

Date of Sale: Monday, February 10, 2025 (*Alternative Bid Methods*)
 Series 2025A Between 10:00 and 10:30 A.M., C.S.T. (*Closed SpeerAuction*)
 Before 10:30 A.M., C.S.T. (*Sealed Bids*)
 Series 2025B Between 10:30 and 11:00 A.M., C.S.T. (*Closed SpeerAuction*)
 Before 11:00 A.M., C.S.T. (*Sealed Bids*)

Official Statement

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming the accuracy of certain representations and compliance with certain covenants, the interest on the Series 2025A Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code. Interest on the Series 2025A Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code). In the opinion of Bond Counsel, the 2025A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Interest on the Series 2025B Bonds is not excluded from gross income of the owners thereof for federal income tax purposes. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.



CITY OF MANCHESTER Delaware County, Iowa

\$670,000* General Obligation Corporate Purpose Bonds, Series 2025A \$670,000* Taxable General Obligation Corporate Purpose Bonds, Series 2025B

Dated Date of Delivery Book-Entry Bank Qualified Tax-Exempt Bonds (Series 2025A) Due Serially as Described Herein

The \$670,000* General Obligation Corporate Purpose Bonds, Series 2025A (the "Tax-Exempt Bonds" or the "Series 2025A Bonds") and the \$670,000* Taxable General Obligation Corporate Purpose Bonds, Series 2025B (the "Taxable Bonds" or the "Series 2025B Bonds", and collectively with the Series 2025A Bonds, the "Bonds") are being issued by the City of Manchester, Delaware County, Iowa (the "City" or the "Issuer"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2025. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers.

OPTIONAL REDEMPTION

The Series 2025A Bonds due June 1, 2026 - 2032, inclusive, are not subject to optional redemption. The Series 2025A Bonds due June 1, 2033 - 2035, 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. If less than all the Series 2025A Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

The Series 2025B Bonds due June 1, 2026 - 2032, inclusive, are not subject to optional redemption. The Series 2025B Bonds due June 1, 2033 - 2035, 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. If less than all the Series 2025B Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds are expected to be used to: (i) pay the costs of constructing street, water system, storm water drainage, sanitary sewer system and sidewalk improvements, (ii) pay the costs of acquiring and installing street lights, signage and signalization improvements, and (iii) pay certain costs of issuance related to the Bonds.

The Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT" herein.

The City intends to designate the Series 2025A Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

This Official Statement is dated January 29, 2025, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar". Additional copies may be obtained from Timothy J. Vick, City Manager, City of Manchester, 208 E. Main Street, Manchester, Iowa, 52057, or from the Registered Municipal Advisors to the City.



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

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

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

No representation is made regarding whether the Bonds 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 BONDS 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 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS 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 BONDS 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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APPENDIX C - FORM OF BOND COUNSEL OPINION
APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE

OFFICIAL BID FORM
OFFICIAL TERMS OF OFFERING
Exhibit A – Example Issue Price Certificate

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Forms, which are provided for the convenience of potential investors and should be reviewed in their entirety by potential investors. The following descriptions apply equally to both series of the Bonds. Other terms specific to each series are provided separately herein.

Issuer:	City of Manchester, Delaware County, Iowa.
Dated Date:	Date of delivery (expected to be on or about March 11, 2025).
Interest Due:	Each June 1 and December 1, commencing December 1, 2025.
Authorization:	The Bonds are being issued pursuant to authority established in Code of Iowa, 2023 as amended, Chapter 384 (the “Act”), and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Bond Resolution”) of the City expected to be adopted on February 24, 2025.
Security:	The Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
No Investment Rating:	The City does not intend to apply for an investment rating on the Bonds.
Purpose:	The proceeds of the Bonds will be used to: (i) pay the costs of constructing street, water system, storm water drainage, sanitary sewer system and sidewalk improvements, (ii) pay the costs of acquiring and installing street lights, signage and signalization improvements,
Registrar/Paying Agent:	UMB Bank, n.a., West Des Moines, Iowa (the “Registrar”).
Delivery:	The Bonds are expected to be delivered on or about March 11, 2025.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

**Subject to change.*

\$670,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2025A

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

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$55,000	2026	_____ %	_____ %	_____	\$70,000	2031	_____ %	_____ %	_____
60,000	2027	_____ %	_____ %	_____	70,000	2032	_____ %	_____ %	_____
60,000	2028	_____ %	_____ %	_____	75,000	2033	_____ %	_____ %	_____
60,000	2029	_____ %	_____ %	_____	75,000	2034	_____ %	_____ %	_____
65,000	2030	_____ %	_____ %	_____	80,000	2035	_____ %	_____ %	_____

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

- Issue:** \$670,000* General Obligation Corporate Purpose Bonds, Series 2025A.
- Principal Due:** Serially each June 1, commencing June 1, 2026 through 2035, as detailed above.
- Optional Redemption:** The Series 2025A Bonds 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.
- Tax Exemption:** Dorsey & Whitney LLP, Des Moines, Iowa, will provide an opinion as to the tax exemption of the Series 2025A Bonds as discussed under **“TAX EXEMPTION AND RELATED TAX MATTERS”** in this Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Series 2025A Bonds.
- Bank Qualified:** The City intends to designate the Series 2025A Bonds as “qualified tax-exempt obligations”.

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

(1) CUSIP numbers appearing in this Official Statement have been provided by CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

\$670,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2025B

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

<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number(1)</u>
\$55,000	2026	_____ %	_____ %	_____	\$70,000	2031	_____ %	_____ %	_____
55,000	2027	_____ %	_____ %	_____	70,000	2032	_____ %	_____ %	_____
60,000	2028	_____ %	_____ %	_____	75,000	2033	_____ %	_____ %	_____
60,000	2029	_____ %	_____ %	_____	80,000	2034	_____ %	_____ %	_____
65,000	2030	_____ %	_____ %	_____	80,000	2035	_____ %	_____ %	_____

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

- Issue:** \$670,000* Taxable General Obligation Corporate Purpose Bonds, Series 2025B.
- Principal Due:** Serially each June 1, commencing June 1, 2026 through 2035, as detailed above.
- Optional Redemption:** The Series 2025A Bonds 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.
- Tax Matters:** The interest to be paid on the Series 2025B Bonds is subject to federal and Iowa state income taxes as discussed under **“TAX EXEMPTION AND RELATED TAX MATTERS”** in this Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Series 2025B Bonds.

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

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CITY OF MANCHESTER
Delaware County, Iowa

Connie Behnken
Mayor

Council Members

Joe Dittrick	Bryan Gray	Mary Ann Poynor
Bill Scherbring		Linda Schmitt

Officials

Timothy J. Vick
City Manger

Erin Learn
City Clerk

James T. Peters, Esq.
City Attorney

SECURITY AND SOURCE OF PAYMENT

Pursuant to the Resolution and the Act, the Bonds and the interest thereon are general obligations of the Issuer, and all taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

Section 76.2 of the Code of Iowa, 2023, as amended (the "Iowa Code"), provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, 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. A certified copy of this 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 property within the boundaries of the Issuer, until funds are realized to pay the bonds 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 Bonds as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable property in the Issuer in each of the years while the Bonds 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 converted 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 Bonds and for no other purpose whatsoever.

Pursuant to the provisions of Section 76.4 of the Iowa Code, each year while the Bonds remain outstanding and unpaid, any funds of the Issuer which may lawfully be applied for such purpose, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the Bonds as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in the Resolution, shall be reduced by the amount of such alternate funds as have been appropriated for said purpose and evidenced in the Issuer's budget.

CERTAIN BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. 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 Bonds are an appropriate investment.

Changes in Property Taxation

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential negative impact, if any, on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements

There is no bond trustee or similar person to monitor or enforce the provisions of the Resolution. The owners of the Bonds 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 Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year.

Bondholders 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 (the "State") and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the Resolution or the Loan Agreement, 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 Loan Agreement or 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 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

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

Secondary Market

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

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

No Investment Rating

The City does not intend to apply for an investment rating on the Bonds.

Redemption Prior to Maturity

In considering whether to make an investment in the Bonds, it should be noted the Bonds are subject to optional redemption, as outlined herein, without Bondholder 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 Bonds.

Tax Matters and Loss of Tax Exemption

As discussed under the heading “**TAX EXEMPTION AND RELATED TAX MATTERS**” herein, the interest on the Series 2025A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2025A Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Series 2025A Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Series 2025A Bonds, and there is no provision for an adjustment of the interest rate on the Series 2025A Bonds.

The Issuer will designate the Series 2025A Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and 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. However, the Issuer’s failure to comply with such covenants could cause the Series 2025A Bonds not to be “qualified tax-exempt obligations” and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

It is possible that actions of the Issuer after the closing of the Series 2025A Bonds will alter the tax exempt status of the Series 2025A Bonds, and, in the extreme, remove the tax exempt status from the Series 2025A Bonds. In that instance, the Series 2025A Bonds are not subject to mandatory prepayment, and the interest rate on the Series 2025A Bonds does not increase or otherwise reset. A determination of taxability on the Series 2025A Bonds, after closing of the Series 2025A Bonds, could materially adversely affect the value and marketability of the Series 2025A Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Bond Registrar 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 Bond Registrar will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

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

Pension and Other Post-Employment Benefits (“OPEB”) Information

The City participates in the Iowa Public Employee’s Retirement System (IPERS). Summary descriptions of the IPERS Plan follows, for more detailed information, see **APPENDIX A – FISCAL YEAR 2023 AUDIT Note 5**.

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 \$218,650. 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 \$477,531 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, 2023, the City contributed \$104,472. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

See **APPENDIX A – Notes (5) and (6)** 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 Bonds. Material failures must be disclosed in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. 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 Bonds 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 Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Bankruptcy 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 Bonds, the Loan Agreement 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 Bonds 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 Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

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 bond 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.

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

Tax Levy Procedures

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable 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 Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) 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.

Risk of Audit

The Internal Revenue Service has an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given as to whether the Internal Revenue Service will commence an audit of the Series 2025A Bonds. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2025A Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Other Factors

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

THE CITY

The City is the county seat of Delaware County, Iowa (the “County”) located in northeast Iowa, was incorporated in 1866 and operates under the Home Rule provisions of the Constitution of Iowa. The City is approximately 4.7 square miles with a 2020 Census population of 5,065.

City Organization and Services

The City has had a Council-Mayor form of government. Three council members are elected from wards and two council members are elected at large for four-year terms. Policy is established by a Mayor and five council members. The City Manager, City Clerk, City Treasurer and City Attorney are appointed by the City Council. The day-to-day operations of the City are the responsibility of the City Manager. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and garbage utilities for its citizens.

Approximately 32 full-time and 90 part-time and seasonal employees. The City considers its employee relations to be very good. The City’s police officers are represented by Chauffeurs, Teamsters and Helpers Local 238 and their existing contract expires June 30, 2025.

Community Life

The City has several parks distributed throughout the community and each offers a different type of recreational opportunity. The Manchester Family Aquatic Center features three water slides, diving board, zero depth entry and spray fountains. The Manchester Whitewater Park, constructed in 2015, is the largest whitewater park in Iowa. The park features six 18 inch drops.

Numerous area recreational opportunities are offered in the 21 Delaware County parks comprising over 2,700 acres. The Lake Delhi recreational area is eight miles southeast of the City, Backbone State Park is ten miles north of the City, and the State Fish Hatchery is three miles southeast of the City. Lake Delhi covers 550 acres with approximately 1,000 residences or cabins in the recreational area. Backbone State Park, Iowa’s oldest and one of the State’s largest State parks, offers trout fishing, swimming, boating, hiking, repelling and several scenic camping and picnicking sites.

Delaware County Memorial Hospital dba Regional Medical Center (the “Hospital”) is a 25-bed critical access hospital, providing quality healthcare services to City residents 24-hours a day, 7 days a week. Such services offered at the Hospital include: behavioral services, cardiac rehab, diabetes management, dialysis (Tri-State Dialysis), emergency services, family practice (Regional Family Health), home care (Regional Medical Home Care), hospice (Hospice of Comfort), laboratory, massage therapy, medical-surgical/special care unit, nutrition, OB & family health, pain management, parent education & support, public health, radiology, respiratory care, skilled care, sleep study, specialty clinic, surgical services, therapy services, walk-in clinic (Regional Family Health), and wellness center (Bob Holtz Wellness Center). The Hospital is the parent company for the Bob Holtz Wellness Center, Regional Family Health, Regional Medical Home Care, and Hospice of Comfort.

