65	5.6%	7,284	7.7%	100,749	7.8%
\$35,000 to \$49,999.....	84	7.3%	10,989	11.7%	153,024	11.9%
\$50,000 to \$74,999.....	108	9.3%	16,270	17.3%	231,140	17.9%
\$75,000 to \$99,999.....	179	15.5%	14,246	15.1%	183,917	14.3%
\$100,000 to \$149,999.....	324	28.0%	16,754	17.8%	234,590	18.2%
\$150,000 to \$199,999.....	119	10.3%	8,274	8.8%	98,518	7.6%
\$200,000 or more.....	113	9.8%	8,247	8.7%	91,752	7.1%
Total.....	1,158	100.0%	94,291	100.0%	1,290,139	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2018 - 2022.

Agriculture

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

Average Value Per Acre(I)

	2019	2020	2021	2022	2023
Average Value Per Acre:					
The County.....	\$8,974	\$8,961	\$11,560	\$13,330	\$13,210
State of Iowa.....	7,432	7,559	9,751	11,411	11,835

Note: (1) Source: Iowa State University Extension and Outreach.

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, 2009. The Local Option Tax was reapproved on May 3, 2011 to be effective July 1, 2014 until June 30, 2034. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated for: 55% for streets and city owned walkways, 25% for community center, 10% for urban renewal projects and streetscaping and 10% for parks and recreational trails.

The State Director of Revenue (the “Director”) 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. The Director credits the Local Option Tax receipts to the City’s account in the Local Option Tax fund. Historically, by August 15 of each fiscal year, the Director is required to send the City an estimate of the amount of local option sales and services taxes it will receive for the year and by month. By August 31, the Director is required to remit 95% of the estimated tax receipts for the City to the City’s account and by the last day of each following month. By November 10 of the next fiscal year, the Director is required to make the final payment, which could include needed adjustments for over- or under-payments when comparing actual tax receipts against the payments made based upon estimates. Beginning with the October 2022 Local Option Tax payment, the State Department of Revenue (the “Department of Revenue”) makes distributions based on actual Local Option Tax receipts in the preceding month.

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 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, (iii) the sales price from a pay television service consisting of a direct-to-home satellite service, or (iv) the sale of equipment by the State Department of Transportation.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approves the repeal or tax rate change (or upon motion of the governing body), provided no obligations secured by the Local Option Tax are outstanding. 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. Local Option Tax may not be repealed within one year of the effective date.

The following table shows the trend of the City’s Local Option Tax receipts.

Local Option Tax Receipts(1)

Fiscal Year Ending June 30	Local Option Sales Tax Receipts(2)	Percent Change +(-)
2015	\$587,251	n/a
2016	596,588	1.59%
2017	592,972	(0.61%)
2018	593,246	0.05%
2019	632,395	6.60%
2020	686,961	8.63%
2021	817,876	19.06%
2022	736,815	(9.91%)
2023	716,283	(2.79%)
2024	716,283(3)	0.00%

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Includes a reconciliation payment attributable to the previous fiscal year for fiscal years 2015 through 2022.
 (3) Collections received or expected to be received.

Retail Sales

The Department of Revenue 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 + (-)
2013	\$33,911,588	n/a
2014	34,310,012	1.17%
2015	33,328,236	(2.86%)
2016	33,819,664	1.47%
2017	34,460,173	1.89%
2018	33,712,139	(2.17%)
2019	35,448,907	5.15%
2020	35,400,618	(0.14%)
2021	41,652,688	17.66%
2022	59,990,211	44.02%

Growth from 2013 to 2022 76.90%

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

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THE PROJECT

The proceeds of the Notes are expected to be used to pay the costs of: (i) aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 including constructing the Glenn Street project roadway and associated utilities and infrastructure improvements in the Stoner Plaza Tenth Addition as authorized in Amendment No. 8 to the Mount Vernon Urban Renewal Plan; (ii) aiding in the planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 including improvements to the swimming pool and related facilities as authorized in Amendment No. 9 to the Mount Vernon Urban Renewal Plan; (iii) 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 thereon; the construction, reconstruction, and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks, 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 any of the foregoing purposes including overlay of 4th Street NW, Cass Street, intersection of 10th and Summit and watermain on 4th St and 5th Ave and acquisition, improvement and equipping of waterworks, water mains, and extensions, and real and personal property, useful for providing potable water including water meter replacements and related equipment, and (iv) pay certain costs of issuance related to the Notes.

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.

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DEBT INFORMATION

After issuance of the Notes, the City will have outstanding \$13,967,000* principal amount of general obligation debt. In addition, the City has outstanding approximately \$1,461,000 principal amount of sewer revenue debt issued through the State Revolving Fund program that does not count against the City's debt capacity.

Debt Limitation

The amount of general obligation debt a political subdivision of the State can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of taxable property within the corporate limits, taken from the last County Tax list. According to and based upon the January 1, 2022 property valuations, for taxes payable in September 2023 and March 2024, the City's debt limit, based upon said valuation, amounts to the following:

2022 100% Actual Valuation of Property	\$337,246,681
Constitutional Debt Limit	\$ 16,862,334
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	\$ 13,967,000*
Other Legal Indebtedness (TIF Rebates)	219,422
Total Applicable Debt	<u>\$ 14,186,422*</u>
Remaining Debt Capacity.....	\$ 2,675,912*

The City does not expect to issue any additional general obligation debt in calendar year 2024.

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

Series 2013A	\$ 470,000
Series 2014.....	1,250,000
Series 2015.....	82,000
Series 2018.....	4,170,000
Series 2019.....	1,390,000
Series 2020.....	265,000
Series 2022.....	1,500,000
The Notes(2).....	<u>4,840,000</u>
Total(2)	\$13,967,000

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

*Subject to change.

General Obligation Debt(1)
 (Principal Only)

Fiscal Year Ending June 30	Series 2013A	Series 2014	Series 2015	Series 2018	Series 2019	Series 2020	Series 2022
2024	\$ 90,000	\$ 195,000	\$40,000	\$ 455,000	\$ 225,000	\$ 85,000	\$ 100,000
2025	90,000	200,000	42,000	465,000	220,000	90,000	105,000
2026	95,000	205,000	0	485,000	230,000	90,000	110,000
2027	95,000	210,000	0	500,000	240,000	0	115,000
2028	100,000	215,000	0	520,000	245,000	0	115,000
2029	0	225,000	0	540,000	230,000	0	120,000
2030	0	0	0	570,000	0	0	125,000
2031	0	0	0	585,000	0	0	130,000
2032	0	0	0	25,000	0	0	135,000
2033	0	0	0	25,000	0	0	140,000
2034	0	0	0	0	0	0	150,000
2035	0	0	0	0	0	0	155,000
Total	\$470,000	\$1,250,000	\$82,000	\$4,170,000	\$1,390,000	\$265,000	\$1,500,000

Fiscal Year Ending June 30	Total Outstanding General Obligation Debt	The Notes(2)	Total General Obligation Debt(2)	Cumulative Principal Retired(2) Amount	Percent
2024	\$1,190,000	\$ 0	\$ 1,190,000	\$ 1,190,000	8.52%
2025	1,212,000	175,000	1,387,000	2,577,000	18.45%
2026	1,215,000	260,000	1,475,000	4,052,000	29.01%
2027	1,160,000	275,000	1,435,000	5,487,000	39.29%
2028	1,195,000	285,000	1,480,000	6,967,000	49.88%
2029	1,115,000	300,000	1,415,000	8,382,000	60.01%
2030	695,000	320,000	1,015,000	9,397,000	67.28%
2031	715,000	325,000	1,040,000	10,437,000	74.73%
2032	160,000	345,000	505,000	10,942,000	78.34%
2033	165,000	360,000	525,000	11,467,000	82.10%
2034	150,000	375,000	525,000	11,992,000	85.86%
2035	155,000	165,000	320,000	12,312,000	88.15%
2036	0	175,000	175,000	12,487,000	89.40%
2037	0	185,000	185,000	12,672,000	90.73%
2038	0	195,000	195,000	12,867,000	92.12%
2039	0	200,000	200,000	13,067,000	93.56%
2040	0	210,000	210,000	13,277,000	95.06%
2041	0	220,000	220,000	13,497,000	96.63%
2042	0	230,000	230,000	13,727,000	98.28%
2043	0	240,000	240,000	13,967,000	100.00%
Total	\$9,127,000	\$4,840,000	\$13,967,000		

Note: (1) Source: the City. For term notes, mandatory redemption amounts are shown.
 (2) Subject to change.

Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2022..... \$337,246,681
 City Taxable Value, January 1, 2022 \$186,019,394

	Total	Applicable		Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2020 Pop. 4,527)
		Percent	Amount			
Direct Bonded Debt(3).....	\$13,967,000	100.00%	\$13,967,000	4.14%	7.51%	\$ 3,085.27
Less: Direct Debt paid from other sources ...	(4,809,220)	100.00%	(4,809,220)	(1.43%)	(2.59%)	(1,062.34)
Total Net Direct Debt(3).....	\$ 9,157,780		\$ 9,157,780	2.71%	4.92%	\$ 2,022.92
Overlapping Debt:						
Mount Vernon Community School District....	\$13,425,000	47.93%	\$ 6,434,603	1.91%	3.46%	\$ 1,421.38
Kirkwood Community College(4)	47,395,233	0.60%	284,371	0.08%	0.15%	62.82
Linn County	56,780,927	1.36%	772,221	0.23%	0.42%	170.58
Total Applicable Overlapping Bonded Debt			\$ 7,491,195	2.22%	4.03%	\$ 1,654.78
Total Direct and Overlapping Bonded Debt(3)			\$16,648,975	4.93%	8.95%	\$ 3,677.71

Per Capita Actual Value \$74,496.73
 Per Capita Taxable Value..... \$41,091.10

- Notes: (1) Source: the City, Audited Financial Statements and Treasurer of the State of Iowa - Outstanding Obligations Report, debt as of June 30, 2022 for the School District, Community College and County.
 (2) As of the date of issuance for the Direct Bonded Debt and June 30, 2022 for Overlapping Debt.
 (3) Subject to change.
 (4) Excludes \$43,925,000 in Industrial New Jobs Training Certificates, which are expected to be paid by proceeds from anticipated job credits from withholding taxes.

TIF - backed Development Agreements

From time to time the City, pursuant to Section 403.9 of the Iowa Code and the Issuer’s urban renewal plans, has entered into Development Agreements which contain payment obligations from the Issuer to an external party. The Issuer’s payment requirements under these contracts are not structured as general liabilities of the Issuer, but rather are exclusively secured by and payable from a pledge of the City’s incremental property tax revenues (TIF) to be derived from the taxable properties (or some subset thereof) contained within an urban renewal area of the Issuer pursuant to Section 403.19 of the Iowa Code. The City’s payment obligation under these contracts are routinely contingent upon development or redevelopment performance requirements of the external party and are typically made subject to annual appropriation rights by the City Council. TIF Payments under these contracts are typically due and owing semi-annually on December 1 and June 1 of each fiscal year of the City.