Residents of the City enjoy library services provided by the City’s Manchester Public Library. First established as a public reading room association in 1883, an Andrew Carnegie library building was completed in 1903. A new library addition and remodeling was completed in 1993. The library has a collection of over 35,000 physical materials in various formats; millions of downloadable/digital materials including books, music, videos, and magazines; has over 2,800 active cardholders and an annual circulation of over 95,000 items.

Education

Educational opportunities and facilities are provided by the West Delaware County Community School District (the “District”) and St. Mary’s Catholic School. St. Mary’s provides parochial education for grades PreK-6. The District provides public education from PreK through a senior high. The District, which serves most of the west half of Delaware County, has a 2023-24 certified enrollment of over 1,325.

Postsecondary educational opportunities are provided to City residents by Manchester Center, a partnership with Upper Iowa University and Northeast Iowa Community College. Other such opportunities are available in nearby Cedar Rapids, Dubuque and Waterloo and include: the University of Northern Iowa, Hawkeye Community College, Clarke College, Loras College, University of Dubuque, Mount Mercy College, Coe College and Kirkwood Community College. The University of Iowa is located approximately 70 miles south of the City in Iowa City.

Transportation

The City’s location provides excellent transportation options for City businesses and residents. The City is served by the four-lane U.S. Highway 20 and State Highway 13. Approximately 30 miles to the west of the City, Highway 20 intersects with Interstate 380 which serves Waterloo, Cedar Rapids and other points on the Federal interstate system. State Highway 13 intersects with Interstate 80 approximately 60 miles to the south of the City. The City is served by approximately 20 motor freight carriers and by the Canadian National Railroad. Commercial air transportation is available in Cedar Rapids, less than a 45-minute drive from the City.

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SOCIOECONOMIC INFORMATION

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

Population

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

Population Comparison(1)

Year	The City	Percent Change	The County	Percent Change	The State	Percent Change
1970	4,641	n/a	18,770	n/a	2,824,376	n/a
1980	4,942	6.49%	18,933	0.87%	2,913,808	3.17%
1990	5,137	3.95%	18,035	(4.74%)	2,776,755	(4.70%)
2000	5,257	2.34%	18,404	2.05%	2,926,324	5.39%
2010	5,179	(1.48%)	17,764	(3.48%)	3,046,355	4.10%
2020	5,065	(2.20%)	17,488	(1.55%)	3,190,369	4.73%

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

Employment

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

Major City Employers(1)

Name	Product/Service	Approximate Employment(2)
Regional Medical Center	Health Care	450
Henderson Products, Inc	Snow Removal Equipment.....	420
Stryten Energy.....	Lead Batteries	370
Rockwell Collins, Inc.....	Avionic Electronic Components	250
Good Neighbor Society	Health Care	240
West Delaware County Community School District.....	Education	215
XL Specialized Trailers.....	Truck Trailers.....	200
Walmart.....	Retail Store.....	175
Fareway Grocers.....	Grocery Store	100
Animal Health International.....	Veterinary Pharmaceutical Products	100

Notes: (1) Source: Area Chamber of Commerce, selected telephone surveys and the 2024 Manufacturers Database.

(2) May Include Part-Time employees.

Major Area Employers(1)

Location	Name	Product/Service	Approximate Employment
Cedar Rapids	Collins Aerospace	Aviation Electronics.....	6,850
Waterloo.....	John Deere	Farm Machinery and Equipment	4,650
Waterloo.....	Unity Point Health	Health Care.....	3,590
Waterloo.....	Tyson Fresh Meats	Meat Packaging and Processing	3,120
Cedar Rapids	Unity Point Health/St. Luke's Hospital	Health Care.....	3,000
Cedar Rapids	Transamerica	Insurance	2,500
Waterloo.....	Mercy One	Health Care.....	2,460
Cedar Rapids	Hy-Vee.....	Grocery Store.....	2,130
Cedar Rapids	Cedar Rapids Community School District.....	Education.....	1,825
Waterloo.....	Waterloo Community School District	Education.....	1,800

Note: (1) Source: the 2024 Iowa Manufacturers Database and Grow Cedar Valley 2024-2025 Cedar Valley Fact Sheet.

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 2019 - 2023 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.....	198	7.3%	880	9.2%	60,470	3.7%
Construction.....	128	4.7%	911	9.6%	112,119	6.9%
Manufacturing.....	446	16.5%	1,738	18.3%	240,105	14.7%
Wholesale trade.....	93	3.4%	308	3.2%	42,516	2.6%
Retail trade.....	326	12.1%	1,053	11.1%	186,225	11.4%
Transportation and warehousing, and utilities.....	161	6.0%	469	4.9%	83,731	5.1%
Information.....	41	1.5%	69	0.7%	22,861	1.4%
Finance and insurance, and real estate and rental and leasing.....	119	4.4%	563	5.9%	124,791	7.7%
Professional, scientific, and management, and administrative and waste management services.....	102	3.8%	388	4.1%	125,965	7.7%
Educational services, and health care and social assistance.....	701	25.9%	1,900	20.0%	394,835	24.2%
Arts, entertainment, and recreation, and accommodation and food services.....	231	8.5%	473	5.0%	112,729	6.9%
Other services, except public administration.....	31	1.1%	459	4.8%	69,718	4.3%
Public administration.....	125	4.6%	304	3.2%	53,576	3.3%
Total.....	2,702	100.0%	9,515	100.0%	1,629,641	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2019 - 2023.

Employment By Occupation(1)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, business, science, and arts occupations.....	642	23.8%	2,944	30.9%	636,075	39.0%
Service occupations.....	700	25.9%	1,439	15.1%	246,710	15.1%
Sales and office occupations.....	331	12.3%	1,663	17.5%	313,730	19.3%
Natural resources, construction, and maintenance occupations.....	212	7.8%	1,240	13.0%	157,049	9.6%
Production, transportation, and material moving occupations.....	817	30.2%	2,229	23.4%	276,077	16.9%
Total.....	2,702	100.0%	9,515	100.0%	1,629,641	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2019 - 2023.

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.....	3.3%	3.7%	5.3%
2016.....	3.4%	3.6%	4.9%
2017.....	2.6%	3.1%	4.4%
2018.....	2.1%	2.6%	3.9%
2019.....	2.3%	2.7%	3.7%
2020(3).....	3.9%	5.2%	8.1%
2021(3).....	3.0%	3.8%	5.4%
2022.....	2.4%	2.8%	3.6%
2023(4).....	2.6%	2.9%	3.6%
2024.....	2.7%	3.0%	3.8%

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 December 2024.

Building Permits

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

Calendar Year	Single-Family		Multi-Family			Commercial/Industrial		Total Value
	Permits	Value	Permits	Units	Value	Permits	Value	
2015	3	\$ 447,000	0	0	\$ 0	1	\$ 850,000	\$ 1,297,000
2016	3	512,000	4	21	1,016,000	4	4,610,160	6,138,160
2017	2	480,000	2	4	580,000	7	1,716,117	2,776,117
2018	8	1,440,000	1	2	372,000	5	6,148,000	7,960,000
2019	5	1,420,000	3	20	1,770,000	1	3,267,366	6,457,366
2020	5	1,305,000	8	16	2,733,000	5	12,339,058	16,377,050
2021	10	2,950,000	7	32	3,254,000	2	5,556,000	11,760,000
2022	10	3,814,000	8	16	3,252,000	7	25,900,000	32,966,000
2023	11	5,399,666	4	18	2,710,000	5	2,067,561	10,177,227
2024	16	6,290,000	5	30	3,752,000	3	1,231,800	11,273,800

Note: (1) Source: the City.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$130,500. This compares to \$168,700 for the County and \$195,900 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 2019 - 2023 American Community Survey.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	220	12.0%	422	7.1%	63,971	6.9%
\$50,000 to \$99,999	357	19.5%	867	14.7%	114,185	12.2%
\$100,000 to \$149,999	553	30.2%	1,229	20.8%	148,846	16.0%
\$150,000 to \$199,999	232	12.7%	942	15.9%	150,857	16.2%
\$200,000 to \$299,999	309	16.9%	1,102	18.6%	218,680	23.4%
\$300,000 to \$499,999	154	8.4%	919	15.5%	171,690	18.4%
\$500,000 to \$999,999	5	0.3%	330	5.6%	55,091	5.9%
\$1,000,000 or more	0	0.0%	100	1.7%	9,298	1.0%
Total	1,830	100.0%	5,911	100.0%	932,618	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 - 2023.

Mortgage Status(1)

Mortgage Status	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing units with a mortgage	899	49.1%	3,259	55.1%	556,909	59.7%
Housing units without a mortgage	931	50.9%	2,652	44.9%	375,709	40.3%
Total	1,830	100.0%	5,911	100.0%	932,618	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 - 2023.

Income and Benefits

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$77,882. This compares to \$89,671 for the County and \$94,472 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 2019 - 2023 American Community Survey.

Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	77	5.2%	152	3.2%	18,523	2.3%
\$10,000 to \$14,999.....	23	1.6%	43	0.9%	11,137	1.4%
\$15,000 to \$24,999.....	42	2.8%	108	2.3%	28,592	3.5%
\$25,000 to \$34,999.....	117	7.9%	230	4.8%	37,338	4.6%
\$35,000 to \$49,999.....	113	7.7%	341	7.1%	71,799	8.9%
\$50,000 to \$74,999.....	327	22.2%	837	17.5%	134,430	16.7%
\$75,000 to \$99,999.....	344	23.3%	980	20.5%	128,208	15.9%
\$100,000 to \$149,999.....	251	17.0%	1,244	26.0%	190,685	23.6%
\$150,000 to \$199,999.....	20	1.4%	351	7.3%	93,727	11.6%
\$200,000 or more.....	160	10.9%	499	10.4%	92,289	11.4%
Total.....	1,474	100.0%	4,785	100.0%	806,728	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 to 2023.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$58,578. This compares to \$76,205 for the County and \$73,147 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 2019 - 2023 American Community Survey.

Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	93	3.8%	237	3.3%	52,437	4.0%
\$10,000 to \$14,999.....	248	10.0%	334	4.7%	44,479	3.4%
\$15,000 to \$24,999.....	138	5.6%	409	5.7%	90,853	7.0%
\$25,000 to \$34,999.....	273	11.1%	536	7.5%	95,297	7.3%
\$35,000 to \$49,999.....	327	13.2%	819	11.4%	152,330	11.7%
\$50,000 to \$74,999.....	415	16.8%	1,199	16.7%	231,910	17.8%
\$75,000 to \$99,999.....	441	17.9%	1,210	16.9%	183,491	14.1%
\$100,000 to \$149,999.....	284	11.5%	1,393	19.4%	239,899	18.4%
\$150,000 to \$199,999.....	79	3.2%	512	7.1%	108,899	8.4%
\$200,000 or more.....	171	6.9%	527	7.3%	104,168	8.0%
Total.....	2,469	100.0%	7,176	100.0%	1,303,763	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2019 - 2023.

Agriculture

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

Average Value Per Acre(1)

	2020	2021	2022	2023	2024
Average Value Per Acre:					
The County.....	\$8,622	\$11,572	\$13,614	\$13,924	\$13,397
State of Iowa.....	7,559	9,751	11,411	11,835	11,467

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 October 1, 1994. The Local Option Tax was reapproved on November 7, 2017 with the sunset extended to December 31, 2029. The City’s Local Option Tax referendum question stated that proceeds of such tax would be designated 90% for construction and maintenance of streets and 10% for construction and maintenance of bikeway/walkways.