The following table contains information regarding the City’s more significant Development Agreements, each subject to annual appropriation by the City:

Agreement Date	Project Description	Maximum Remaining Payment Amount (as of 6/30/23)	Last Payment Date
2/21/18	Spring Meadow Phase I	\$675,000	6/1/30
3/20/18	Stonebrook Phase I & II	944,804	6/1/31

PROPERTY ASSESSMENT AND TAX INFORMATION

Property Tax Assessment

In compliance with Section 441.21 of the Iowa Code, the Director 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. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property and commercial 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 Assessed or 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)(2)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Residential</u>	<u>Ag Land & Buildings</u>	<u>Commercial & Industrial</u>
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%
2020/21.....	55.0743%	71.2500%	81.4832%	90.0000%
2021/22.....	56.4094%	67.5000%	84.0305%	90.0000%
2022/23.....	54.1302%	63.7500%	89.0412%	90.0000%
2023/24.....	54.6501%	N/A	91.6430%	90.0000%
2024/25.....	46.3428%	N/A	71.8370%	90.0000%

- Notes: (1) Source: the Iowa Department of Revenue.
 (2) In assessment year 2023 (applicable to fiscal year 2024/25 valuations), the taxable value rollback rate is 46.3428% of actual value for residential property; 71.8370% of actual value for agricultural property and 100.0000% of the actual value of utility property. The residential taxable rollback rate of 46.3428% applies to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000), with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars (\$150,000).

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2022, are used to calculate tax liability for the tax year starting July 1, 2023 through June 30, 2024.

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.

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

Property Class	Fiscal Year:	2020/21	2021/22	2022/23	2023/24	2024/25
	Levy Year:	2019	2020	2021	2022	2023
Residential		\$223,265,900	\$229,229,400	\$263,936,000	\$283,019,665	\$358,357,700
Agricultural		1,812,909	1,771,452	1,806,813	1,778,261	2,320,801
Commercial		32,246,705	32,429,255	31,823,205	31,919,735	37,722,200
Industrial		901,200	901,200	880,900	903,400	1,200,800
Multi-residential(3)		8,980,095	9,179,745	9,895,795	0	0
Railroad		2,159,273	2,258,847	2,405,650	2,577,094	2,658,303
Utilities without Gas and Electric		624,372	627,468	452,810	177,783	174,051
Gas and Electric Utilities		17,844,299	16,907,016	16,794,266	16,886,088	17,470,950
Other		64,190	160,748	137,187	0	0
Less: Military Exemption		(200,016)	(192,608)	(181,496)	(170,384)	(1,302,250)
Total		\$287,698,927	\$293,272,523	\$327,951,130	\$337,091,642	\$418,602,555
Percent Change +/-		6.06%(4)	1.94%	11.82%	2.79%	24.18%

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

January 1:	2019	2020	2021	2022	2023
TIF Valuation	\$19,755,363	\$27,028,447	\$29,204,193	\$35,959,299	\$52,683,908

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.
 (4) Based on 2018 Actual Valuation of \$271,252,797.

For the January 1, 2023 levy year, the City's Taxable Valuation was comprised of approximately 83% residential, 14% commercial, 1% agriculture, 1% utilities, 1% railroads and less than 1% industrial and military exemption.

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

Property Class	Fiscal Year:	2020/21	2021/22	2022/23	2023/24	2024/25
	Levy Year:	2019	2020	2021	2022	2023
Residential		\$122,962,100	\$129,306,887	\$142,869,020	\$154,670,583	\$166,072,990
Agricultural		1,452,198	1,462,889	1,593,774	1,616,695	1,614,171
Commercial		29,022,036	29,186,331	28,640,886	24,347,852	28,245,843
Industrial		811,080	811,080	792,810	707,010	949,749
Multi-residential(3)		6,398,331	6,196,350	6,308,578	0	0
Railroad		1,943,346	2,032,962	2,165,085	2,316,370	2,388,750
Utilities without Gas and Electric		624,372	618,363	452,810	177,783	174,051
Gas and Electric Utilities		2,534,245	2,382,152	2,376,430	2,353,485	2,283,696
Less: Military Exemption		(200,016)	(192,608)	(181,496)	(170,384)	(1,302,250)
Total		\$165,547,692	\$171,804,406	\$185,017,897	\$186,019,394	\$200,427,000
Percent Change +/-		3.66%(4)	3.78%	7.69%	0.54%	7.75%

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

January 1:	2019	2020	2021	2022	2023
TIF Valuation	\$19,755,363	\$27,028,447	\$29,204,193	\$35,959,299	\$37,320,782

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.
 (4) Based on 2018 Taxable Valuation of \$159,701,629.

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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
2013	2014-15	\$1,625,193	\$1,663,695	102.37%
2014	2015-16	1,643,313	1,676,433	102.02%
2015	2016-17	1,653,815	1,658,629	100.29%
2016	2017-18	1,724,036	1,750,198	101.52%
2017	2018-19	1,766,009	1,794,962	101.64%
2018	2019-20	1,818,990	1,821,125	100.12%
2019	2020-21	1,857,003	1,918,864	103.33%
2020	2021-22	1,847,172	1,878,851	101.72%
2021	2022-23	1,989,055	2,022,256	101.67%
2022	2023-24	1,926,655	---	--- In Collection ---

- Notes: (1) Source: the State of Iowa Department of Management and the City. Does not include Levies or Collections for Utility Replacement.
 (2) Includes delinquent taxes.

Principal Taxpayers(1)

Taxpayer Name	Business/Service	Levy Year 2022 Taxable Valuation(2)
Lynch Properties LC	Auto Dealership	\$ 2,217,765
PAA-320 LLC	Auto Dealership	1,459,605
ANAH LLC	Real Estate	1,453,936
Mercy Physician Services Inc.	Healthcare	1,287,075
Mount Vernon Bank and Trust Co.	Financial Institution	1,265,679
Hills Bank	Financial Institution	1,246,035
ABCM Corporation	Healthcare	1,007,530
Cornell College	Higher Education	961,132
Central Iowa Health Properties	Healthcare	870,375
Dietrich Lucille D Rev Trust	Individual	732,315
Total		\$12,501,447
Ten Largest Taxpayers as Percent of City's 2022 Taxable Valuation (\$186,019,394)		6.72%

- 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. 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 2018 through levy year 2022 are shown below:

Property Tax Rates(1)(2)
 (Per \$1,000 Actual Valuation)

Fiscal Year:	2019/20	2020/21	2021/22	2022/23	2023/24
Levy Year:	2018	2019	2020	2021	2022
City:					
General Fund	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000
Emergency Levy	0.27000	0.27000	0.27000	0.27000	0.27000
Debt Service Fund	0.32213	0.48380	0.39794	0.35764	0.00000
Employee Benefits	2.30135	2.67881	2.74224	2.64557	3.03826
Capital Improvement	0.67500	0.67500	0.67500	0.67500	0.67500
Other	1.32891	0.78961	0.81426	0.95085	1.07165
Total City	\$12.99739	\$12.99722	\$12.99944	\$12.99906	\$13.15491
Linn County	\$ 5.83902	\$ 6.40442	\$ 6.24304	\$ 5.84664	\$ 5.95691
Mount Vernon Community School District	18.41273	17.89259	17.89259	17.35216	17.54260
Kirkwood Community College	1.21331	1.25730	1.31195	1.34462	1.39550
Other	0.34287	0.32584	0.32168	0.32171	0.32477
Total Tax Rate	\$38.80532	\$38.87737	\$38.76870	\$37.86419	\$38.37469

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

Tax Levy Procedures

The Notes are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable real property within the corporate limits of 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 real property within the corporate limits of 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 Notes for a particular fiscal year may cause Note holders to experience delay in the receipt of distributions of principal of and/or interest on the Notes. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (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 Notes) may have to be enforced from year to year.

Notwithstanding the foregoing, Iowa Code section 76.2 provides when an Iowa political subdivision issues general obligation 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, natural gas and rate-regulated water utilities (“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 Notes. Approximately 1% of the City’s levy year 2023 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 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 used for this type of TIF district in the City for levy year 2023 is \$37,320,782.

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.

Property Tax Legislation

Over time, the Iowa Legislature has modified the process and calculation of taxable valuations for various classifications of property. For example, in 2013 maximum annual taxable value growth due to revaluation of residential and agricultural property was reduced from 4% to 3%, rollback calculations were modified, a new multi-residential classification was created, and an appropriation made to replace some lost tax revenue due to rollbacks. In 2019, the process for hearings on total maximum property tax dollars under certain levies in the City's budget was modified and a super-majority vote required to raise taxes above a prescribed formula. In 2021, the multi-residential classification was removed, and a phase out of the appropriation for rollback initiated. In 2023, SF 181 was signed into law by the Governor on February 20, 2023, effective upon enactment. SF 181 reduced the residential rollback for the 2022 assessment year (affecting Fiscal Year 2023/24) from 56.4919% to 54.6501%. This resulted in a reduction in taxable valuation in the residential, commercial, industrial and railroad property classes upon which the City levies property taxes for Fiscal Year 2023/24.

On May 4, 2023, the Governor signed House File 718 ("HF 718"), a property tax reform law aimed at reducing property tax growth in Iowa. Among other things, HF 718 permanently consolidates several existing city property tax levies and creates a new adjusted city general fund levy ("ACGFL"). To control the growth of property taxes, the new ACGFL is subject to potential limitation or reduction by constraining growth by 2% or 3% each year depending on if certain growth triggers are met or exceeded during the prior year. The levy limitation is only applicable Fiscal Year 2024/25 through Fiscal Year 2027/28 and will be specific to each city. For Fiscal Year 2023/24, the City will calculate the new ACGFL as the baseline rate and the first annual ACGFL adjustment will begin Fiscal Year 2024/25. The ACGFL rates for Fiscal Years 2024/25 through 2027/28 are based on growth in city taxed value and the previous year's city tax rate. Beginning in Fiscal Year 2028/29, all cities go to a \$8.10 ACGFL maximum and the levy limitation calculation ceases. Certain levies like debt service, pensions, employee benefits and capital improvement reserve fund are not included in the new ACGFL limitation. The City's recent property valuation growth has, on average, not exceeded the new legislative caps, but if it did, the City's general fund levies will lag its relative valuation growth.

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 standing appropriations or the future tax collections of the City. Purchasers of the Notes 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 Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Notwithstanding any modifications to property tax revenues that may result from prior or any pending or future legislation, the Notes are secured by an unlimited ad valorem property tax. See "**SECURITY AND SOURCE OF PAYMENT**" herein.

FINANCIAL INFORMATION

Financial Reports

The City's financial statements are audited annually by certified public accountants. The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. 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, 2023 (the "2023 Audit"). The 2023 Audit has been prepared by Gronewold, Bell, Kyhmn & Co. P.C., Certified Public Accountants, Atlantic, 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 2023 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2023 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2023 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 2023 Audit. Questions or inquiries relating to financial information of the City since the date of the 2023 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 2023 Audit. The City's expects its General Fund balance for the fiscal year ending June 30, 2024 to decrease by approximately \$759,000. The City has approved a budget for fiscal year 2025 with an anticipated decrease to the General Fund balance of approximately \$168,000.