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 +(-)
2016	\$480,411	n/a
2017	481,274	0.18%
2018	485,629	0.90%
2019	516,799	6.42%
2020	599,810	16.06%
2021	691,451	15.28%
2022	710,785	2.80%
2023	719,631	1.24%
2024	794,075	10.34%
2025	828,220(3)	4.30%

- Notes: (1) Source: Iowa Department of Revenue.
 (2) Includes a reconciliation payment attributable to the previous fiscal year for fiscal years 2016 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)

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Taxable</u> <u>Sales</u>	<u>Annual Percent</u> <u>Change + (-)</u>
2015	\$87,829,205	n/a
2016	92,279,685	5.07%
2017	93,390,624	1.20%
2018	111,408,666	19.29%
2019	126,778,694	13.80%
2020	104,763,947	(17.36%)
2021	112,434,426	7.32%
2022	117,499,140	4.50%
2023	136,080,298	15.81%
2024	137,976,088	1.39%
Growth from 2015 to 2024		57.10%

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

THE PROJECT

Bond proceeds will be used to: (i) pay the costs of constructing street, water system, storm water drainage, sanitary sewer system and sidewalk improvements, (ii) pay the costs of acquiring and installing street lights, signage and signalization improvements, and (iii) pay the costs of issuance of the Bonds.

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 Bonds, the City will have outstanding \$7,635,000* principal amount of general obligation debt. In addition, the City has outstanding approximately \$1,918,000 principal amount of sewer revenue debt and \$271,000 water revenue debt both 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, 2023 property valuations, for taxes payable in September 2024 and March 2025, the City’s debt limit, based upon said valuation, amounts to the following:

2023 100% Actual Valuation of Property	\$503,765,468
Constitutional Debt Limit	\$ 25,188,273
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	\$ 7,635,000*
Other Legal Indebtedness (TIF Rebates)	<u>369,300</u>
Total Applicable Debt	<u>\$ 8,004,300*</u>
Remaining Debt Capacity.....	\$ 17,183,973*

The City does not expect to issue any additional general obligation debt in calendar year 2025.

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

Series 2014.....	\$ 70,000
Series 2015A	55,000
Series 2015B	435,000
Series 2017.....	600,000
Series 2018.....	545,000
Series 2020A	1,065,000
Taxable Series 2020B	220,000
Series 2021A	1,710,000
Taxable Series 2021B	940,000
Series 2023A	470,000
Taxable Series 2023B	185,000
The Series 2025A(2)	670,000
The Series 2025B(2)	<u>670,000</u>
Total(2)	\$7,635,000

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

*Subject to change.

General Obligation Debt(1)(2)
 (Principal Only)

Fiscal Year Ending June 30	Series 2014	Series 2015A	Series 2015B	Series 2017	Series 2018	Series 2020A	Series 2020B	Series 2021A	Series 2021B
2025	\$70,000	\$55,000	\$215,000	\$195,000	\$155,000	\$ 165,000	\$ 30,000	\$ 180,000	\$ 95,000
2026	0	0	220,000	200,000	95,000	165,000	30,000	180,000	100,000
2027	0	0	0	205,000	100,000	170,000	30,000	185,000	100,000
2028	0	0	0	0	110,000	170,000	30,000	185,000	100,000
2029	0	0	0	0	85,000	175,000	30,000	190,000	105,000
2030	0	0	0	0	0	180,000	35,000	195,000	105,000
2031	0	0	0	0	0	40,000	35,000	195,000	110,000
2032	0	0	0	0	0	0	0	200,000	110,000
2033	0	0	0	0	0	0	0	200,000	115,000
Total	\$70,000	\$55,000	\$435,000	\$600,000	\$545,000	\$1,065,000	\$220,000	\$1,710,000	\$940,000

Fiscal Year Ending June 30	Series 2023A	Taxable 2023B	Total Outstanding GO Debt	The 2025A Bonds(2)	The 2025A Bonds(2)	Less: Debt Paid From TIF(3)	Total Property Tax Debt(2)	Cumulative Retirement(2)	
								Amount	Percent
2025	\$ 45,000	\$ 15,000	\$1,220,000	\$ 0	\$ 0	\$ (300,000)	\$ 920,000	\$ 920,000	14.85%
2026	45,000	15,000	1,050,000	55,000	55,000	(235,000)	925,000	1,845,000	29.78%
2027	45,000	20,000	855,000	60,000	55,000	(240,000)	730,000	2,575,000	41.57%
2028	50,000	20,000	665,000	60,000	60,000	(170,000)	615,000	3,190,000	51.49%
2029	50,000	20,000	655,000	60,000	60,000	(175,000)	600,000	3,790,000	61.18%
2030	55,000	20,000	590,000	65,000	65,000	(95,000)	625,000	4,415,000	71.27%
2031	55,000	25,000	460,000	70,000	70,000	(95,000)	505,000	4,920,000	79.42%
2032	60,000	25,000	395,000	70,000	70,000	(65,000)	470,000	5,390,000	87.01%
2033	65,000	25,000	405,000	75,000	75,000	(65,000)	490,000	5,880,000	94.92%
2034	0	25,000	0	75,000	80,000	0	155,000	6,035,000	97.42%
2035	0	25,000	0	80,000	80,000	0	160,000	6,195,000	100.00%
Total	\$470,000	\$185,000	\$6,295,000	\$670,000	\$670,000	\$(1,440,000)	\$6,195,000		

- Notes: (1) Source: the City. For term bonds, mandatory redemption amounts are shown.
 (2) Subject to change.
 (3) Does not include the Bonds.

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Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2023..... \$503,765,468
 City Taxable Value, January 1, 2023..... \$259,805,968

	Total	Applicable		Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2020 Pop. 5,065)
		Percent	Amount			
Direct Bonded Debt(3).....	\$7,635,000	100.00%	\$7,635,000	1.52%	2.94%	\$1,507.40
Less: Direct Debt paid from other sources(3)	(1,440,000)	100.00%	(1,440,000)	(0.29%)	(0.55%)	(284.30)
Total Net Direct Debt(3).....	\$6,195,000		\$6,195,000	1.23%	2.38%	\$1,223.10
Overlapping Debt:						
West Delaware County School District.....	\$19,300,000	35.30%	\$ 6,812,900	1.35%	2.62%	\$1,345.09
Northeast Iowa Community College(4).....	30,730,000	1.73%	531,629	0.11%	0.20%	104.96
Delaware County.....	4,165,000	15.90%	662,235	0.13%	0.25%	130.75
Total Applicable Overlapping Bonded Debt.....			\$ 8,006,764	1.59%	3.08%	\$1,580.80
Total Direct and Overlapping Bonded Debt(3).....			\$14,201,764	2.82%	5.47%	\$2,803.90

Per Capita Actual Value \$99,460.11
 Per Capita Taxable Value..... \$51,294.37

- Notes: (1) Source: the City, Audited Financial Statements and Treasurer of the State of Iowa, Outstanding Obligations Report, debt as of June 30, 2024 for the County, School District and Community College.
 (2) As of the date of issuance for the Direct Bonded Debt and June 30, 2024 for Overlapping Debt.
 (3) Subject to change.
 (4) Excludes \$18,160,000 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	Urban Renewal Area	Project Description	Maximum Remaining Payment Amount (as of 6/30/24)	Last Payment Date
03/11/2019	Manchester Urban Renewal Area	Community Savings Bank	\$ 297,500	6/1/31
02/08/2021	Manchester Urban Renewal Area	Bull Moose Heavy Hauling 2021	571,000	6/1/34
11/09/2020	Manchester Urban Renewal Area	BR Development LLC	1,100,000	6/1/35
06/26/2023	Manchester Urban Renewal Area	SAIF Investments	450,000	6/1/35

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)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi-Residential</u>	<u>Ag Land & Buildings</u>	<u>Commercial & Industrial</u>
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%
2025/26.....	47.4316%	n/a	73.8575%	90.0000%

- Notes: (1) Source: the Iowa Department of Revenue.
 (2) In assessment year 2024 (applicable to fiscal year 2025/26 valuations), the taxable value rollback rate is 47.4316% of actual value for residential property; 73.8575% of actual value for agricultural property and 100.0000% of the actual value of utility property. The residential taxable rollback rate of 47.4316% 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, 2023, are used to calculate tax liability for the tax year starting July 1, 2024 through June 30, 2025.

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

<u>Property Class</u>	<u>Fiscal Year:</u> <u>Levy Year:</u>	<u>2021/22</u> <u>2020</u>	<u>2022/23</u> <u>2021</u>	<u>2023/24</u> <u>2022</u>	<u>2024/25</u> <u>2023</u>	<u>Preliminary</u> <u>2025/26</u> <u>2024</u>
Residential		\$237,003,300	\$257,955,650	\$273,409,942	\$353,402,034	\$361,344,523
Agricultural		1,233,400	1,236,200	1,231,900	1,596,900	1,559,100
Commercial		76,155,103	77,332,813	82,728,932	96,857,572	99,507,967
Industrial		15,567,500	16,590,000	16,969,500	19,232,300	19,242,300
Multi-residential(3).....		5,037,864	9,043,190	0	0	0
Railroads		692,339	752,362	823,768	984,335	999,467
Utilities without Gas and Electric.....		182,813	86,342	0	275,335	215,577
Gas and Electric Utility		30,934,153	32,059,617	32,546,187	34,129,189	37,492,331
Less: Military Exemption.....		(529,672)	(518,560)	(485,224)	(2,712,197)	(4,404,919)
Total		\$366,276,800	\$394,537,614	\$407,225,005	\$503,765,468	\$515,956,346
Percent Change +/-.....		1.11%(4)	7.72%	3.22%	23.71%	2.42%

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

<u>January 1:</u> <u>TIF Valuation</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	\$23,403,733	\$24,855,862	\$25,237,687	\$24,982,690	\$22,066,490

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.
 (4) Based on 2019 Actual Valuation of \$362,266,712.

For the January 1, 2024 levy year, the City's Taxable Valuation was comprised of approximately 64% residential, 29% commercial, 6% industrial, 2% utilities and less than 1% agriculture, railroads and exemptions.

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

Property Class	Fiscal Year:	2021/22	2022/23	2023/24	2024/25	Preliminary
	Levy Year:	2020	2021	2022	2024	2025/26 2024
Residential		\$133,692,092	\$139,631,938	\$149,418,877	\$163,776,413	\$171,391,510
Agricultural		1,036,438	1,100,729	1,128,960	1,147,164	1,151,514
Commercial		68,539,593	69,599,536	65,207,766	75,047,813	77,528,474
Industrial		14,010,750	14,931,000	14,487,324	16,454,089	16,480,154
Multi-residential(3)		3,400,577	5,765,048	0	0	0
Railroads		623,105	677,126	736,838	880,278	894,037
Utilities without Gas and Electric		180,160	86,342	0	275,335	215,577
Gas and Electric Utility		4,900,429	5,194,479	5,186,345	4,937,073	5,353,846
Less: Military Exemption		(529,672)	(518,560)	(485,224)	(2,712,197)	(4,404,919)
Total		\$225,853,472	\$236,467,638	\$235,680,886	\$259,805,968	\$268,610,193
Percent Change +/-		3.12%(4)	4.70%	(0.33%)	10.24%	3.39%

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

January 1:	2020	2021	2022	2023	2024
TIF Valuation	\$23,403,733	\$24,855,862	\$25,237,687	\$24,982,690	\$22,066,490

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.
 (4) Based on 2019 Taxable Valuation of \$219,023,391.