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**Cash Basis Statement of Activities and Net Position
 Governmental Activities(1)**

	Audited Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Functions/Programs:					
Governmental Activities:					
Public Safety	\$(1,485,219)	\$ (950,518)	\$ (994,775)	\$ (965,403)	\$(1,138,451)
Public Works	29,716	(169,360)	83,227	(115,673)	(96,598)
Culture and Recreation	(418,618)	(565,801)	399,088	(574,194)	(773,465)
Community and Economic Development	(83,863)	(179,870)	(79,149)	(135,608)	(231,256)
General Government	(374,359)	(508,263)	(492,701)	(527,269)	(600,779)
Debt Service	(1,033,505)	(3,405,712)	(1,351,099)	(1,357,120)	(1,426,287)
Capital Projects	(1,752,062)	(6,682,234)	(1,926,852)	10,129	(1,349,137)
Total Governmental Activities	<u>\$(5,117,910)</u>	<u>\$(12,461,758)</u>	<u>\$(4,362,261)</u>	<u>\$(3,665,138)</u>	<u>\$(5,615,973)</u>
General Receipts and Transfers:					
Property and Other City Tax Levied for:					
General Purposes	\$ 1,797,940	\$ 1,823,334	\$ 1,924,060	\$ 1,814,495	\$ 1,958,915
Debt Service	0	0	0	68,491	65,774
Tax Increment Financing	601,518	551,727	655,288	881,333	934,684
Local Option Sales Tax	587,106	662,783	731,349	886,941	744,437
Utility Franchise Fees	119,018	263,059	251,278	298,153	328,967
Hotel/Motel Taxes	71,618	58,397	58,714	68,612	74,134
Grants and Contributions not Restricted to					
Specific Purposes	23,777	47,259	15,256	22,738	7,413
Commercial/Industrial Tax Replacement	35,025	36,642	35,277	34,171	30,364
Unrestricted Interest on Investments	114,151	83,362	25,511	22,943	206,949
Rents Received	0	81,372	78,345	82,705	81,298
Proceeds from Note Issuance	5,000,000	4,303,821	184,559	12,948	1,500,000
Premium on Notes	26,418	0	0	0	4,995
Miscellaneous	115,171	88,786	79,866	129,257	140,370
Sale of Capital Assets	0	57,368	31,932	47,415	10,495
Transfers	345,455	693,802	(28,309)	91,808	50,819
Total General Receipts and Transfers	<u>\$ 8,837,197</u>	<u>\$ 8,751,712</u>	<u>\$ 4,043,126</u>	<u>\$ 4,462,010</u>	<u>\$ 6,139,614</u>
Change In Cash Basis Net Position	\$ 3,719,287	\$ (3,710,046)	\$ (319,135)	\$ 796,872	\$ 523,641
Cash Basis Net Position Beginning of Year	<u>\$ 5,964,454</u>	<u>\$ 9,683,741</u>	<u>\$ 5,973,695</u>	<u>\$ 5,654,560</u>	<u>\$ 6,451,432</u>
Cash Basis Net Position End of Year	<u>\$ 9,683,741</u>	<u>\$ 5,973,695</u>	<u>\$ 5,654,560</u>	<u>\$ 6,451,432</u>	<u>\$ 6,975,073</u>
Cash Basis Net Position:					
Restricted:					
Nonexpendable:					
Cemetery Perpetual Care	\$ 90,895	\$ 92,995	\$ 94,035	\$ 96,275	\$ 101,125
Expendable:					
Urban Renewal	547,830	580,432	438,657	533,685	445,501
Streets	424,886	263,201	331,799	420,519	375,663
Debt Service	207,783	183,066	126,771	8,009	8,875
Other Purposes	6,609,843	2,834,691	1,736,062	2,479,769	2,398,971
Unrestricted	<u>1,802,504</u>	<u>2,019,310</u>	<u>2,927,236</u>	<u>2,913,175</u>	<u>3,644,938</u>
Total Cash Basis Net Position	<u>\$ 9,683,741</u>	<u>\$ 5,973,695</u>	<u>\$ 5,654,560</u>	<u>\$ 6,451,432</u>	<u>\$ 6,975,073</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2019 - 2023.

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**Statement of Cash Receipts, Disbursements and Changes in Cash Balances
 General Fund(1)**

	Audited Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Receipts:					
Property Tax.....	\$1,154,198	\$1,170,029	\$1,230,183	\$1,202,630	\$ 1,296,224
Other City Tax.....	193,614	323,664	314,199	370,889	405,527
Licenses and Permits.....	59,935	20,082	18,643	21,737	19,108
Use of Money and Property.....	131,278	114,550	98,315	102,355	182,803
Intergovernmental.....	56,542	85,526	988,095	110,811	117,871
Charges for Services.....	167,361	106,452	249,680	579,005	556,050
Miscellaneous.....	117,736	125,308	86,460	136,120	130,075
Total Receipts.....	<u>\$1,880,664</u>	<u>\$1,945,611</u>	<u>\$2,985,575</u>	<u>\$2,523,547</u>	<u>\$ 2,707,658</u>
Disbursements:					
Operating:					
Public Safety.....	\$ 979,239	\$1,024,297	\$1,249,888	\$1,396,933	\$ 1,587,376
Culture and Recreation.....	575,989	658,886	539,901	799,215	982,363
Community and Economic Development.....	83,863	179,870	78,649	132,508	230,008
General Government.....	410,636	431,496	449,489	452,741	502,668
Total Disbursements.....	<u>\$2,049,727</u>	<u>\$2,294,549</u>	<u>\$2,317,927</u>	<u>\$2,781,397</u>	<u>\$ 3,302,415</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements.....	\$ (169,063)	\$ (348,938)	\$ 667,648	\$ (257,850)	\$ (594,757)
Other Financing Sources (Uses):					
Sale of Capital Assets.....	\$ 0	\$ 19,557	\$ 28,322	\$ 14,993	\$ 3,088
Transfers In.....	372,732	414,049	519,422	593,245	645,542
Transfers Out.....	(17,522)	(133,859)	(434,176)	(390,320)	(1,000,141)
Total Other Financing Sources (Uses).....	<u>\$ 355,210</u>	<u>\$ 299,747</u>	<u>\$ 113,568</u>	<u>\$ 217,918</u>	<u>\$ (351,511)</u>
Change in Cash Balance.....	\$ 186,147	\$ (49,191)	\$ 781,216	\$ (39,932)	\$ (946,268)
Cash Balance Beginning of Year.....	<u>\$1,780,008</u>	<u>\$1,966,155</u>	<u>\$1,916,964</u>	<u>\$2,698,180</u>	<u>\$ 2,658,248</u>
Cash Balance End of Year.....	<u>\$1,966,155</u>	<u>\$1,916,964</u>	<u>\$2,698,180</u>	<u>\$2,658,248</u>	<u>\$ 1,711,980</u>
Cash Basis Fund Balance:					
Restricted for:					
Other Purposes.....	\$ 14,714	\$ 21,115	\$ 29,512	\$ 34,858	\$ 36,869
Unassigned.....	1,951,441	1,895,849	2,668,668	2,623,390	1,675,111
Total Cash Basis Fund Balance.....	<u>\$1,966,155</u>	<u>\$1,916,964</u>	<u>\$2,698,180</u>	<u>\$2,658,248</u>	<u>\$ 1,711,980</u>

Note: (1) Source: The City's audited financial statements for fiscal years ending June 30, 2019 - 2023.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B – DESCRIBING BOOK-ENTRY-ONLY ISSUANCE** for information on registration, transfer and exchange of book-entry notes. The Notes will be initially issued as book-entry notes.

The City shall cause books for the registration and for the transfer of the Notes to be kept at the principal office maintained for the purpose by UMB Bank, n.a., West Des Moines, Iowa (the “Note Registrar”). The City will authorize to be prepared, and the Note Registrar shall keep custody of, multiple note blanks executed by the City for use in the transfer and exchange of Notes.

Any Note 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 Resolution. Upon surrender for transfer or exchange of any Note at the principal office maintained for the purpose by the Note Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the City shall execute and the Note 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 Note 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 Note shall constitute full and due authorization of such Note, and the Note Registrar shall thereby be authorized to authenticate, date and deliver such Note, provided, however, the principal amount of outstanding Notes of each maturity authenticated by the Note Registrar shall not exceed the authorized principal amount of Notes for such maturity less Notes previously paid.

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

The person in whose name any Note 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 Notes 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 Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Notes, but the City or the Note 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 Notes except in the case of the issuance of a Note or Bonds for the unredeemed portion of a note surrendered for redemption.

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note proceeds and facilities financed with Note 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 Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Notes is excludable from gross income for federal income tax purposes. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Prospective purchasers of the Notes should be aware that ownership of the Notes 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 Notes should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Notes is not exempt from present Iowa income taxes. Ownership of the Notes 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 Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

Qualified Tax Exemption Obligations

The Issuer intends to designate the Notes as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"). Actions, or inactions, by the Issuer in the future could affect the designation, which could also affect the pricing and marketability of the Notes. Purchasers should consult with their own tax advisors with respect to the implications of this designation.

Discount and Premium Notes

The initial public offering price of certain Notes may be less than the amount payable on such Notes at maturity (“Discount Notes”). Purchasers of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes 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 Notes may be greater than the amount of such Notes at maturity (“Premium Notes”). Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

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 Notes. 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 and with respect to the various state tax consequences of an investment in Notes.

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. To the best of the City’s knowledge, no obligations of the City are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes 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 Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note 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 Note 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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa General Assembly. Court proceedings may also be filed, the outcome of which could modify the tax treatment. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest or other income on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

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 notes, 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

There is no trustee or similar person to monitor or enforce the terms of the Resolution. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (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) may have to be enforced from year to year.

The owners of the Notes cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Notes. In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the City with respect to the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

The Opinion

The **FORM OF LEGAL OPINION**, in substantially the form set out in **APPENDIX C** to this Preliminary Official Statement, will be delivered at closing.

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, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. 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.

Bond Counsel Review

Bond Counsel has approved the language describing the Iowa and Federal law pertinent to the validity of and the tax-exempt status of interest on the Notes included in this "**TAX MATTERS**" Section but has not otherwise participated in the preparation of this Preliminary Official Statement 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 Preliminary Official Statement, and will express no opinion with respect thereto.

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

CONTINUING DISCLOSURE

For the purpose of complying with paragraph (b)(5) of 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 Notes to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the “Disclosure Covenants”). 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 covenant is being made by the City to assist the Underwriter(s) in complying with the Rule.

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

Pursuant to the Rule, in the last five years, the City believes it has complied in all material respects with regard to its prior Disclosure Covenants.

Bond Counsel expresses no opinion as to whether the Disclosure Covenants comply with the requirements of Section (b)(5) of the Rule.