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
2014.....	2015-16.....	\$2,371,154	\$2,340,040	98.69%
2015.....	2016-17.....	2,500,141	2,433,906	97.35%
2016.....	2017-18.....	2,502,912	2,438,642	97.43%
2017.....	2018-19.....	2,698,837	2,606,508	96.58%
2018.....	2019-20.....	2,765,572	2,665,844	96.39%
2019.....	2020-21.....	3,057,264	2,963,481	96.93%
2020.....	2021-22.....	3,136,551	3,102,401	98.91%
2021.....	2022-23.....	3,309,897	3,295,373	99.56%
2022.....	2023-24.....	3,333,857	3,415,078	102.44%
2023.....	2024-25.....	3,632,654	- - In Collection - -	

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

Principal Taxpayers(1)

Taxpayer Name	Business/Service	Levy Year 2022 Taxable Valuation(2)
Big River United Energy, LLC.....	Ethanol	\$ 29,511,450
Advanced Properties LLC.....	Real Property.....	7,738,960
C & G Partnership LLP	Real Property.....	7,370,033
Interstate Power & Light Co.....	Utility	5,749,254
Walmart.....	Retail	4,704,515
Crop Production Services Inc.....	Fertilizer Chemical Seed.....	3,285,177
Manchester Enterprises Inc.....	Real Estate Development	3,064,169
Norby Development LLC	Retail	2,934,027
Digga North America LLC.....	Manufacturing.....	2,894,610
Stryten Manchester LLC.....	Manufacturing.....	2,848,201
Total		\$70,100,396
Ten Largest Taxpayers as Percent of City's 2022 Taxable Valuation (\$235,680,886).....		29.74%

- 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. The Iowa Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2018 through levy year 2024 are shown below:

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

	Fiscal Year: Levy Year:	2020/21 2019	2021/22 2020	2022/23 2021	2023/24 2022	2024/25 2023
City:						
General Fund		\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.12621
Emergency Levy		0.27000	0.27000	0.27000	0.27000	0.00000
Debt Service Fund		3.23855	3.08689	2.95751	3.04715	2.87861
Employee Benefits		3.24362	3.56087	3.80825	3.76998	3.69301
Capital Improvement		0.00000	0.00000	0.00000	0.00000	0.00000
Other		0.46701	0.55982	0.61104	0.75171	0.85392
Total City		\$15.31918	\$15.57758	\$15.74680	\$15.93884	\$15.55175
Delaware County:						
Delaware County		\$ 5.92300	\$ 5.86568	\$ 5.78000	\$ 5.78000	\$ 5.78000
West Delaware CSD		11.58776	12.34291	12.34189	12.63708	13.71298
Northeast Iowa Community College		0.94734	0.90520	0.90520	0.92871	0.94143
Other		2.29539	2.35171	2.47672	2.58161	2.56599
Total Tax Rate		\$36.07267	\$37.04308	\$37.25061	\$37.86624	\$38.55215

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

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 Roof, Gerdes, Erlbacher, PLC, Certified Public Accountants, Des Moines, 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, 2025 to decrease by approximately \$54,000. To date, revenues and expenditures are generally within budgeted amounts.

**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	\$(1,166,291)	\$(1,189,454)	\$(1,221,185)	\$(1,323,261)	\$(1,502,063)
Public Works	(174,484)	(157,978)	(203,789)	(268,146)	(253,076)
Culture and Recreation	(765,358)	(778,613)	(709,990)	(911,992)	(857,263)
Community and Economic Development	(265,141)	(217,158)	(218,359)	(266,754)	(282,489)
General Government	(266,339)	(312,481)	(278,514)	(284,787)	(360,380)
Debt Service	(1,351,727)	(1,246,844)	(1,181,098)	(1,261,906)	(1,394,500)
Capital Projects	<u>(1,797,804)</u>	<u>(2,581,603)</u>	<u>(93,689)</u>	<u>(2,443,088)</u>	<u>(2,880,529)</u>
Total Governmental Activities	<u>\$(5,787,144)</u>	<u>\$(6,484,131)</u>	<u>\$(3,906,624)</u>	<u>\$(6,759,934)</u>	<u>\$(7,530,300)</u>
General Receipts and Transfers:					
Property Tax and Other City Tax Levied for:					
General Purposes	\$ 2,058,295	\$ 2,080,836	\$ 2,297,451	\$ 2,434,006	\$ 2,683,688
Debt Service	551,932	588,663	666,030	669,252	692,756
Tax Increment Financing	482,999	530,152	502,935	711,428	738,535
Other City Tax	429,174	419,762	361,012	448,054	484,146
Local Option Sales Tax	471,857	548,238	667,324	757,848	777,774
Hotel/Motel Tax	46,214	92,292	78,139	134,247	130,050
Commercial/Industrial Tax Replacement	305,994	307,867	274,308	274,512	100,131
American Rescue Plan Act	0	0	0	372,761	372,761
Unrestricted Interest on Investments	32,350	26,886	16,404	21,105	65,721
Bond Proceeds (Net)	120,000	35,000	2,009,657	3,386,286	0
Miscellaneous	5,000	0	210	805	0
Sale of Capital Assets	2,749	22,449	35,660	550	11,015
Transfers	<u>189,194</u>	<u>36,851</u>	<u>(253,026)</u>	<u>(310,901)</u>	<u>(141,321)</u>
Total General Receipts and Transfers	<u>\$ 4,695,758</u>	<u>\$ 4,688,996</u>	<u>\$ 6,656,104</u>	<u>\$ 8,899,953</u>	<u>\$ 5,915,256</u>
Change in Cash Basis Net Position	\$(1,091,386)	\$(1,795,135)	\$ 2,749,480	\$ 2,140,019	\$(1,615,044)
Cash Basis Net Position Beginning of Year	<u>4,464,238</u>	<u>3,372,852</u>	<u>1,577,717</u>	<u>4,327,197</u>	<u>6,467,216</u>
Cash Basis Net Position End of Year	<u>\$ 3,372,852</u>	<u>\$ 1,577,717</u>	<u>\$ 4,327,197</u>	<u>\$ 6,467,216</u>	<u>\$ 4,852,172</u>
Cash Basis Net Position:					
Restricted:					
Expendable:					
Streets	\$ 513,519	\$ 522,326	\$ 720,345	\$ 776,450	\$ 732,184
Capital Projects	610,483	0	1,090,621	2,270,964	354,917
Debt Service	152,641	80,845	102,573	291,967	303,915
Franchise Fees	268,095	271,181	318,018	536,010	595,206
Hotel/Motel	5,040	16,562	21,091	40,387	39,304
Urban Renewal Purposes	90,485	0	0	0	0
Other Purposes	596,124	692,083	1,037,760	1,284,978	1,389,072
Unrestricted	<u>1,136,465</u>	<u>(5,280)</u>	<u>1,036,789</u>	<u>1,266,460</u>	<u>1,437,574</u>
Total Cash Basis Net Position	<u>\$ 3,372,852</u>	<u>\$ 1,577,717</u>	<u>\$ 4,327,197</u>	<u>\$ 6,467,216</u>	<u>\$ 4,852,172</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2019 through 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.....	\$1,460,092	\$1,492,262	\$1,681,031	\$1,740,973	\$1,885,734
Other City Tax.....	437,503	475,198	439,151	581,552	612,791
Licenses and Permits.....	67,187	73,820	78,502	82,786	77,803
Use of Money and Property.....	33,105	42,806	33,665	42,872	80,697
Intergovernmental.....	517,828	569,194	775,265	920,077	398,101
Charges for Service.....	449,724	443,856	519,821	532,166	559,978
Miscellaneous.....	142,428	89,121	114,163	197,803	141,836
Total Receipts.....	<u>\$3,107,867</u>	<u>\$3,186,257</u>	<u>\$3,641,598</u>	<u>\$4,098,229</u>	<u>\$3,756,940</u>
Disbursements:					
Operating:					
Public Safety.....	\$1,180,260	\$1,212,220	\$1,335,866	\$1,417,803	\$1,814,839
Public Works.....	582,703	645,690	881,579	1,002,023	641,890
Culture and Recreation.....	772,663	749,481	797,615	915,217	1,105,184
Community and Economic Development.....	229,838	238,051	247,483	276,437	285,694
General Government.....	224,227	270,612	250,501	252,309	357,708
Total Disbursements.....	<u>\$2,989,691</u>	<u>\$3,116,054</u>	<u>\$3,513,044</u>	<u>\$3,863,789</u>	<u>\$4,205,315</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements.	\$ 118,176	\$ 70,203	\$ 128,554	\$ 234,440	\$ (448,375)
Other Financing Sources (Uses):					
Sale of Capital Assets.....	\$ 2,749	\$ 22,449	\$ 35,660	\$ 550	\$ 11,015
Transfers In.....	65,000	241,000	180,000	166,954	645,166
Transfers Out.....	(120,796)	(156,531)	(120,162)	(60,411)	(141,637)
Total Other Financing Sources (Uses).....	<u>\$ (53,047)</u>	<u>\$ 106,918</u>	<u>\$ 95,498</u>	<u>\$ 107,093</u>	<u>\$ 514,544</u>
Change in Cash Balance.....	\$ 65,129	\$ 177,121	\$ 224,052	\$ 341,533	\$ 66,169
Cash Balance Beginning of Year.....	959,622	1,024,751	1,201,872	1,425,924	1,767,457
Cash Balance End of Year.....	<u>\$1,024,751</u>	<u>\$1,201,872</u>	<u>\$1,425,924</u>	<u>\$1,767,457</u>	<u>\$1,833,626</u>
Cash Basis Fund Balance:					
Restricted for:					
Franchise Fees.....	\$ 268,095	\$ 271,181	\$ 318,018	\$ 536,010	\$ 595,206
Hotel/Motel.....	5,040	16,562	21,091	40,387	39,304
Assigned.....	119,287	244,007	301,377	296,175	298,882
Unassigned.....	632,329	670,122	785,438	894,885	900,234
Total Cash Basis Fund Balance.....	<u>\$1,024,751</u>	<u>\$1,201,872</u>	<u>\$1,425,924</u>	<u>\$1,767,457</u>	<u>\$1,833,626</u>

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

REGISTRATION, TRANSFER AND EXCHANGE

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

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

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

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

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

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

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

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Series 2025A Bonds is excluded 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 noncorporate taxpayers under the Code.

The opinion set forth in the preceding sentence will be subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2025A Bonds. In the resolution authorizing the issuance of the Series 2025A Bonds, the Issuer will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Series 2025A Bonds by 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 and Railroad Retirement benefits, taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, and corporations that may be subject to the alternative minimum tax. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult with their tax advisors as to such matters.

Interest on the Series 2025B Bonds is includible in gross income for both federal and State of Iowa income tax purposes, and interest on the Series 2025B Bonds is includible in gross income for State of Iowa income tax purposes.

Ownership of the Series 2025A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2025A Bonds or otherwise prevent holders of the Series 2025A Bonds from realizing the full benefit of the tax exemption of interest on the Series 2025A Bonds. Further, such proposals may impact the marketability or market value of the Series 2025A Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Series 2025A Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax exempt status of the Series 2025A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2025A Bonds would be impacted thereby.

Purchasers of the Series 2025A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. 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 Series 2025A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Obligations

In the resolution authorizing the issuance of the Series 2025A Bonds, the Issuer will designate the Series 2025A Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Series 2025A Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium

The Series 2025A Bonds maturing in the years _____ are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Series 2025A Bonds at a premium must, from time to time, reduce their federal tax bases for the Series 2025A Bonds for purposes of determining gain or loss on the sale or payment of such Series 2025A Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Series 2025A Bonds at a premium might recognize taxable gain upon sale of the Series 2025A Bonds, even if such Series 2025A Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Series 2025A Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Series 2025A Bonds acquired at a premium.

Original Issue Discount

The Bonds maturing in the years _____ (collectively, the “Discount Bonds”) are being sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Internal Revenue Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Internal Revenue Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

An owner of a Discount Bond who disposes of such Discount Bond prior to maturity should consult owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

The Internal Revenue Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences to certain taxpayers. No opinion is expressed as to state and local income tax treatment of original issue discount. All owners of Discount Bonds should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

Taxable Bonds

The opinion of Bond Counsel with respect to the Series 2025B Bonds will state that under present laws and rulings, interest on the Series 2025B Bonds is includible in gross income for federal income tax purposes.

Prospective purchasers should consult with their own tax advisors concerning the federal, state, and local tax consequences of the purchase, ownership, and disposition of the Series 2025B Bonds, including, without limitation, the additional tax on net investment income, anticipated and potential changes in tax rates on interest income, the treatment of interest in other jurisdictions, the calculation and timing of the inclusion of interest in income, the tax consequences of dispositions of Series 2025B Bonds at a gain or loss and the determination of the amount thereof, and rules applicable if Series 2025B Bonds are issued or acquired at a premium or discount from their face amount (including the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Series 2025B Bonds, and the amortization of bond premium, if any).