OPTIONAL REDEMPTION

Notes due June 1, 2025 - 2032 inclusive, are not subject to optional redemption. Notes due June 1, 2033 - 2043, inclusive, are subject to optional redemption in whole or in part on any date on or after June 1, 2032, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Notes to be called has been reached. If less than all of the Notes of any like maturity are to be redeemed, the particular part of those Notes to be redeemed shall be selected by the Registrar by lot. The Notes may be called in part in one or more units of \$5,000.

If less than the entire principal amount of any Note in a denomination of more than \$5,000 is to be redeemed, the Bond Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Note, a new Note or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Note. Notice of such redemption as aforesaid identifying the Note or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or mailed by certified mail to the registered owners thereof at the addresses shown on the City’s registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Note Registrar of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Notes so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Notes called for redemption in the same manner as the original redemption notice was sent.

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 Note. Failure to give written notice to any registered owner of the Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Notes. All Notes 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 Notes, or in any way contesting or affecting the validity of the Notes 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 Notes 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 tax status of interest on the Notes discussed in the “**TAX MATTERS**” section, 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 Notes 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 Notes 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 Notes 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 Notes. 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 Notes. 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 Notes 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.

UNDERWRITING

The Notes were offered for sale by the City at a public, competitive sale on Monday, May 6, 2024. The best bid submitted at the sale was submitted by _____ (the “Underwriter”). The City awarded the contract for sale of the Notes 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 Notes have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Notes may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Notes subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Notes at the request of the holder thereof.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Notes. 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 Notes. 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 Notes. 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.

MISCELLANEOUS

Brief descriptions or summaries of the City, the Notes, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Notes, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Notes included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents, and the description herein of the Notes is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the City.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Notes.

The attached **APPENDICES A, B, C, and D** are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such numbers on any Notes nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Notes.

The City has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the City.

/s/ **CHRIS NOSBISCH**
City Administrator
CITY OF MOUNT VERNON
Linn County, Iowa

/s/ **THOMAS WIESELER**
Mayor
CITY OF MOUNT VERNON
Linn County, Iowa

APPENDIX A

**CITY OF MOUNT VERNON
LINN COUNTY, IOWA**

FISCAL YEAR 2023 AUDITED FINANCIAL STATEMENTS

CITY OF MOUNT VERNON, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2023

CITY OF MOUNT VERNON, IOWA
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CITY OF MOUNT VERNON, IOWA
OFFICIALS
June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Wieseler	Mayor	January, 2024
Scott Rose	Mayor Pro-Tem	January, 2024
Craig Engel	Council Member	January, 2024
Deb Hermann	Council Member	January, 2024
Paul Tuerler	Council Member	January, 2026
Stephanie West	Council Member	January, 2026
Chris Nosbisch	City Administrator	Indefinite
Sue Ripke (Resigned December, 2022)	City Clerk	
Marsha Dewell (Appointed January, 2023)	City Clerk	Indefinite
Lynch Dallas	City Attorney	Indefinite

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER
DUSTIN T. VEENSTRA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Mount Vernon, as of June 30, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

To the Honorable Mayor and
Members of the City Council

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

To the Honorable Mayor and
Members of the City Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mount Vernon's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the year ended June 30, 2022 (which is not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The financial statements for the eight years ended June 30, 2021 (which are not presented herein), were audited by other auditors whose reports expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 and 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 and 2 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions on pages 29 through 33, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2023 on our consideration of the City of Mount Vernon'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'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 Mount Vernon's internal control over financial reporting and compliance.

Granewald, Bell, Kyhn & Co. P.C.s
Atlantic, Iowa
October 17, 2023

CITY OF MOUNT VERNON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2023

	<u>Disbursements</u>	<u>Program Receipts</u>	
		<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 1,587,376	\$ 353,255	\$ 95,670
Public works	724,564	--	627,966
Culture and recreation	982,363	208,148	750
Community and economic development	236,256	--	5,000
General government	618,737	17,958	--
Debt service	1,426,287	--	--
Capital projects	1,764,633	--	--
Total governmental activities	<u>7,340,216</u>	<u>579,361</u>	<u>729,386</u>
Business type activities:			
Storm water	78,093	82,105	--
Water	791,457	823,976	--
Sewer	784,673	811,962	--
Solid waste	630,243	525,516	2,040
Wellness/fitness center	549,963	362,157	--
Total business type activities	<u>2,834,429</u>	<u>2,605,716</u>	<u>2,040</u>
Total	<u>\$ 10,174,645</u>	<u>\$ 3,185,077</u>	<u>\$ 731,426</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Utility franchise fees			
Hotel/motel taxes			
Grants and contributions not restricted to specific purposes			
Commercial/industrial tax replacement			
Unrestricted interest on investments			
Rents received			
Proceeds from note issuance			
Premium on notes			
Miscellaneous			
Sales of capital assets			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$(1,138,451)	\$ --	\$(1,138,451)
--	(96,598)	--	(96,598)
--	(773,465)	--	(773,465)
--	(231,256)	--	(231,256)
--	(600,779)	--	(600,779)
--	(1,426,287)	--	(1,426,287)
415,496	(1,349,137)	--	(1,349,137)
<u>415,496</u>	<u>(5,615,973)</u>	<u>--</u>	<u>(5,615,973)</u>
--	--	4,012	4,012
--	--	32,519	32,519
--	--	27,289	27,289
--	--	(102,687)	(102,687)
--	--	(187,806)	(187,806)
--	--	<u>(226,673)</u>	<u>(226,673)</u>
<u>\$ 415,496</u>	<u>(5,615,973)</u>	<u>(226,673)</u>	<u>(5,842,646)</u>
	1,958,915	--	1,958,915
	65,774	--	65,774
	934,684	--	934,684
	744,437	--	744,437
	328,967	--	328,967
	74,134	--	74,134
	7,413	--	7,413
	30,364	--	30,364
	206,949	20,435	227,384
	81,298	32,663	113,961
	1,500,000	--	1,500,000
	4,995	--	4,995
	140,370	31,731	172,101
	10,495	8,721	19,216
	50,819	(50,819)	--
	<u>6,139,614</u>	<u>42,731</u>	<u>6,182,345</u>
	523,641	(183,942)	339,699
	<u>6,451,432</u>	<u>794,934</u>	<u>7,246,366</u>
	<u>\$ 6,975,073</u>	<u>\$ 610,992</u>	<u>\$ 7,586,065</u>

CITY OF MOUNT VERNON, IOWA
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2023

	<u>Disbursements</u>	<u>Program Receipts</u>	
		Charges for Services	Operating Grants, Contributions, and Restricted Interest
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Expendable:			
Urban renewal			
Streets			
Debt service			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 101,125	\$ --	\$ 101,125
	445,501	--	445,501
	375,663	--	375,663
	8,875	--	8,875
	2,398,971	--	2,398,971
	<u>3,644,938</u>	<u>610,992</u>	<u>4,255,930</u>
	<u>\$ 6,975,073</u>	<u>\$ 610,992</u>	<u>\$ 7,586,065</u>

CITY OF MOUNT VERNON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2023

	<u>General</u>	<u>Special Revenue Urban Renewal Tax Increment</u>	<u>Debt Service</u>
Receipts:			
Property tax	\$ 1,296,224	\$ --	\$ 65,774
Tax increment financing	--	934,684	--
Other city tax	405,527	--	6
Licenses and permits	19,108	--	--
Use of money and property	182,803	2,994	--
Intergovernmental	117,871	--	986
Charges for services	556,050	--	--
Miscellaneous	130,075	--	--
Total receipts	<u>2,707,658</u>	<u>937,678</u>	<u>66,766</u>
Disbursements:			
Operating:			
Public safety	1,587,376	--	--
Public works	--	--	--
Culture and recreation	982,363	--	--
Community and economic development	230,008	--	--
General government	502,668	--	--
Debt service	--	--	1,426,287
Capital projects	--	--	--
Total disbursements	<u>3,302,415</u>	<u>--</u>	<u>1,426,287</u>
Excess (deficiency) of receipts over (under) disbursements	(594,757)	937,678	(1,359,521)
Other financing sources (uses):			
Proceeds from note issuance	--	--	--
Premium on notes	--	--	--
Sales of capital assets	3,088	--	--
Transfers in	645,542	--	1,360,387
Transfers out	(1,000,141)	(1,025,862)	--
Total other financing sources (uses)	<u>(351,511)</u>	<u>(1,025,862)</u>	<u>1,360,387</u>
Change in cash balances	(946,268)	(88,184)	866
Cash balances beginning of year	<u>2,658,248</u>	<u>533,685</u>	<u>8,009</u>
Cash balances end of year	<u>\$ 1,711,980</u>	<u>\$ 445,501</u>	<u>\$ 8,875</u>

(continued next page)

<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 104,344	\$ 555,914	\$ 2,022,256
--	--	934,684
744,437	--	1,149,970
--	--	19,108
113,448	--	299,245
415,161	636,303	1,170,321
--	--	556,050
<u>1,900</u>	<u>13,939</u>	<u>145,914</u>
<u>1,379,290</u>	<u>1,206,156</u>	<u>6,297,548</u>
--	--	1,587,376
--	724,564	724,564
--	--	982,363
--	6,248	236,256
--	116,069	618,737
--	--	1,426,287
<u>1,764,633</u>	<u>--</u>	<u>1,764,633</u>
<u>1,764,633</u>	<u>846,881</u>	<u>7,340,216</u>
(385,343)	359,275	(1,042,668)
1,500,000	--	1,500,000
4,995	--	4,995
--	7,407	10,495
1,022,815	137,274	3,166,018
<u>(612,413)</u>	<u>(476,783)</u>	<u>(3,115,199)</u>
<u>1,915,397</u>	<u>(332,102)</u>	<u>1,566,309</u>
1,530,054	27,173	523,641
<u>2,369,201</u>	<u>882,289</u>	<u>6,451,432</u>
<u>\$ 3,899,255</u>	<u>\$ 909,462</u>	<u>\$ 6,975,073</u>

CITY OF MOUNT VERNON, IOWA
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES - Continued
 GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2023

	General	Special Revenue Urban Renewal Tax Increment	Debt Service
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Urban renewal	--	445,501	--
Streets	--	--	--
Debt service	--	--	8,875
Other purposes	36,869	--	--
Assigned for:			
Capital projects	--	--	--
Unassigned	1,675,111	--	--
Total cash basis fund balances	\$ 1,711,980	\$ 445,501	\$ 8,875

The accompanying notes are an integral part of these statements.