Payments of interest on the Series 2025B Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Series 2025B Bonds are expected to be reported to the Internal Revenue Service as required under applicable Treasury Regulations. Backup withholding may apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Non-U.S. holders and holders who receive payments through non-U.S. entities may also be subject to withholding tax in certain circumstances.

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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 continuing disclosure undertakings.

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

OPTIONAL REDEMPTION

The Series 2025A Bonds due June 1, 2025 - 2032 inclusive, are not subject to optional redemption. The Issuer reserves the right to optionally prepay part or all of the Series 2025A Bonds maturing in each of the years 2033 through 2035, prior to and in any order of maturity, on June 1, 2032, or any date thereafter, upon terms of par and accrued interest. If less than all of the Series 2025A Bonds of any like maturity are to be redeemed, the particular par of those Series 2025A Bonds to be redeemed shall be selected by the Bond Registrar by lot. The Series 2025A Bonds may be call in part in one or more units of \$5,000.

The Series 2025B Bonds due June 1, 2026 - 2032 inclusive, are not subject to optional redemption. The Issuer reserves the right to optionally prepay part or all of the Series 2025B Bonds maturing in each of the years 2033 through 2035, prior to and in any order of maturity, on June 1, 2032, or any date thereafter, upon terms of par and accrued interest. If less than all of the Series 2025B Bonds of any like maturity are to be redeemed, the particular par of those Series 2025B Bonds to be redeemed shall be selected by the Bond Registrar by lot. The Series 2025B Bonds may be call in part in one or more units of \$5,000.

If less than the entire principal amount of any Bond 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 Bond, a new Bond or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Bond. Notice of such redemption as aforesaid identifying the Bond 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 Bond Registrar of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent.

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

LITIGATION

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see “**TAX EXEMPTION AND RELATED TAX MATTERS**” herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as **APPENDIX C**. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

The legal opinion to be delivered will express the professional judgment of Bond Counsel and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed the information and statements contained in the Official Statement under, “**TAX EXEMPTION AND RELATED TAX MATTERS**” and “**LEGAL MATTERS**”, insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in **APPENDIX C** and **APPENDIX D**.

OFFICIAL STATEMENT AUTHORIZATION

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

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

UNDERWRITING

The Series 2025A Bonds were offered for sale by the City at a public, competitive sale on February 10, 2025. The best bid submitted at the sale was submitted by _____ (the “Underwriter”). The City awarded the contract for sale of the Series 2025A Bonds to the Underwriter at a price of \$ _____ (reflecting the par amount of \$ _____, plus a reoffering premium of \$ _____, and less an Underwriter’s discount of \$ _____). The Underwriter has represented to the City that the Series 2025A Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Series 2025B Bonds were offered for sale by the City at a public, competitive sale on February 10, 2025. The best bid submitted at the sale was submitted by _____ (the “Underwriter”). The City awarded the contract for sale of the Series 2025B Bonds to the Underwriter at a price of \$ _____ (reflecting the par amount of \$ _____, plus a reoffering premium of \$ _____, and less an Underwriter’s discount of \$ _____). The Underwriter has represented to the City that the Series 2025B Bonds 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 Bonds to certain dealers (including dealers depositing the Bonds 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 Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds 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 Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

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MISCELLANEOUS

Brief descriptions or summaries of the City, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds 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 Bonds 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 Bonds.

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 Bonds, but neither the failure to print such numbers on any Bonds 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 Bonds.

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/ **TIMOTHY J. VICK**
City Manager
CITY OF MANCHESTER
Delaware County, Iowa

/s/ **CONNIE BEHNKEN**
Mayor
CITY OF MANCHESTER
Delaware County, Iowa

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APPENDIX A

**CITY OF MANCHESTER
DELAWARE COUNTY, IOWA**

FISCAL YEAR 2023 AUDITED FINANCIAL STATEMENTS

CITY OF MANCHESTER
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2023

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City of Manchester

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Connie Behnken	Mayor	Jan 2026
Mary Ann Poynor	Council Member	Jan 2026
Linda G. Schmitt	Council Member	Jan 2026
Tania M. Bradley	Council Member	Jan 2024
Dean Sherman	Council Member	Jan 2024
Bill Scherbring	Council Member	Jan 2024
Timothy Vick	City Manager	Indefinite
Erin Learn	City Clerk/Treasurer	Indefinite
James Peters	City Attorney	Indefinite

City of Manchester



ROOF, GERDES, ERLBACHER, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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 Manchester, Iowa, (City) 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 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 Financial Statements section of our report. We are required to be independent of the City, 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.

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'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'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'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 six years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 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 auditing GAAS. In our opinion, the supplementary information in Schedules 1 through 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 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 February 27, 2024 on our consideration of the City'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's internal control over financial reporting and compliance.



ROOF, GERDES, ERLBACHER, PLC

February 27, 2024

Basic Financial Statements

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2023

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions / Programs:							
Governmental activities:							
Public safety	\$ 1,829,569	167,209	108,570	51,727	(1,502,063)	-	(1,502,063)
Public works	1,324,902	355,709	716,117	-	(253,076)	-	(253,076)
Culture and recreation	1,177,618	203,298	117,057	-	(857,263)	-	(857,263)
Community and economic development	443,608	139,669	21,450	-	(282,489)	-	(282,489)
General government	452,157	81,587	10,190	-	(360,380)	-	(360,380)
Debt service	1,394,500	-	-	-	(1,394,500)	-	(1,394,500)
Capital projects	3,398,622	-	450,444	67,649	(2,880,529)	-	(2,880,529)
Total governmental activities	10,020,976	947,472	1,423,828	119,376	(7,530,300)	-	(7,530,300)
Business type activities:							
Water	857,346	779,949	95,221	-	-	17,824	17,824
Sewer	1,357,111	1,096,963	13,842	-	-	(246,306)	(246,306)
Meter deposits	9,051	8,774	-	-	-	(277)	(277)
Total business type activities	2,223,508	1,885,686	109,063	-	-	(228,759)	(228,759)
Total	\$ 12,244,484	2,833,158	1,532,891	119,376	(7,530,300)	(228,759)	(7,759,059)
General Receipts and Transfers:							
Property tax and other city tax levied for:							
General purposes					2,683,688	-	2,683,688
Debt service					692,756	-	692,756
Tax increment financing					738,535	-	738,535
Other city tax					484,146	-	484,146
Local option sales tax					777,774	-	777,774
Hotel/Motel tax					130,050	-	130,050
Commercial/industrial tax replacement					100,131	-	100,131
American Rescue Plan Act					372,761	-	372,761
Unrestricted interest on investments					65,721	14,500	80,221
Sale of capital assets					11,015	-	11,015
Transfers					(141,321)	141,321	-
Total general receipts and transfers					5,915,256	155,821	6,071,077
Change in cash basis net position					(1,615,044)	(72,938)	(1,687,982)
Cash basis net position beginning of year					6,467,216	1,339,032	7,806,248
Cash basis net position end of year					\$ 4,852,172	1,266,094	6,118,266
Cash Basis Net Position							
Restricted:							
Expendable:							
Streets					\$ 732,184	-	732,184
Capital projects					354,917	-	354,917
Debt service					303,915	596,040	899,955
Franchise fees					595,206	-	595,206
Hotel-Motel					39,304	-	39,304
Other purposes					1,389,072	51,103	1,440,175
Unrestricted					1,437,574	618,951	2,056,525
Total cash basis net position					\$ 4,852,172	1,266,094	6,118,266

See notes to financial statements.

City of Manchester

Exhibit B

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2023

	Special Revenue							Total
	General	Road Use Tax	Employee Benefit	Local Option Sales Tax	Debt Service	Capital Projects	Nonmajor	
Receipts:								
Property tax	\$ 1,885,734	-	797,954	-	692,756	-	-	3,376,444
Local option sales tax	-	-	-	777,774	-	-	-	777,774
Tax increment financing	-	-	-	-	-	-	738,535	738,535
Other city tax	612,791	-	789	-	616	-	-	614,196
Licenses and permits	77,803	-	-	-	-	-	-	77,803
Use of money and property	80,697	4,037	-	4,042	-	4,533	4,103	97,412
Intergovernmental	398,101	697,001	23,667	-	20,551	795,854	4,274	1,939,448
Charges for service	559,978	-	-	-	-	-	-	559,978
Special assessments	-	-	-	-	-	67,649	-	67,649
Miscellaneous	141,836	1,372	44,021	-	-	27,351	72,419	286,999
Total receipts	3,756,940	702,410	866,431	781,816	713,923	895,387	819,331	8,536,238
Disbursements:								
Operating:								
Public safety	1,814,839	-	-	-	-	-	14,730	1,829,569
Public works	641,890	683,012	-	-	-	-	-	1,324,902
Culture and recreation	1,105,184	-	-	-	-	-	72,434	1,177,618
Community and economic development	285,694	-	-	-	-	-	157,914	443,608
General government	357,708	-	94,449	-	-	-	-	452,157
Debt service	-	-	-	-	1,394,500	-	-	1,394,500
Capital projects	-	-	-	-	-	3,398,622	-	3,398,622
Total disbursements	4,205,315	683,012	94,449	-	1,394,500	3,398,622	245,078	10,020,976
Excess (deficiency) of receipts over (under) disbursements	(448,375)	19,398	771,982	781,816	(680,577)	(2,503,235)	574,253	(1,484,738)
Other financing sources (uses):								
Sale of capital assets	11,015	-	-	-	-	-	-	11,015
Transfers in	645,166	73,845	-	-	692,525	1,052,777	58,522	2,522,835
Transfers out	(141,637)	(137,509)	(664,011)	(877,777)	-	(302,531)	(540,691)	(2,664,156)
Total other financing sources (uses)	514,544	(63,664)	(664,011)	(877,777)	692,525	750,246	(482,169)	(130,306)
Change in cash balances	66,169	(44,266)	107,971	(95,961)	11,948	(1,752,989)	92,084	(1,615,044)
Cash balances beginning of year	1,767,457	776,450	316,738	622,466	291,967	2,346,364	345,774	6,467,216
Cash balances end of year	\$ 1,833,626	732,184	424,709	526,505	303,915	593,375	437,858	4,852,172
Cash Basis Fund Balances								
Restricted for:								
Streets	\$ -	732,184	-	-	-	-	-	732,184
Capital projects	-	-	-	-	-	354,917	-	354,917
Debt service	-	-	-	-	303,915	-	-	303,915
Franchise fees	595,206	-	-	-	-	-	-	595,206
Hotel-Motel	39,304	-	-	-	-	-	-	39,304
Other purposes	-	-	424,709	526,505	-	-	437,858	1,389,072
Assigned	298,882	-	-	-	-	238,458	-	537,340
Unassigned	900,234	-	-	-	-	-	-	900,234
Total cash basis fund balances	\$ 1,833,626	732,184	424,709	526,505	303,915	593,375	437,858	4,852,172

See notes to financial statements.

City of Manchester

Exhibit C

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2023

	Enterprise			Total
	Water	Sewer	Nonmajor - Meter Deposits	
Operating receipts:				
Rental income	\$ 33,475	-	-	33,475
Charges for service	746,474	1,096,963	-	1,843,437
Miscellaneous	95,221	13,842	8,774	117,837
Total operating receipts	875,170	1,110,805	8,774	1,994,749
Operating disbursements:				
Business type activities	633,445	615,487	9,051	1,257,983
Total operating disbursements	633,445	615,487	9,051	1,257,983
Excess (deficiency) of operating receipts over (under) operating disbursements	241,725	495,318	(277)	736,766
Non-operating receipts (disbursements):				
Interest on investments	4,951	8,596	953	14,500
Debt service	(70,960)	(389,060)	-	(460,020)
Capital projects	(152,941)	(352,564)	-	(505,505)
Net non-operating receipts (disbursements)	(218,950)	(733,028)	953	(951,025)
Excess (deficiency) of receipts over (under) disbursements	22,775	(237,710)	676	(214,259)
Other financing sources (uses):				
Transfers in	165,223	137,308	-	302,531
Transfers out	(65,510)	(95,700)	-	(161,210)
Total other financing sources (uses)	99,713	41,608	-	141,321
Change in cash balances	122,488	(196,102)	676	(72,938)
Cash balances beginning of year	396,823	891,782	50,427	1,339,032
Cash balances end of year	\$ 519,311	695,680	51,103	1,266,094
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 134,935	461,105	-	596,040
Meter deposits	-	-	51,103	51,103
Unrestricted	384,376	234,575	-	618,951
Total cash basis fund balances	\$ 519,311	695,680	51,103	1,266,094

See notes to financial statements.

City of Manchester

Notes to Financial Statements

June 30, 2023

(1) **Summary of Significant Accounting Policies**

The City of Manchester (City) is a political subdivision of the State of Iowa located in Delaware County. It was first incorporated in 1866 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 governmental services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

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

Jointly Governed Organizations

The City also 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: Delaware County Economic Development Commission, Delaware County Solid Waste Commission, Delaware County Conference Board, Delaware County E911 Board, East Central Intergovernmental Association, Foundation for the Future of Delaware County, Northeastern Iowa Regional League, Eastern Iowa Regional Housing Authority, Delaware County Communications Center, Buchanan County Joint E911 Service Board, Community Childcare of Manchester, Greater Delaware County Community Foundation and Good to Great.

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 revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or 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 City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies 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 that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Employee Benefits Fund is used to account for the tax levy to support City employee benefits.

The Local Option Sales Tax Fund is used to account for local option sales tax collections authorized by referendum to be used for construction and maintenance of bikeway/walkways and for the construction and maintenance of streets.

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.

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 waste water treatment and sanitary sewer system.

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 U.S. generally accepted accounting principles.

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 is 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 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 these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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:

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

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. During the year ended June 30, 2023, disbursements exceeded the amounts budgeted in the capital projects function prior to the budget amendment approved on May 22, 2023.

(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 the 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.

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.

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

(3) Notes Receivable

The City has loaned money to area businesses as part of its Downtown Incentive Program. The program provides no interest loans to downtown businesses for second story improvements.

During the year ended June 30, 2023, the City had three Downtown Incentive Program loans outstanding. These loans are structured for the borrower to make monthly payments to the City, and mature within 60 months or less. The loan balance outstanding on these three loans was \$21,833 at June 30, 2023. These are no interest loans and are unsecured. Payments made on these loans totaled \$4,167 during the year ended June 30, 2023.

In addition to the above loans, the City made additional loans. The following loans were outstanding at June 30, 2023.

- A \$100,000 loan was made to Boulders Inn Manchester, LLC to construct a new hotel in Manchester. The annual interest rate is 4% and the City obtained a promissory note from the borrower. The principal advanced in relation to this loan and accrued interest is due to the City on July 1, 2025, unless it is forgiven prior to this date. Principal on this debt shall be forgiven annually on each June 30 commencing June 30, 2019 and continuing to, and including, June 30, 2027. The amount of forgiveness on each forgiveness date shall be equal to 50% of the annual revenues generated solely by the new hotel arising from taxes collected by the City pursuant to Iowa Code Section 423A.7 during the twelve month period immediately preceding each forgiveness date. The principal balance owed on this loan at June 30, 2023 is \$12,421.
- A \$50,000 loan was made to Wes Schulte in 2021, due in yearly installment of \$5,000 plus interest, beginning May 14, 2020 through May 14, 2029. The \$50,000 is an economic development loan to aid in the construction of an apartment building with sixteen two-bedroom units on the property. The loan bears interest at 1% per annum and is unsecured. The principal balance owed on this loan at June 30, 2023 is \$30,000.
- Three forgivable loans totaling 1,586,743 were made in fiscal years 2023 and prior. These loans will be forgiven by the City over time if certain conditions are met, as established in the agreement with these developers. In the event of default, the developers would be required to pay back these loans to the City on the default date. The loans bear no interest and are unsecured. No loan balances were forgiven during the year ended June 30, 2023, and the loan balance outstanding at June 30, 2023 is \$1,586,743.

The management of the City believes all of the above loans are collectible.

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 8,035,000	-	1,235,000	6,800,000	1,160,000
Lease Purchase Agreement	3,679	-	3,679	-	-
Governmental activities total	\$ 8,038,679	-	1,238,679	6,800,000	1,160,000
Business type activities:					
Direct borrowings:					
Sewer Revenue Bonds	\$ 2,603,000	-	337,000	2,266,000	348,000
Water Revenue Bonds	398,000	-	63,000	335,000	64,000
Business-type activities total	\$ 3,001,000	-	400,000	2,601,000	412,000

General Obligation Bonds

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

Year Ending June 30,	Corporate Purpose and Refunding, Series 2014A			Refunding, Series 2015A		
	Issued May 27, 2014			Issued April 28, 2015		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.45%	\$ 90,000	3,920	2.40%	\$ 60,000	2,760
2025	2.45%	70,000	1,715	2.40%	55,000	1,320
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
		<u>\$ 160,000</u>	<u>5,635</u>		<u>\$ 115,000</u>	<u>4,080</u>

Year Ending June 30,	Corporate Purpose, Series 2015B			Corporate Purpose, Series 2017		
	Issued June 23, 2015			Issued June 27, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	1.15%	\$ 210,000	14,850	1.95%	\$ 185,000	17,123
2025	2.30%	215,000	10,335	2.10%	195,000	13,515
2026	2.45%	220,000	5,390	2.25%	200,000	9,420
2027	-	-	-	2.40%	205,000	4,920
2028	-	-	-	-	-	-
		<u>\$ 645,000</u>	<u>30,575</u>		<u>\$ 785,000</u>	<u>44,978</u>

Year Ending June 30,	Corporate Purpose, Series 2018			Corporate Purpose, Series 2020A		
	Issued April 24, 2018			Issued July 6, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.45%	\$ 150,000	19,210	0.80%	\$ 160,000	14,380
2025	2.60%	155,000	15,535	0.90%	165,000	13,100
2026	2.80%	95,000	11,505	1.00%	165,000	11,615
2027	2.80%	100,000	8,845	1.10%	170,000	9,965
2028	3.10%	110,000	6,045	1.25%	170,000	8,095
2029-2033	3.10%	85,000	2,635	1.40-1.60%	395,000	10,130
		<u>\$ 695,000</u>	<u>63,775</u>		<u>\$1,225,000</u>	<u>67,285</u>

Year Ending June 30,	Urban Renewal, Series 2020B			Corporate Purpose Bonds, Series 2021A		
	Issued July 6, 2020			Issued September 28, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	1.10%	\$ 30,000	4,870	2.00%	\$ 180,000	37,800
2025	1.70%	30,000	4,540	2.00%	180,000	34,200
2026	1.70%	30,000	4,030	2.00%	180,000	30,600
2027	1.70%	30,000	3,520	2.00%	185,000	27,000
2028	1.70%	30,000	3,010	2.00%	185,000	23,300
2029-2033	2.50%	100,000	5,125	2.00%	980,000	59,300
		<u>\$ 250,000</u>	<u>25,095</u>		<u>\$1,890,000</u>	<u>212,200</u>

Corporate Purpose Bonds, Series 2021B						
Year Ending June 30,	Issued September 28, 2021			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2024	1.50%	\$ 95,000	16,640	1,160,000	131,553	1,291,553
2025	1.50%	95,000	15,215	1,160,000	109,475	1,269,475
2026	1.50%	100,000	13,790	990,000	86,350	1,076,350
2027	1.50%	100,000	12,290	790,000	66,540	856,540
2028	1.50%	100,000	10,790	595,000	51,240	646,240
2029-2033	1.50-1.90%	545,000	29,390	2,105,000	106,580	2,211,580
		<u>\$1,035,000</u>	<u>98,115</u>	<u>6,800,000</u>	<u>551,738</u>	<u>7,351,738</u>

On April 23, 2013, the City issued \$1,795,000 of general obligation corporate purpose and refunding bonds with interest rates ranging from 0.35% to 1.90% per annum. The bonds were issued to currently refund a portion of the outstanding General Obligation Corporate Purpose Notes, Series 2005, pay the costs of constructing street, water system, sanitary sewer system and storm sewer system improvements, acquire demolition and site clearance for dangerous and dilapidated buildings, settle a pending judgement against the City, acquire a snow blower for use by the street department, and pay costs of issuance of the Bonds. During the year ended June 30, 2023, the City paid \$105,000 of principal and \$1,995 of interest on the bonds. The outstanding loan balance on these bonds at June 30, 2023 is \$0.

On May 27, 2014, the City issued \$1,130,000 of general obligation corporate purpose and refunding bonds with interest rates ranging from 0.50% to 2.45% per annum. The bonds were issued to pay costs associated with the City's Maquoketa Riverfront Redevelopment Project/Manchester Whitewater Park Project, pay the costs of constructing repairs and improvements to City Hall, currently refund a portion of the City's General Obligation Corporate Purpose Bonds, Series 2007, and pay costs of issuance of the Bonds. During the year ended June 30, 2023, the City paid \$85,000 of principal and \$5,705 of interest on the bonds.

On April 28, 2015, the City issued \$1,375,000 of general obligation refunding bonds with interest rates ranging from 1.50% to 2.40% per annum. The bonds were issued to currently refund the City's outstanding General Obligation Corporate Purpose and Refunding Bonds, Series, 2008, to currently refund the City's outstanding General Obligation Fire Station Notes, Series 2008, and pay costs of issuance of the Bonds. During the year ended June 30, 2023, the City paid \$55,000 of principal and \$3,888 of interest on the bonds.

On June 23, 2015, the City issued \$2,000,000 of general obligation corporate purpose bonds with interest rates ranging from 0.75% to 2.45% per annum. The bonds were issued to construct street, water system, sanitary sewer system, storm water drainage and sidewalk improvements, construct municipal recreation trail improvements, complete the City's Whitewater Park Project, and pay the costs of issuance of the Bonds. During the year ended June 30, 2023, the City paid \$205,000 of principal and \$18,950 of interest on the bonds.

On June 27, 2017, the City issued \$1,950,000 of general obligation corporate purpose bonds with interest rates ranging from 1.20% to 2.40% per annum. The bonds were issued to pay the costs of acquisition, demolition and restoration of dilapidated property, the acquisition of street sweeper, the acquisition of a fire truck, constructing street, water system, sanitary sewer system and storm water drainage system improvements, planning, designing, constructing and installing improvements and facilities at existing municipal parks, the acquisition and preparation of property for potential use as the site of a municipal public works facility, and issuing the bonds. During the year ended June 30, 2023, the City paid \$185,000 of principal and \$20,453 of interest on the bonds.

On April 24, 2018, the City issued \$1,435,000 of general obligation corporate purpose bonds with interest rates ranging from 1.80% to 3.10% per annum. The bonds were issued to pay the costs of improving and equipping existing city parks, constructing street, water system, sanitary sewer system, storm water drainage and sidewalk improvements and extensions, funding economic development grants to private property owners, improvements to a municipal parking lot and to pay the costs of issuing the bonds. During the year ended June 30, 2023, the City paid \$150,000 of principal and \$22,660 of interest on the bonds.

On July 6, 2020, the City issued \$1,750,000 of general obligation corporate purpose bonds with interest rates ranging from 0.50% to 1.60% per annum. The bonds were issued to pay the costs of various corporate purpose capital improvements, pay the costs of acquiring vehicles and to pay the costs of issuing the bonds. During the year ended June 30, 2023, the City paid \$155,000 of principal and \$15,465 of interest on the bonds.

On July 6, 2020, the City issued \$300,000 of urban renewal bonds with interest rates ranging from 1.10% to 2.50% per annum. The bonds were issued to pay the costs of undertaking an urban renewal project and to pay the costs of issuing the bonds. During the year ended June 30, 2023, the City paid \$25,000 of principal and \$5,145 of interest on the bonds.

On September 28, 2021, the City issued \$2,135,000 of corporate purpose bonds with an interest rate of 2.00% per annum. The bonds were issued to pay the costs of constructing street, sanitary sewer system, storm water drainage, water utility system and sidewalk improvements, pay the costs of acquiring and installing street lighting, signage and signalization improvements, pay the costs of acquiring and equipping an end loader for the municipal public works department, and pay the costs of issuing the bonds. During the year ended June 30, 2023, the City paid \$175,000 of principal and \$41,300 of interest on the bonds.