<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ 101,125	\$ 101,125
--	--	445,501
--	375,663	375,663
--	--	8,875
1,929,428	432,674	2,398,971
1,969,827	--	1,969,827
<u>--</u>	<u>--</u>	<u>1,675,111</u>
<u>\$ 3,899,255</u>	<u>\$ 909,462</u>	<u>\$ 6,975,073</u>

CITY OF MOUNT VERNON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2023

	Enterprise	
	Water	Sewer
Operating receipts:		
Intergovernmental	\$ --	\$ --
Charges for services	823,976	811,962
Miscellaneous	27,298	589
Total operating receipts	851,274	812,551
Operating disbursements:		
Business type activities	791,457	687,536
Excess (deficiency) of operating receipts over (under) operating disbursements	59,817	125,015
Non-operating receipts (disbursements):		
Use of money and property	14,447	2,994
Capital projects	--	(97,137)
Net non-operating receipts (disbursements)	14,447	(94,143)
Excess (deficiency) of receipts over (under) disbursements	74,264	30,872
Other financing sources (uses):		
Sales of capital assets	2,907	2,907
Transfers in	50,000	50,000
Transfers out	(135,998)	(214,821)
Total other financing sources (uses)	(83,091)	(161,914)
Change in cash balances	(8,827)	(131,042)
Cash balances beginning of year	491,901	296,024
Cash balances end of year	\$ 483,074	\$ 164,982
Cash Basis Fund Balances		
Unrestricted	\$ 483,074	\$ 164,982

The accompanying notes are an integral part of these statements.

Enterprise			
Solid Waste	Wellness/ Fitness Center	Nonmajor Storm Water	Total
\$ 2,040	\$ --	\$ --	\$ 2,040
525,516	362,157	82,105	2,605,716
<u>63</u>	<u>3,758</u>	<u>23</u>	<u>31,731</u>
527,619	365,915	82,128	2,639,487
<u>630,243</u>	<u>549,963</u>	<u>78,093</u>	<u>2,737,292</u>
(102,624)	(184,048)	4,035	(97,805)
2,994	32,663	--	53,098
<u>--</u>	<u>--</u>	<u>--</u>	<u>(97,137)</u>
<u>2,994</u>	<u>32,663</u>	<u>--</u>	<u>(44,039)</u>
(99,630)	(151,385)	4,035	(141,844)
2,907	--	--	8,721
<u>--</u>	<u>200,000</u>	<u>--</u>	<u>300,000</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>(350,819)</u>
<u>2,907</u>	<u>200,000</u>	<u>--</u>	<u>(42,098)</u>
(96,723)	48,615	4,035	(183,942)
<u>106,075</u>	<u>(26,314)</u>	<u>(72,752)</u>	<u>794,934</u>
<u>\$ 9,352</u>	<u>\$ 22,301</u>	<u>\$(68,717)</u>	<u>\$ 610,992</u>
<u>\$ 9,352</u>	<u>\$ 22,301</u>	<u>\$(68,717)</u>	<u>\$ 610,992</u>

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mount Vernon, Iowa is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, storm water, and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Mount Vernon 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. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Linn County E911 Service Board and Linn County Emergency Management.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statement

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The remaining enterprise fund is reported as a nonmajor enterprise fund.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from the general levy and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Solid Waste Fund accounts for the costs associated with solid waste removal which is funded through user fees.

The Enterprise, Wellness/Fitness Center Fund accounts for the costs associated with the operation and maintenance of the City's wellness and fitness center.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects tax asking contained in the budget certified to the City Council in March 2022.

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

Nonspendable - Amounts which cannot be spent 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 are imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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.

The City had no 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.

NOTE 3 - BONDS, NOTES AND LEASE PAYABLE

A summary of changes in bonds, notes and lease payable for the year ended June 30, 2023 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds and Notes	\$8,681,000	\$1,500,000	\$1,054,000	\$ 9,127,000	\$1,190,000
Lease agreement	<u> --</u>	<u> 93,816</u>	<u> --</u>	<u> 93,816</u>	<u> 29,403</u>
Governmental activities total	<u>\$8,681,000</u>	<u>\$1,593,816</u>	<u>\$1,054,000</u>	<u>\$ 9,220,816</u>	<u>\$1,219,403</u>
Business type activities:					
Sewer Revenue Notes - Direct Borrowing	<u>\$1,539,000</u>	<u>\$ --</u>	<u>\$ 78,000</u>	<u>\$ 1,461,000</u>	<u>\$ 80,000</u>

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - BONDS, NOTES AND LEASE PAYABLE - Continued

General Obligation Bonds and Notes

A summary of the City's June 30, 2023 general obligation bonds and notes payable is as follows:

Year Ending June 30,	2013A Capital Loan Notes Issued July 1, 2013			2014 Capital Loan Notes Issued September 22, 2014		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.50%	\$ 90,000	\$ 13,568	3.00%	\$ 195,000	\$ 37,725
2025	2.85%	90,000	11,317	3.00%	200,000	31,875
2026	2.85%	95,000	8,753	3.00%	205,000	25,875
2027	3.10%	95,000	6,045	3.00%	210,000	19,725
2028	3.10%	100,000	3,100	3.00%	215,000	13,425
2029 - 2033		--	--	3.10%	225,000	6,975
		<u>\$ 470,000</u>	<u>\$ 42,783</u>		<u>\$ 1,250,000</u>	<u>\$ 135,600</u>
Year Ending June 30,	2015 Capital Loan Notes Issued July 15, 2015			2018 Urban Renewal Bonds Issued October 30, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.35%	\$ 40,000	\$ 1,969	3.00%	\$ 455,000	\$ 125,835
2025	2.45%	42,000	1,029	3.00%	465,000	112,185
2026		--	--	3.00%	485,000	98,235
2027		--	--	3.00%	500,000	83,685
2028		--	--	3.00%	520,000	68,685
2029 - 2033		--	--	3.00-3.35%	1,745,000	112,243
		<u>\$ 82,000</u>	<u>\$ 2,998</u>		<u>\$ 4,170,000</u>	<u>\$ 600,868</u>

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - BONDS, NOTES AND LEASE PAYABLE - Continued

Year Ending June 30,	2019 Refunding Capital Loan Notes Issued October 1, 2019			2020 Urban Renewal Capital Loan Notes Issued February 28, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	1.45%	\$ 225,000	\$ 21,575	1.80%	\$ 85,000	\$ 5,040
2025	1.45%	220,000	18,312	1.90%	90,000	3,510
2026	1.45%	230,000	15,123	2.00%	90,000	1,800
2027	1.55%	240,000	11,787		--	--
2028	1.65%	245,000	8,067		--	--
2029 - 2033	1.75%	230,000	4,025		--	--
		<u>\$1,390,000</u>	<u>\$ 78,889</u>		<u>\$ 265,000</u>	<u>\$ 10,350</u>
Year Ending June 30,	2022 Capital Loan Notes Issued October 18, 2022			Totals		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2024	3.00%	\$ 100,000	\$ 46,478	\$1,190,000	\$ 252,190	\$ 1,442,190
2025	3.00%	105,000	43,477	1,212,000	221,705	1,433,705
2026	3.00%	110,000	40,328	1,215,000	190,114	1,405,114
2027	3.00%	115,000	37,028	1,160,000	158,270	1,318,270
2028	3.00%	115,000	33,577	1,195,000	126,854	1,321,854
2029 - 2033	3.00-3.25%	650,000	113,002	2,850,000	236,245	3,086,245
2034 - 2035	3.30-3.35%	305,000	15,335	305,000	15,335	320,335
		<u>\$1,500,000</u>	<u>\$ 329,225</u>	<u>\$9,127,000</u>	<u>\$ 1,200,713</u>	<u>\$ 10,327,713</u>

On July 1, 2013, the City issued \$1,200,000 of general obligation capital loan notes with interest rates ranging from 0.85% to 3.10% per annum. The notes were issued for the Highway 30 Corridor Improvements Projects. During the year ended June 30, 2023, the City paid \$90,000 of principal and \$15,817 of interest on the notes. Final payment on the notes will be made in fiscal year 2028.

On September 22, 2014, the City issued \$2,700,000 of general obligation capital loan notes with interest rates ranging from 2.00% to 3.10% per annum. The notes were issued for street improvements and rehabilitation of the City's swimming pool. During the year ended June 30, 2023, the City paid \$190,000 of principal and \$43,425 of interest on the notes. Final payment on the notes will be made in fiscal year 2029.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - BONDS, NOTES AND LEASE PAYABLE - Continued

On July 15, 2015, the City issued \$375,000 of general obligation capital loan notes with interest rates ranging from 0.80% to 2.45% per annum. The notes were issued for the water treatment plant project. During the year ended June 30, 2023, the City paid \$39,000 of principal and \$2,847 of interest on the notes. Final payment on the notes will be made in fiscal year 2025.

On October 30, 2018, the City issued \$5,000,000 of general obligation urban renewal bonds with interest rates ranging from 3.00% to 3.35% per annum. The bonds were issued for urban renewal projects and the construction of the new community center. During the year ended June 30, 2023 the City paid \$440,000 of principal and \$139,035 of interest on the bonds. Final payment on the bonds will be made in fiscal year 2033.

On October 1, 2019, the City issued \$2,250,000 of general obligation refunding capital loan notes with interest rates ranging from 1.45% to 1.75% per annum. The notes were issued for the purpose of refunding of prior general obligation notes that were issued for water and sewer improvements. During the year ended June 30, 2023 the City paid \$215,000 of principal and \$24,693 of interest on the notes. Final payment on the notes will be made in fiscal year 2029.

On February 28, 2020, the City issued \$500,000 of general obligation urban renewal capital loan notes with interest rates ranging from 1.45% to 2.00% per annum. The notes were issued for the construction of the community wellness center and parking lot. During the year ended June 30, 2023 the City paid \$80,000 of principal and \$6,400 of interest on the notes. Final payment on the notes will be made in fiscal year 2026.

On October 18, 2022, the City issued \$1,500,000 of general obligation capital loan notes with interest rates ranging from 3.00% to 3.35% per annum. The notes were issued for various capital and urban renewal projects. During the year ended June 30, 2023, the City paid \$28,790 of interest on the notes. Final payment on the notes will be made in fiscal year 2035.

Revenue Notes

A summary of the City's June 30, 2023 revenue notes payable is as follows:

Year Ending June 30,	2019 Sewer Revenue Notes			
	Issued August 30, 2019			
	Interest Rates	Principal	Interest	Total
2024	1.75%	\$ 80,000	\$ 25,568	\$ 105,568
2025	1.75%	81,000	24,167	105,167
2026	1.75%	83,000	22,750	105,750
2027	1.75%	84,000	21,297	105,297
2028	1.75%	86,000	19,827	105,827
2029 - 2033	1.75%	451,000	76,090	527,090
2034 - 2038	1.75%	492,000	35,227	527,227
2039	1.75%	104,000	1,820	105,820
		<u>\$ 1,461,000</u>	<u>\$ 226,746</u>	<u>\$ 1,687,746</u>

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - BONDS, NOTES AND LEASE PAYABLE - Continued

Sewer Revenue Notes - Direct Borrowing

On August 30, 2019, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$1,766,000 of sewer revenue notes with interest at 1.75% per annum. The notes were issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements to the wastewater treatment facilities. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2023, the City paid principal of \$78,000 and interest of \$26,933 on the notes. The notes mature in fiscal year 2039.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,766,000 of sewer revenue notes issued in August, 2019. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require approximately 84% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,687,746. For the current year, principal and interest paid and total customer net receipts were \$104,933 and \$125,015, respectively.

The resolution providing for the issuance of the sewer revenue notes includes the following provision:

- a. The City shall generate net receipts from sewer operations of at least 110% of the principal and interest due in the fiscal year.

Lease Agreement

On April 24, 2023, the City entered into a noncancelable lease agreement for cardio equipment for the wellness/fitness center. An initial lease liability was recorded in the amount of \$93,816. The agreement requires quarterly payments of \$8,465 over three years, with an implicit interest rate of 4.50% and a final payment on June 24, 2026. There were no principal or interest payments on this agreement during the year ended June 30, 2023. Future principal and interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Cardio Equipment</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 29,403	\$ 4,456	\$ 33,859
2025	31,486	2,372	33,858
2026	32,927	931	33,858
	<u>\$ 93,816</u>	<u>\$ 7,759</u>	<u>\$ 101,575</u>

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, 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 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, any time 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally 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 member's monthly IPERS benefit includes:

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

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

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - PENSION PLAN - Continued

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 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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2023 totaled \$206,868.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$441,595 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.015987% for Regular employees and 0.140107% for Protection Occupation employees, which was a decrease of 0.000459% for Regular employees and an increase of 0.017761% for Protection Occupation employees from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City's pension expense (income), deferred outflows of resources and deferred inflows of resources totaled \$(19,043), \$1,009,220 and \$1,072,730, respectively.

There were no non-employer contributing entities to IPERS.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - PENSION PLAN - Continued

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

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increases (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term 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 0.65% real wage inflation.

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100%</u>	

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 1,236,635	\$ 441,595	\$(257,837)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time, paid time off and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's liability for earned vacation, compensatory time, paid time off and sick leave payable to employees at June 30, 2023, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 30,334
Compensatory time	26,339
Paid time off	90,937
Sick Leave	105,601
Total	\$ 253,211

This liability has been computed based on rates of pay in effect at June 30, 2023.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 - COMPENSATED ABSENCES - Continued

Sick leave is payable when used or at retirement. If, at retirement, an employee has at least 20 years of service, all of the accumulated sick leave will be paid, with the pay rate being the same as the employee's regular rate. Upon termination (voluntary/involuntary) an employee who has worked less than 20 years shall receive one half of all accumulated sick leave pay.

Based on this computation, the minimum accumulated sick leave approximates \$53,000 at June 30, 2023.

The City is also potentially liable for severance pay and continued health coverage for certain employees. If the employees' contracts are not renewed by the City Council, the City agrees to pay an amount equal to a specified number of months of the employees' salary, half of their accrued sick leave, all of their accrued vacation, and health coverage. Calculated based on rates of pay and the insured cost of health coverage as of June 30, 2023 the total for the seven employees affected approximates \$245,000.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Urban Renewal Tax Increment	\$ 145,656
	Employee Benefits	381,136
	Emergency Levy	43,300
	Capital Projects	49,950
	Enterprise:	
	Water	25,500
		<u>645,542</u>
Special Revenue:	General	7,173
Road Use Tax	Special Revenue:	
	Employee Benefits	43,710
		<u>50,883</u>
Low-Moderate Income	Urban Renewal Tax Increment	86,391
Debt Service	General	20,153
	Special Revenue:	
	Urban Renewal Tax Increment	643,815
	Road Use Tax	8,637
	Capital Projects	362,463
	Enterprise:	
	Water	110,498
	Sewer	214,821
		<u>1,360,387</u>
Capital Projects	General	972,815
	Special Revenue:	
	Urban Renewal Tax Increment	50,000
		<u>1,022,815</u>
Enterprise:	Special Revenue:	
Water	Urban Renewal Tax Increment	50,000
Enterprise:	Special Revenue:	
Sewer	Urban Renewal Tax Increment	50,000
Enterprise:	Capital Projects	200,000
Wellness/Fitness Center		<u>200,000</u>
		<u>\$ 3,466,018</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 - CITY TOWER LEASES

The City owns a water tower within city limits. The City entered into multiple leases with telecom companies whereby the telecom companies lease space on the water tower. The City is to receive monthly lease payments with an implicit rate of 4.5%.

Year Ending June 30,	Amount
2024	\$ 63,124
2025	27,073
2026	27,614
2027	28,167
2028	26,292
Total	172,270
Less interest	(15,100)
Present value	\$ 157,170

NOTE 8 - RISK MANAGEMENT

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 800 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability, law enforcement liability, and property. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2023 were \$130,957.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and government crime in the amount of \$1,000,000 and \$100,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2023, the City contributed \$463,518 and plan members eligible for benefits contributed \$88,874 to the plan. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued

OPEB Benefits: Individuals who are employed by the City of Mount Vernon 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/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	29
Total	29

NOTE 10 - COMMITMENTS

Capital Commitments

As of June 30, 2023, the City has entered into various contracts for capital projects and for the purchase of equipment. The City has committed funds of approximately \$3,879,000 toward these projects and purchases. The City has also entered into a five-year contract for water leak detection. The contract requires payments totaling \$12,500, of which \$11,100 has been paid as of June 30, 2023.

NOTE 11 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through October 17, 2023, the date the financial statements were available to be issued.

NOTE 12 - DEFICIT BALANCES

The Capital Projects: Public Works Cold Storage Fund and the Enterprise: Storm Water Fund had deficit balances of \$103,555 and \$68,717, respectively.

The deficit balance in the Capital Projects: Public Works Cold Storage Fund occurred due to funds being disbursed before transfers were received by the Fund. This deficit balance is expected to be brought to a positive balance during fiscal year ending June 30, 2024. The deficit balance in the Enterprise: Storm Water Fund has been discussed by the City Council and City staff and they have taken corrective action to fix the issue which included decreases in expenses and reallocation of funds. Improvements have been noted on a month-to-month basis.

CITY OF MOUNT VERNON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13 - DEVELOPMENT AGREEMENTS

The City entered into an agreement with BBAJ to make economic development tax increment payments in an amount not to exceed \$1,733,000 in total. Payments began June, 2022 and are to be made annually through June 1, 2031 as property taxes become available. During the year ended June 30, 2023, the City rebated \$72,361 of incremental property tax to the developer. At June 30, 2023, the remaining balance to be paid on this agreement is \$1,631,632.

The City entered into an agreement with Midwest Development Co. to make development tax increment payments in an amount not to exceed \$675,000 in total. Payments began June, 2022 and are to be made annually through June 1, 2031. During the year ended June 30, 2023, the City rebated \$73,295 of incremental property tax to the developer. At June 30, 2023 the remaining balance to be paid on this agreement is \$584,176.

NOTE 14 - 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 receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

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

For the year ended June 30, 2023, \$57,785 of property tax was diverted from the City under the urban renewal and economic development agreements.

* * *

OTHER INFORMATION

CITY OF MOUNT VERNON, IOWA
 BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL
 FUNDS AND PROPRIETRY FUNDS
 OTHER INFORMATION

Year ended June 30, 2023

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 2,022,256	\$ --	\$ 2,022,256
Tax increment financing	934,684	--	934,684
Other city tax	1,149,970	--	1,149,970
Licenses and permits	19,108	--	19,108
Use of money and property	299,245	53,098	352,343
Intergovernmental	1,170,321	2,040	1,172,361
Charges for services	556,050	2,605,716	3,161,766
Miscellaneous	145,914	31,731	177,645
Total receipts	<u>6,297,548</u>	<u>2,692,585</u>	<u>8,990,133</u>
Disbursements:			
Public safety	1,587,376	--	1,587,376
Public works	724,564	--	724,564
Culture and recreation	982,363	--	982,363
Community and economic development	236,256	--	236,256
General government	618,737	--	618,737
Debt service	1,426,287	--	1,426,287
Capital projects	1,764,633	--	1,764,633
Business type activities	--	2,834,429	2,834,429
Total disbursements	<u>7,340,216</u>	<u>2,834,429</u>	<u>10,174,645</u>
Deficiency of receipts under disbursements	(1,042,668)	(141,844)	(1,184,512)
Other financing sources (uses), net	<u>1,566,309</u>	<u>(42,098)</u>	<u>1,524,211</u>
Change in balances	523,641	(183,942)	339,699
Balances beginning of year	<u>6,451,432</u>	<u>794,934</u>	<u>7,246,366</u>
Balances end of year	<u>\$ 6,975,073</u>	<u>\$ 610,992</u>	<u>\$ 7,586,065</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 1,989,055	\$ 2,089,055	\$(66,799)
933,250	958,250	(23,566)
1,440,834	1,140,834	9,136
18,725	18,725	383
142,640	242,640	109,703
1,251,165	1,801,165	(628,804)
3,290,000	3,115,000	46,766
106,250	154,250	23,395
<u>9,171,919</u>	<u>9,519,919</u>	<u>(529,786)</u>
1,444,884	1,669,884	82,508
596,300	781,300	56,736
790,397	1,015,397	33,034
336,200	341,200	104,944
577,225	637,225	18,488
1,397,200	1,429,200	2,913
5,896,980	3,974,980	2,210,347
2,628,639	2,866,639	32,210
<u>13,667,825</u>	<u>12,715,825</u>	<u>2,541,180</u>
(4,495,906)	(3,195,906)	2,011,394
<u>2,800,500</u>	<u>1,500,500</u>	<u>23,711</u>
(1,695,406)	(1,695,406)	2,035,105
<u>6,871,870</u>	<u>6,871,870</u>	<u>374,496</u>
<u>\$ 5,176,464</u>	<u>\$ 5,176,464</u>	<u>\$ 2,409,601</u>

CITY OF MOUNT VERNON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2023

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Permanent Fund and 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 decreased budgeted disbursements by \$952,000. The budget amendment is reflected in the final budgeted amounts.

See accompanying independent auditor's report.

CITY OF MOUNT VERNON, IOWA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY (ASSET)
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 FOR THE LAST NINE YEARS*

OTHER INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset):			
Regular	0.015987%	0.016446%	0.014274%
Police	0.140107%	0.122346%	0.113532%
City's proportionate share of the net pension liability (asset)	\$ 442,000	\$(398,000)	\$ 1,033,000
City's covered payroll	\$ 1,936,000	\$ 1,822,000	\$ 1,558,000
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.83%	(21.84)%	66.30%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.012617%	0.011855%	0.011448%	0.011233%	0.011418%	0.011843%
0.113024%	0.109423%	0.111718%	0.105973%	0.115107%	0.112031%
\$ 701,000	\$ 748,000	\$ 776,000	\$ 722,000	\$ 517,000	\$ 392,000
\$ 1,380,000	\$ 1,269,000	\$ 1,238,000	\$ 1,153,000	\$ 1,163,000	\$ 1,149,000
50.80%	58.94%	62.68%	62.62%	44.45%	34.12%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

CITY OF MOUNT VERNON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 207,000	\$ 182,000	\$ 172,000	\$ 149,000
Contributions in relation to the statutorily required contribution	<u>(207,000)</u>	<u>(182,000)</u>	<u>(172,000)</u>	<u>(149,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 2,191,000	\$ 1,936,000	\$ 1,822,000	\$ 1,558,000
Contributions as a percentage of covered payroll	9.44%	9.40%	9.44%	9.56%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 133,000	\$ 117,000	\$ 114,000	\$ 106,000	\$ 108,000	\$ 107,000
<u>(133,000)</u>	<u>(117,000)</u>	<u>(114,000)</u>	<u>(106,000)</u>	<u>(108,000)</u>	<u>(107,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 1,380,000	\$ 1,269,000	\$ 1,238,000	\$ 1,153,000	\$ 1,163,000	\$ 1,149,000
9.64%	9.22%	9.21%	9.19%	9.29%	9.31%

CITY OF MOUNT VERNON, IOWA

NOTES TO OTHER INFORMATION - PENSION LIABILITY

YEAR ENDED JUNE 30, 2023

Changes of benefit terms:

There are no significant changes in benefits terms.