On September 28, 2021, the City issued \$1,130,000 of corporate purpose bonds with interest rates ranging from 1.50% to 1.90% per annum. The bonds were issued to pay the costs of constructing street, sanitary sewer system, storm water drainage, water utility system and sidewalk improvements, pay the costs of acquiring and installing street lighting, signage and signalization improvements, and pay the costs of issuing the bonds. During the year ended June 30, 2023, the City paid \$95,000 of principal and \$18,065 of interest on the bonds.

Lease Purchase Agreement

On May 17, 2018, the City entered into a lease-purchase agreement to lease a telephone system.

Payments under this lease-purchase agreement totaled \$3,732 during the year ended June 30, 2023. This lease was paid off during the year ended June 30, 2023.

Direct Borrowings - Revenue Bonds

A summary of the City's June 30, 2023 direct borrowings revenue bonds payable are as follows:

Year Ending June 30,	Sewer Revenue Issued July 2, 2008		
	Interest Rates	Principal	Interest
2024	1.75%	\$ 348,000	39,655
2025	1.75%	359,000	33,565
2026	1.75%	371,000	27,283
2027	1.75%	383,000	20,791
2028	1.75%	396,000	14,088
2029	1.75%	409,000	7,158
		<u>\$2,266,000</u>	<u>142,540</u>

Year Ending June 30,	Water Revenue		
	Issued February 8, 2019		
	Interest Rates	Principal	Interest
2024	1.75%	\$ 64,000	5,863
2025	1.75%	66,000	4,742
2026	1.75%	67,000	3,588
2027	1.75%	68,000	2,415
2028	1.75%	70,000	1,226
		<u>\$ 335,000</u>	<u>17,834</u>

Direct Borrowings - Sewer Revenue Bonds

On July 2, 2008, the City entered into an agreement with the Iowa Finance Authority for the issuance of sewer revenue bonds of up to \$6,010,000 with interest at 1.75% per annum. The agreement requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapter 384.24A and 384.83 of the Code of Iowa to pay the cost of construction of improvements to the sewer treatment plant and collection system. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue bonds 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 \$337,000 and interest of \$45,553 on the bonds.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$6,010,000 in sewer revenue bonds issued in July 2008. The bonds are payable solely from sewer customer net receipts and are payable through 2029. Annual principal and interest payment on the bonds are expected to require less than 78% of net receipts. The total principal and interest remaining to be paid on the bonds is \$2,408,540. For the current year, principal and interest paid and total customer net receipts were \$382,553 and \$495,318, respectively.

The resolutions providing for the issuance of the sewer revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the Utility and the bond holder holds a lien on the future earnings of the funds.
- (b) The City shall establish a rate to be charged to customers in order to produce gross revenues at least sufficient to pay expenses of the operation and maintenance of the Utility, and to leave a balance of net revenues equal to at least 110% of the principal and interest of all outstanding bonds and notes due in the fiscal year.
- (c) Monthly transfers of 1/6 of the installment of interest next due and 1/12 of the installment of principal next due shall be made to a revenue bond and interest sinking account. Monies in this fund are to be used solely for the purpose of paying principal and interest on the bonds.
- (d) All funds remaining after payment of all maintenance and operating expenses and the transfers to the restricted accounts noted above can be used to pay for extraordinary repairs or replacements to the system, may be used to pay or redeem any bonds, and then can be used for any lawful purpose.

Direct Borrowings - Water Revenue Bonds

On February 8, 2019, the City entered into an agreement with the Iowa Finance Authority for the issuance of water revenue bonds of up to \$754,000 with interest at 1.75% per annum. This agreement was later amended to a bond amount of \$650,031. The agreement requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapter 384.24A and 384.83 of the Code of Iowa to pay the cost of the construction of water main extensions and improvements. During the year ended June 30, 2023, the City paid principal of \$63,000 and interest of \$6,965 on the bonds.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$650,031 in water revenue bonds issued in February 2019. The bonds are payable solely from water customer net receipts and are payable through 2028. 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. Annual principal and interest payment on the bonds are expected to require less than 29% of net receipts. The total principal and interest remaining to be paid on the bonds is \$352,834. For the current year, principal and interest paid and total customer net receipts were \$69,965 and \$241,725, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the Utility and the bond holder holds a lien on the future earnings of the funds.
- (b) The City shall establish a rate to be charged to customers in order to produce gross revenues at least sufficient to pay expenses of the operation and maintenance of the Utility, and to leave a balance of net revenues equal to at least 110% of the principal and interest of all outstanding bonds and notes due in the fiscal year.
- (c) Monthly transfers of 1/6 of the installment of interest next due and 1/12 of the installment of principal next due shall be made to a revenue bond and interest sinking account. Monies in this fund are to be used solely for the purpose of paying principal and interest on the bonds.
- (d) All funds remaining after payment of all maintenance and operating expenses and the transfers to the restricted accounts noted above can be used to pay for extraordinary repairs or replacements to the system, may be used to pay or redeem any bonds, and then can be used for any lawful purpose.

(5) 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 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

- A multiplier (based on years of service).

- The member's highest five-year average salary, 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. 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 that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

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

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

In fiscal year 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 \$218,650.

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 \$477,531 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 0.012639%, which was a decrease of 0.155845% under its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$(22,376), \$1,170,217 and \$1,243,125, respectively.

There were no non-employer contributing entities to IPERS.

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 increase (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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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>100.0 %</u>	

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 that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, 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 payment 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%)
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City's proportionate share of the net pension liability	\$ 1,395,386	477,531	(329,861)
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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.

(6) Other Postemployment 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 \$392,831 and plan members eligible for benefits contributed \$104,472 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.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/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.

In addition, for employees who meet certain requirements who terminate employment with the City, employees will be entitled, depending on years of service, between 25-35% of the employee's accumulated sick leave dollar equivalent at the employee's current rate of compensation. This compensation can be paid in cash or as a credit toward the cost of maintaining health insurance under the City's medical insurance program.

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>28</u>
Total	<u><u>31</u></u>

(7) Termination Benefits

During the fiscal year, the City had two early retirement plans in effect. A discussion of these two different plans are as follows:

- In 2016, the City approved a voluntary early retirement plan for employees. The plan was only offered to employees from July 18, 2016 to August 12, 2016 and required any applying employees to set a retirement date before March 31, 2017. Eligible employees must have 1) completed at least ten consecutive years of full-time service to the City prior to March 31, 2017, 2) have reached the age of 55 at retirement, and 3) have resigned prior to March 31, 2017. The application for early retirement was subject to approval by the City Council

Early retirement benefits include a \$500 monthly contribution to the employees' health reimbursement account and 25%, 30% or 35% of accumulated sick pay based on years' service (20, 25 or 30 years, respectively). Monthly payments cease upon the earliest of the following: 1) the employee fails to pay any premium balance, 2) the employee becomes deceased, or 3) the employee becomes eligible for Medicare.

At June 30, 2023, the City has obligations to one participant with a total liability of \$8,000. Actual early retirement expenditures for the year ended June 30, 2023 totaled \$6,000.

- In 2021, the City approved a voluntary early retirement plan for employees. The plan was only offered to employees from December 6, 2021 to January 14, 2022 and required any applying employees to set a retirement date before June 1, 2022. Eligible employees must have 1) completed at least twenty consecutive years of full-time service to the City prior to June 1, 2022, 2) have reached the age of 55 at retirement, and 3) have resigned prior to June 1, 2022. The application for early retirement was subject to approval by the City Council

Early retirement benefits include a lump sum benefit of \$20,000 on retirement date and \$20,000 on July 1, 2022. In addition, the value of the early retirement benefits also includes a 25%, 30% or 35% of accumulated sick pay based on years' service (20, 25 or 30 years, respectively). The administration of the early retirement benefits is handled by a third party administrator (TPA). For medical related costs, including health insurance premium costs, claimed by the retiree, the TPA reimburses the retired employee, and then simultaneously requests reimbursement from the City to fund this cost.

At June 30, 2023, the City has obligations to three participants with a total liability of \$121,929. Actual early retirement expenditures for the year ended June 30, 2023 totaled \$17,611.

(8) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time 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 approximate liability for compensated absences payable to employees at June 30, 2023, was \$188,182. The liability has been computed based on rates of pay in effect at June 30, 2023.

(9) Employee Health Insurance Plan

The City self-funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and City contributions and is administered by a third-party administrator. The City self-funds up to \$2,000 per individual or \$6,000 per family, with the employee responsible for \$1,000 for individual coverage and \$3,000 for family coverage. Administrative service fees and premiums are paid monthly from the City's operating funds to the third-party administrator. During the year ended June 30, 2023, the City paid \$38,787 in relation to this program.

(10) Industrial Development Revenue Bonds

The City has issued a total of \$3,915,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$3,705,796 is outstanding at June 30, 2023. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the City.

(11) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 25,000
	Employee Benefits	590,166
	Urban Renewal Tax Increment	30,000
		<u>645,166</u>
Special Revenue:	Special Revenue:	
Road Use Tax	Employee Benefits	<u>73,845</u>
Special Revenue:	General	
Park Improvement		<u>58,522</u>
Debt Service	General	83,115
	Special Revenue:	
	Road Use Tax	112,509
	Urban Renewal Tax Increment	435,691
	Enterprise:	
	Water	15,510
	Sewer	45,700
		<u>692,525</u>
Capital Projects	Special Revenue:	
	Local Option Sales Tax	877,777
	Urban Renewal Tax Increment	75,000
	Enterprise:	
	Water	50,000
	Sewer	50,000
		<u>1,052,777</u>
Enterprise:	Capital Projects	
Water		<u>165,223</u>
Enterprise:	Capital Projects	
Sewer		<u>137,308</u>
	Total	<u>\$ 2,825,366</u>

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

(12) Lease Income

The City is leasing antenna space on the water tower and City buildings to communication providers. The length of the lease terms are five years with options to extend for additional years at the option of the tenants. The lease terms contain provisions of monthly rent amounts and increases in rents. The City received \$33,475 from tenants in fiscal year 2023 from these leases.

(13) Related Party Transactions

The City had business transactions between the City and City officials, totaling \$57,864 during the year ended June 30, 2023.

(14) Risk Management

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

(15) Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for the construction or improvement of buildings. Certain agreements also require the developer to certify specific employment requirements are met.

During the year ended June 30, 2023, the City rebated \$187,914 of incremental property taxes to the developers. At June 30, 2023, the remaining balance to be paid on the agreement was \$3,888,602 and the amount appropriated for payment in the next fiscal year is \$413,700.

The agreements are not a general obligation of the City. In addition, the agreements are not subject to the constitutional debt limitation of the City because these agreements are subject to annual appropriation by the City Council.

(16) Tax Abatements

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

City 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 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, \$79,963 of property tax was diverted from the City under the urban renewal and economic development agreements.

(17) Commitments

The City has entered into various agreements for street, sewer, stormwater, park and library related construction projects. As of June 30, 2023, approximately \$470,000 remains to be paid on these projects. These costs will be paid for as work progresses. It is anticipated that these projects will be completed in fiscal year 2024. The City intends to pay for these costs from existing cash reserves.

The City has entered into an agreement to purchase equipment. This contract amount was approximately \$123,000. This cost will be paid for as the equipment is received. The City intends to pay for these costs from existing cash reserves.

(18) Contingency

The City participates in a number of Federal and State grant/loan programs. These programs are subject to program compliance audits by the grantors or their representatives. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant and loan agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability to the City. The City's management believes such revisions or disallowances, if any, will not be material to the City.

(19) Fund Balance

The City's assigned fund balance in the General Fund as of June 30, 2023 consists of the following:

<u>Purpose</u>	<u>Amount</u>
Fire department	\$ 260,497
Animal control	899
Street reserve	20,129
Holiday decorations	3,170
Sports complex	4,409
Housing	3,639
Airport	<u>6,139</u>
Total	<u>\$ 298,882</u>

(20) Subsequent Events

The City has evaluated all subsequent events through February 27, 2024, the date the financial statements were available to be issued.

Other Information

City of Manchester

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 3,376,444	-	3,376,444	3,309,897	3,309,897	66,547
Tax increment financing	738,535	-	738,535	740,889	740,889	(2,354)
Other city tax	1,391,970	-	1,391,970	1,141,645	1,336,850	55,120
Licenses and permits	77,803	-	77,803	38,750	38,750	39,053
Use of money and property	97,412	47,975	145,387	40,200	88,475	56,912
Intergovernmental	1,939,448	-	1,939,448	2,151,973	2,736,676	(797,228)
Charges for service	559,978	1,843,437	2,403,415	2,645,917	2,645,917	(242,502)
Special assessments	67,649	-	67,649	100,000	100,000	(32,351)
Miscellaneous	286,999	117,837	404,836	255,287	307,011	97,825
Total receipts	8,536,238	2,009,249	10,545,487	10,424,558	11,304,465	(758,978)
Disbursements:						
Public safety	1,829,569	-	1,829,569	1,940,162	1,940,162	110,593
Public works	1,324,902	-	1,324,902	1,948,465	1,812,056	487,154
Culture and recreation	1,177,618	-	1,177,618	1,190,054	1,308,100	130,482
Community and economic development	443,608	-	443,608	472,108	481,181	37,573
General government	452,157	-	452,157	472,545	472,545	20,388
Debt service	1,394,500	-	1,394,500	1,392,125	1,395,725	1,225
Capital projects	3,398,622	-	3,398,622	2,039,000	3,596,214	197,592
Business type activities	-	2,223,508	2,223,508	1,965,851	2,413,245	189,737
Total disbursements	10,020,976	2,223,508	12,244,484	11,420,310	13,419,228	1,174,744
Excess (deficiency) of receipts over (under) disbursements	(1,484,738)	(214,259)	(1,698,997)	(995,752)	(2,114,763)	415,766
Other financing sources (uses), net	(130,306)	141,321	11,015	-	-	11,015
Change in balances	(1,615,044)	(72,938)	(1,687,982)	(995,752)	(2,114,763)	426,781
Balances beginning of year	6,467,216	1,339,032	7,806,248	5,978,888	7,804,792	1,456
Balances end of year	\$ 4,852,172	1,266,094	6,118,266	4,983,136	5,690,029	428,237

See accompanying independent auditor's report.

City of Manchester

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 except the Internal Service Fund. 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,998,918. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2023, disbursements exceeded the amounts budgeted in the capital projects function prior to the budget amendment approved on May 22, 2023.

City of Manchester

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Nine Years*
(In Thousands)

Other Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.012639%	0.168484%	0.018695%	0.017993%	0.017765%	0.018533%	0.017534%	0.015865%	0.015066%
City's proportionate share of the net pension liability (asset)	\$ 478	(582)	1,313	1,042	1,124	1,235	1,103	784	598
City's covered payroll	\$ 2,232	2,170	2,056	2,045	1,919	1,932	1,759	1,759	1,706
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.42%	-26.82%	63.86%	50.95%	58.57%	63.92%	62.70%	44.56%	35.03%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

City of Manchester

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 219	210	206	197	198	177	178	162	159	159
Contributions in relation to the statutorily required contribution	(219)	(210)	(206)	(197)	(198)	(177)	(178)	(162)	(159)	(159)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 2,326	2,232	2,170	2,056	2,045	1,919	1,932	1,759	1,706	1,708
Contributions as a percentage of covered payroll	9.42%	9.41%	9.49%	9.58%	9.68%	9.21%	9.21%	9.21%	9.30%	9.29%

See accompanying independent auditor's report.

City of Manchester

Notes to Other Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit 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 Manchester

Schedule 1

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									Total
	Urban Renewal Tax Increment	Police Special Use	Park Improvement	Economic Development	Tirrill Trust	Park Gift & Trust	Lora Stewart Trust	Library Gift & Trust	Police Canine	
Receipts:										
Tax increment financing	\$ 738,535	-	-	-	-	-	-	-	-	738,535
Use of money and property	-	211	804	313	40	620	4	1,954	157	4,103
Intergovernmental	-	-	-	-	-	-	-	4,274	-	4,274
Miscellaneous	-	9,250	-	5,350	-	38,664	-	19,155	-	72,419
Total receipts	<u>738,535</u>	<u>9,461</u>	<u>804</u>	<u>5,663</u>	<u>40</u>	<u>39,284</u>	<u>4</u>	<u>25,383</u>	<u>157</u>	<u>819,331</u>
Disbursements:										
Operating:										
Public safety	-	14,292	-	-	-	-	-	-	438	14,730
Culture and recreation	-	-	-	-	-	41,964	2,085	28,385	-	72,434
Community and economic development	157,914	-	-	-	-	-	-	-	-	157,914
Total disbursements	<u>157,914</u>	<u>14,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,964</u>	<u>2,085</u>	<u>28,385</u>	<u>438</u>	<u>245,078</u>
Excess (deficiency) of receipts over (under) disbursements	<u>580,621</u>	<u>(4,831)</u>	<u>804</u>	<u>5,663</u>	<u>40</u>	<u>(2,680)</u>	<u>(2,081)</u>	<u>(3,002)</u>	<u>(281)</u>	<u>574,253</u>
Other financing sources (uses):										
Transfers in	-	-	58,522	-	-	-	-	-	-	58,522
Transfers out	(540,691)	-	-	-	-	-	-	-	-	(540,691)
Total other financing sources (uses)	<u>(540,691)</u>	<u>-</u>	<u>58,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(482,169)</u>
Change in cash balances	39,930	(4,831)	59,326	5,663	40	(2,680)	(2,081)	(3,002)	(281)	92,084
Cash balances beginning of year	35,885	19,694	45,598	23,166	3,947	41,162	2,936	161,471	11,915	345,774
Cash balances end of year	<u>\$ 75,815</u>	<u>14,863</u>	<u>104,924</u>	<u>28,829</u>	<u>3,987</u>	<u>38,482</u>	<u>855</u>	<u>158,469</u>	<u>11,634</u>	<u>437,858</u>
Cash Basis Fund Balances										
Restricted for:										
Other purposes	\$ 75,815	14,863	104,924	28,829	3,987	38,482	855	158,469	11,634	437,858
Total cash basis fund balances	<u>\$ 75,815</u>	<u>14,863</u>	<u>104,924</u>	<u>28,829</u>	<u>3,987</u>	<u>38,482</u>	<u>855</u>	<u>158,469</u>	<u>11,634</u>	<u>437,858</u>

See accompanying independent auditor's report.

City of Manchester

Schedule 2

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Receipts:										
Property tax	\$ 3,376,444	3,103,258	2,963,481	2,669,498	2,610,227	2,442,238	2,437,719	2,372,959	2,487,134	2,487,134
Local option sales tax	777,774	-	-	-	-	-	-	-	-	-
Tax increment financing	738,535	711,428	502,935	530,152	482,999	525,838	425,009	463,133	460,648	460,648
Other city tax	614,196	1,340,150	1,106,473	1,023,436	909,608	912,503	945,201	897,207	808,153	808,153
Licenses and permits	77,803	82,786	78,502	73,820	67,187	64,325	29,559	37,712	59,605	59,605
Use of money and property	97,412	45,323	36,854	119,179	43,309	34,578	39,413	28,718	30,264	30,264
Intergovernmental	1,939,448	2,243,004	5,264,995	1,353,730	1,540,158	1,551,216	1,279,513	1,979,901	1,568,778	1,568,778
Charges for service	559,978	532,166	519,821	443,856	449,724	437,071	448,882	462,203	450,766	450,766
Special assessments	67,649	72,165	37,133	63,867	130,733	167,272	87,888	101,080	151,447	151,447
Miscellaneous	286,999	334,311	212,666	184,084	245,417	287,554	522,908	328,965	288,780	288,780
Total	\$ 8,536,238	8,464,591	10,722,860	6,461,622	6,479,362	6,422,595	6,216,092	6,671,878	6,305,575	6,305,575
Disbursements:										
Operating:										
Public safety	\$ 1,829,569	1,783,960	1,676,964	1,530,810	1,507,842	1,458,336	1,938,818	1,333,712	1,283,259	1,283,259
Public works	1,324,902	1,639,839	1,475,573	1,219,622	1,204,317	1,185,878	1,323,550	1,026,969	1,210,853	1,210,853
Culture and recreation	1,177,618	1,266,060	975,344	936,920	989,306	936,497	974,281	1,034,405	849,916	849,916
Community and economic development	443,608	438,339	374,638	358,387	375,232	329,370	512,343	256,771	328,015	328,015
General government	452,157	371,629	363,165	389,079	350,557	346,705	348,554	310,751	235,480	235,480
Debt service	1,394,500	1,261,906	1,181,098	1,246,844	1,351,727	1,282,399	1,297,663	1,233,413	1,703,677	1,703,677
Capital projects	3,398,622	2,638,774	3,718,889	2,669,395	2,103,710	1,659,283	1,114,987	2,142,961	1,952,614	1,952,614
Total	\$ 10,020,976	9,400,507	9,765,671	8,351,057	7,882,691	7,198,468	7,510,196	7,338,982	7,563,814	7,563,814

See accompanying independent auditor's report.



ROOF, GERDES, ERLBACHER, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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 Manchester, Iowa (City) 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 February 27, 2024. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The City'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 result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



ROOF, GERDES, ERLBACHER, PLC

February 27, 2024

City of Manchester
Schedule of Findings
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 of Manchester’s (City) financial statements.

Condition – Generally, one or two individuals have control over each of the following areas for the City:

- 1) Cash – reconciling bank accounts, initiating cash receipts and handling and recording cash.
- 2) Investments – detailed record keeping, custody and reconciling.
- 3) Long-term debt – recording and reconciling.
- 4) Receipts – collecting, depositing, posting and reconciling.
- 5) Accounting system – performing all general accounting functions and having custody of City assets.
- 6) Disbursements – preparing checks, signing checks and access to the accounting records.
- 7) Payroll – recordkeeping, preparation and distribution.

Cause – The City has a limited number of employees and procedures have not been designed 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.

Response – The City will review its control procedures to obtain the maximum internal control possible with the limited staff it has.

Conclusion – Response acknowledged.

2023-002 Preparation of Financial Statements

Criteria - A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition - As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

City of Manchester

Schedule of Findings

Year ended June 30, 2023

Cause - We recognize that with a limited number of office employees, preparation of the financial statements and accompanying notes to the financial statements is difficult.

Effect - The effect of this condition is that the year-end financial reporting is prepared by a party outside of the City. The outside party does not have the constant contact with ongoing financial transactions.

Recommendation - We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements and accompanying notes to the financial statements internally.

Response - These are very technical issues that the average citizen would not understand. This issue relates to auditor independence issues, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with an other comprehensive basis of accounting.

Conclusion - Response acknowledged.

2023-003 Meter Deposits

Criteria - An effective internal control system provides for reconciling the dollar value of meter deposits on hand with the cash balances as recorded in the meter deposit account.

Condition - There is no reconciliation of the dollar value of the detailed list of meter deposits on hand with the cash balance in the meter deposit account.

Cause - Policies and procedures have not been implemented to ensure the City reconciles the dollar value of the detailed list of meter deposits on hand with the cash balance in the meter deposit account.

Effect - Inadequate reconciliations can result in unrecorded or misstated utility receipts and improper or unauthorized adjustments and write-offs.

Recommendation - The City should implement procedures to ensure the meter deposit amounts by customer are identified. In addition, the listing of meter deposit amounts on hand, by customer, should be reconciled to the meter deposit cash total as recorded on the accounting system on a monthly basis.

Response - We will implement this recommendation.

Conclusion - Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Manchester
Schedule of Findings
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 exceeded the amounts budgeted in the capital projects function prior to the budget amendment approved on May 22, 2023. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

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

Conclusion – Response acknowledged.

2023-B Questionable Disbursements – No disbursement that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

2023-C Travel Expense – No disbursements of City of Manchester (City) money for travel expenses of spouses of City officials or employees were noted.

2023-D Business