Changes of assumptions:

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

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

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

SUPPLEMENTARY INFORMATION

CITY OF MOUNT VERNON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2023

	Special Revenue		
	Road Use Tax	Insurance Levy	Employee Benefits
Receipts:			
Property tax	\$ --	\$ 105,135	\$ 409,042
Intergovernmental	622,966	1,578	6,133
Miscellaneous	7,089	--	--
Total receipts	630,055	106,713	415,175
Disbursements:			
Operating:			
Public works	724,564	--	--
Community and economic development	--	--	--
General government	--	116,069	--
Total disbursements	724,564	116,069	--
Excess (deficiency) of receipts over (under) disbursements	(94,509)	(9,356)	415,175
Other financing sources (uses):			
Sales of capital assets	7,407	--	--
Transfers in	50,883	--	--
Transfers out	(8,637)	--	(424,846)
Total other financing sources (uses)	49,653	--	(424,846)
Change in cash balances	(44,856)	(9,356)	(9,671)
Cash balances, beginning of year	420,519	282,843	13,986
Cash balances, end of year	\$ 375,663	\$ 273,487	\$ 4,315
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Streets	375,663	--	--
Other purposes	--	273,487	4,315
Total cash basis fund balances	\$ 375,663	\$ 273,487	\$ 4,315

See accompanying independent auditor's report.

Emergency Levy	Special Revenue		Permanent Cemetery Perpetual Care	Total
	Local Option Sales Tax	Low- Moderate Income		
\$ 41,737	\$ --	\$ --	\$ --	\$ 555,914
626	--	5,000	--	636,303
--	--	2,000	4,850	13,939
<u>42,363</u>	<u>--</u>	<u>7,000</u>	<u>4,850</u>	<u>1,206,156</u>
--	--	--	--	724,564
--	--	6,248	--	6,248
--	--	--	--	116,069
<u>--</u>	<u>--</u>	<u>6,248</u>	<u>--</u>	<u>846,881</u>
42,363	--	752	4,850	359,275
--	--	--	--	7,407
--	--	86,391	--	137,274
(43,300)	--	--	--	(476,783)
<u>(43,300)</u>	<u>--</u>	<u>86,391</u>	<u>--</u>	<u>(332,102)</u>
(937)	--	87,143	4,850	27,173
<u>1,377</u>	<u>32,750</u>	<u>34,539</u>	<u>96,275</u>	<u>882,289</u>
<u>\$ 440</u>	<u>\$ 32,750</u>	<u>\$ 121,682</u>	<u>\$ 101,125</u>	<u>\$ 909,462</u>
\$ --	\$ --	\$ --	\$ 101,125	\$ 101,125
--	--	--	--	375,663
<u>440</u>	<u>32,750</u>	<u>121,682</u>	<u>--</u>	<u>432,674</u>
<u>\$ 440</u>	<u>\$ 32,750</u>	<u>\$ 121,682</u>	<u>\$ 101,125</u>	<u>\$ 909,462</u>

CITY OF MOUNT VERNON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Receipts:				
Property tax	\$ 2,022,256	\$ 1,878,851	\$ 1,918,864	\$ 1,821,126
Tax increment financing	934,684	881,333	655,288	551,727
Other city tax	1,149,970	1,257,841	1,046,538	986,447
Licenses and permits	19,108	21,737	18,643	20,082
Use of money and property	299,245	111,948	110,296	170,639
Intergovernmental	1,170,321	1,143,543	1,701,567	702,307
Charges for services	556,050	579,005	249,680	106,452
Special assessments	--	--	--	978
Miscellaneous	<u>145,914</u>	<u>150,331</u>	<u>182,391</u>	<u>770,257</u>
Total	<u>\$ 6,297,548</u>	<u>\$ 6,024,589</u>	<u>\$ 5,883,267</u>	<u>\$ 5,130,015</u>
Disbursements:				
Operating:				
Public safety	\$ 1,587,376	\$ 1,396,933	\$ 1,249,888	\$ 1,024,297
Public works	724,564	812,693	619,192	753,554
Culture and recreation	982,363	799,215	539,901	658,886
Community and economic development	236,256	135,608	84,149	179,870
General government	618,737	554,563	537,879	528,345
Debt service	1,426,287	1,357,120	1,351,099	3,425,254
Capital projects	<u>1,764,633</u>	<u>323,756</u>	<u>2,008,476</u>	<u>7,324,846</u>
Total	<u>\$ 7,340,216</u>	<u>\$ 5,379,888</u>	<u>\$ 6,390,584</u>	<u>\$ 13,895,052</u>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
\$ 1,794,962	\$ 1,750,198	\$ 1,658,629	\$ 1,676,435	\$ 1,663,694	\$ 1,476,458
601,518	598,139	741,473	782,727	734,244	733,720
780,720	684,736	719,804	681,643	632,823	640,055
59,935	40,820	53,464	34,772	52,919	52,550
210,554	80,980	73,761	75,558	75,839	70,114
690,835	667,915	660,834	735,775	571,440	2,171,496
167,361	149,308	175,430	155,609	159,756	110,852
1,173	18,200	--	--	--	--
<u>1,658,178</u>	<u>84,117</u>	<u>104,604</u>	<u>218,366</u>	<u>63,442</u>	<u>171,138</u>
<u>\$ 5,965,236</u>	<u>\$ 4,074,413</u>	<u>\$ 4,187,999</u>	<u>\$ 4,360,885</u>	<u>\$ 3,954,157</u>	<u>\$ 5,426,383</u>
\$ 1,538,241	\$ 828,069	\$ 739,943	\$ 715,353	\$ 745,901	\$ 726,626
552,395	500,320	382,169	413,680	649,072	512,359
575,989	540,580	516,443	455,460	457,920	479,086
83,863	76,786	77,851	90,502	74,607	89,062
512,747	537,318	488,235	548,967	455,118	438,919
1,075,114	961,383	1,322,904	1,423,343	1,179,073	1,032,898
<u>3,279,473</u>	<u>643,587</u>	<u>464,941</u>	<u>2,650,529</u>	<u>1,060,262</u>	<u>2,983,531</u>
<u>\$ 7,617,822</u>	<u>\$ 4,088,043</u>	<u>\$ 3,992,486</u>	<u>\$ 6,297,834</u>	<u>\$ 4,621,953</u>	<u>\$ 6,262,481</u>

Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Mount Vernon, Iowa, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 17, 2023. Our report expressed unmodified opinions on the financial statements which were prepared on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in Part I of the accompanying Schedule of Findings and Responses as items 2023-001 through 2023-003 to be significant deficiencies.

To the Honorable Mayor and
Members of the City Council

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mount Vernon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of noncompliance or other matter which is described in Part II of the accompanying Schedule of Findings and Responses.

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

City of Mount Vernon's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mount Vernon's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City of Mount Vernon's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report 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.

Gronewold, Bell, Kyhn & Co. P.C.

Atlantic, Iowa
October 17, 2023

CITY OF MOUNT VERNON, IOWA

Schedule of Findings and Responses

Year ended June 30, 2023

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2023-001 Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: We will continue to review and monitor ways to improve segregation of duties.

Conclusion: Response accepted.

CITY OF MOUNT VERNON, IOWA

Schedule of Findings and Responses

Year ended June 30, 2023

PART I: Findings Related to the Financial Statements - Continued

INTERNAL CONTROL DEFICIENCIES:

2023-002 Monthly Financial Reports

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management, employees, or those charged with governance, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition: Monthly financial reports, including each of the City's funds' beginning fund balance, receipts, disbursements, transfers, and ending fund balance, are not provided to the City Council at its meetings. Also, a report detailing a comparison of actual to budgeted disbursements by function is not provided to the City Council.

Cause: City policies do not require the previously mentioned reports to be provided to the City Council monthly.

Effect: The lack of policies and procedures requiring the City Council to review monthly financial reports could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis.

Recommendation: The City should implement procedures requiring the City Council to review monthly financial reports at the meetings.

Response: The above monthly financial reports will be presented to the City Council at its meetings.

Conclusion: Response accepted.

CITY OF MOUNT VERNON, IOWA

Schedule of Findings and Responses

Year ended June 30, 2023

PART I: Findings Related to the Financial Statements - Continued

INTERNAL CONTROL DEFICIENCIES:

2023-003 Credit Cards

Criteria: Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes included establishing policies addressing proper asset use and proper supporting documentation.

Condition: The City has credit cards for use by various employees while on City business. Credit cards were often used for personal reasons. All personal charges were reimbursed to the City during the fiscal year.

Cause: Numerous City credit cards and personal charges being charged on the City's credit cards are the result of a lack of policies and procedures limiting the number of City credit cards and prohibiting the use of City credit cards for personal reasons.

Effect: Lack of written policies and procedures to regulate the number of City credit cards and the use of credit cards could result in unauthorized transactions and the opportunity for misappropriation.

Recommendation: The City should add language to its credit card policy addressing who controls the credit cards, who is authorized to use the credit cards and for what purposes, the types of supporting documentation required to substantiate charges, and that personal use of the City credit card is prohibited.

Response: We will review procedures and guidelines of the existing credit card policy.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

* * *

CITY OF MOUNT VERNON, IOWA

Schedule of Findings and Responses

Year ended June 30, 2023

PART II: Other Findings Related to Required Statutory Reporting

- 2023-A Certified Budget: Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted.
- 2023-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2023-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials and/or employees were noted.
- 2023-D Business Transactions: No business transactions between the City and City officials or employees were noted.
- 2023-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-F Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2023-G City Council Minutes: No transactions were found that we believe should have been approved in the City Council minutes but were not.
- 2023-H Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 2023-I Revenue Notes: No instances of noncompliance with revenue note resolutions were noted.
- 2023-J Annual Urban Renewal Report: The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

CITY OF MOUNT VERNON, IOWA

Schedule of Findings and Responses

Year ended June 30, 2023

PART II: Other Findings Related to Required Statutory Reporting - Continued

2023-K Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. Urban Renewal Area TIF Indebtedness was certified to the County Auditor before December 1 and no exceptions were noted.

2023-L Financial Condition: The following funds had deficit balances as shown at June 30, 2023:

Capital Projects:		
Public Works Cold Storage	\$	103,555
Enterprise:		
Storm Water		68,717

Recommendation: The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response: The deficit fund balances will be eliminated or reduced during fiscal year 2024.

Conclusion: Response accepted.

* * *

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Notes (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.

1. 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 an 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.

2. 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.

3. 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 affect 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.

4. 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.

5. 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.

6. 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).

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 BOND COUNSEL OPINION

DRAFT

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 Mount Vernon, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Capital Loan Notes, Series 2024, by said City, dated June 4, 2024, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$_____ (the "Notes").

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 the Loan Agreement and issuance of the Notes (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 Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes 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 Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
4. Interest on the Notes 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 imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. 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 Notes 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

DRAFT

City of Mount Vernon, State of Iowa

\$ _____ General Obligation Capital Loan Notes, Series 2024

Page 2

comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability of the Notes 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

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Mount Vernon, State of Iowa (the "Issuer"), in connection with the issuance of \$ _____ General Obligation Capital Loan Notes, Series 2024 (the "Notes") dated June 4, 2024. The Notes are being issued pursuant to a Resolution of the Issuer approved on May 20, 2024 (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 Notes 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 Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes 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 Notes, 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 Notes, dated _____, 2024.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"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 2023/2024 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 caption Debt Information: "Debt Limitation", "Summary of Outstanding General Obligation Bonded Debt", "General Obligation Debt", "Statement of Bonded Indebtedness" ; Property Assessment and Tax Information (formerly identified as "Property Tax Information"): "Actual (100%) Valuations for the City", "Taxable (Rollback) Valuations for the City", "Tax Extensions and Collections", "Principal Taxpayers", "Property Tax Rates"; Financial Information: "Cash Basis Statement of Activities and Net Position", "Statement of Cash Receipts, Disbursements, and Changes in Cash Balances".

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 Notes 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 Notes 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 Notes, or material events affecting the tax-exempt status of the Notes;

vii. Modifications to rights of Holders of the Notes, if material;

viii. Note calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

ix. Defeasances of the Notes;

x. Release, substitution, or sale of property securing repayment of the Notes, if material;

xi. Rating changes on the Notes;

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. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Notes shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes 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 7. 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 8. 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 Notes, 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 Notes, 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 Notes 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 Notes.

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. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made

will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. 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 10. 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 Notes 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 11. 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 Notes.

Section 12. 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 Notes, and shall create no rights in any other person or entity.

Section 13. 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: 4th day of June, 2024.

CITY OF MOUNT VERNON, 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 Mount Vernon, Iowa.

Name of Note Issue: \$ _____ General Obligation Capital Loan Notes, Series 2024

Dated Date of Issue: June 6, 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Notes. The Issuer anticipates that the Annual Financial Information will be filed by _____.

Dated: _____ day of _____, 20__.

CITY OF MOUNT VERNON, STATE OF IOWA

By: _____
Its: _____

OFFICIAL BID FORM

City of Mount Vernon
213 1st Street NW
Mount Vernon, IA 52314

May 6, 2024
Speer Financial, Inc.
Facsimile: (319) 291-8628

Council Members:

For the \$4,840,000* General Obligation Capital Loan Notes, Series 2024 (the "Notes"), of the City of Mount Vernon, Linn 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 \$4,801,280). The Notes are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Notes of each designated maturity.

AMOUNTS* AND MATURITIES – JUNE 1

\$175,0002025 _____%	\$325,0002031 _____%	\$195,0002038 _____%
260,0002026 _____%	345,0002032 _____%	200,0002039 _____%
275,0002027 _____%	360,0002033 _____%	210,0002040 _____%
285,0002028 _____%	375,0002034 _____%	220,0002041 _____%
300,0002029 _____%	165,0002035 _____%	230,0002042 _____%
320,0002030 _____%	175,0002036 _____%	240,0002043 _____%
	185,0002037 _____%	

Any consecutive maturities may be aggregated into term notes 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 Notes, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Notes 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 Notes with the CUSIP numbers as entered on the Notes.

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 Notes. 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 Notes.

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: \$96,800

Account Manager Information

Underwriter/Bank _____
 Address _____
 Authorized Rep _____
 City _____ State/Zip _____
 Direct Phone (_____) _____
 FAX Number (_____) _____
 E-Mail Address _____

Bidders Option Insurance

We have purchased insurance from: <u>Name of Insurer</u> (Please fill in) _____ Premium: _____ Maturities: (Check One) <input type="checkbox"/> _____ Years <input type="checkbox"/> All
--

The foregoing bid was accepted and the Notes sold by resolution of the City on May 6, 2024, 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 MOUNT VERNON
LINN 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	45,914.67
AVERAGE LIFE	9.487 Years

OFFICIAL TERMS OF OFFERING

\$4,840,000*

CITY OF MOUNT VERNON

Linn County, Iowa

General Obligation Capital Loan Notes, Series 2024

The City of Mount Vernon, Linn County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$4,840,000* General Obligation Capital Loan Notes, Series 2024 (the “Notes”), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.D.T., Monday, May 6, 2024. 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 Notes, on an all or none basis, at City Hall, 213 1st Street NW, Iowa, before 11:00 A.M., C.D.T., Monday, May 6, 2024. The City will also receive facsimile bids at (319) 291-8628 for the Notes, on an all or none basis, before 11:00 A.M., C.D.T., Monday, May 6, 2024. 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 Notes and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Notes 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, real 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 Notes, 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 \$5,100,000. 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 Notes is adjusted as described above. Any change in the principal amount of any maturity of the Notes will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of note 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

- (a) The winning bidder shall assist the City in establishing the issue price of the Notes 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 Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Official Terms of Offering, 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 Official Terms of Offering to establish the issue price of the Notes 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., Chicago, Illinois (“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 Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because:
- (i) the City shall disseminate this Official Terms of Offering 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 Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost, as set forth in this Official Terms of Offering.

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Notes, 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 Notes 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 Notes will be subject to the 10% test (as described below) in order to establish the issue price of the Notes.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Notes 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 Notes 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 Notes, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Notes (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 Notes satisfies the 10% test as of the date and time of the award of the Notes.

Until the 10% test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the City the prices at which the unsold Notes 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 Notes of that maturity or until all Notes 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 Notes 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 Notes 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 Notes, 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 Notes 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 Notes 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 Notes satisfies the 10% test as of the date and time of the award of the Notes. The City shall promptly advise the winning bidder, at or before the time of award of the Notes, which maturities of the Notes 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 Notes.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Notes 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 Notes, that the Underwriters will neither offer nor sell unsold Notes 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 Notes 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 Notes 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 Notes 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 Notes.

- (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 Notes 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 Notes 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 Notes of that maturity or all Notes 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 Notes 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 Notes 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 Notes 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 Notes 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 Notes of that maturity or all Notes 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 Notes of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:
- (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 Notes 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 Notes 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 Notes to the Public),
 - (iii) a purchaser of any of the Notes 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 Notes are awarded by the City to the winning bidder.

Note Details

The Notes 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 Notes will be paid. Individual purchases will be in book-entry form only. Interest on each Note shall be paid by check or draft of the Note Registrar to the person in whose name such Note is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such note. The principal of the Notes shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Note Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2024 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Note Registrar”). The Notes are dated the date of delivery (expected to be on or about June 4, 2024).

AMOUNTS* AND MATURITIES – JUNE 1

\$175,000	2025	\$325,000	2031	\$195,000	2038
260,000	2026	345,000	2032	200,000	2039
275,000	2027	360,000	2033	210,000	2040
285,000	2028	375,000	2034	220,000	2041
300,000	2029	165,000	2035	230,000	2042
320,000	2030	175,000	2036	240,000	2043
		185,000	2037		

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

The Notes due June 1, 2025 - 2032, inclusive, are non-callable. The Notes due June 1, 2033 - 2043, inclusive, are callable in whole or in part and on any date on or after June 1, 2032, at a price of par and accrued interest. If less than all the Notes 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.

If bidding electronically, 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 Notes. 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. 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 Notes

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 Notes and must be for not less than \$4,801,280.

Award of the Notes: The Notes 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 Notes from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Notes 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 Notes 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 Notes are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 note 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 Notes 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 Notes 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 Note.

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 Notes 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 Notes 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 Mount Vernon, Linn County, Iowa bid for
\$4,840,000* General Obligation Capital Loan Notes, Series 2024

If the wire shall arrive in such account prior to the date and time of the sale of the Notes. 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 Notes. 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 Notes on or before the date of delivery of the Notes 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 Notes shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Notes.

The Notes 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 4, 2024. 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 Notes will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Notes, 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 Notes, as that term is defined in the Rule. By awarding the Notes 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 Notes 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 Notes 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 Notes agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Notes 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 Notes. 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 Notes 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 Notes: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Notes are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Notes is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Notes; and (3) a no litigation certificate by the City.

The City intends to designate the Notes 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.

Purchaser consents to the receipt of electronic transcripts and acknowledges the City’s intended use of electronically executed documents. Iowa Code Chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Notes. Copies of such Official Statement or additional information may be obtained from Chris Nosbisch, City Administrator, City of Mount Vernon, 213 First Street N.W., Mount Vernon, Iowa 52314 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 230 West Monroe Street, Suite 2630, Chicago, Illinois 60606 (telephone (312) 346-3700).

/s/ **CHRIS NOSBISCH**
City of Administrator
CITY OF MOUNT VERNON
Linn County, Iowa

EXHIBIT A

EXAMPLE ISSUE PRICE CERTIFICATE

USE FOR COMPETITIVE SALES – 3 BIDS RECEIVED

EXHIBIT A

MOUNT VERNON, IOWA
[\$[PRINCIPAL AMOUNT]
GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2024

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.

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 May 6, 2024.

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 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 its advisors with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance

with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C. 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, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Signature Page Follows]

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

USE FOR GENERAL RULE 10% - PUBLIC SALE

EXHIBIT A

MOUNT VERNON, IOWA
[\$[PRINCIPAL AMOUNT]
GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2024

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser"), on behalf of itself, 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 Mount Vernon, Iowa, a municipal corporation in the State of 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 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 with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C. 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, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Signature Page Follows]

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

SALE PRICES

(Attached)

USE IF SOME MATURITIES SUBJECT TO HTP, OTHERS 10% RULE

EXHIBIT A

MOUNT VERNON, IOWA
[\$[PRINCIPAL AMOUNT]]
GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2024

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER ("Purchaser"), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

a) Purchaser offered the Hold-the-Offering-Price Maturities 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 Notice of Sale and bid award, Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it 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 Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, 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 (May 13, 2024), or (ii) the date on which Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

d) ***Issuer*** means the City of Mount Vernon, Iowa, a municipal corporation in the State of Iowa.

e) *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.

f) *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.

g) *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 May 6, 2024.

h) *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).

i) The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the 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 with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C. 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, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[Signature Page Follows]

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION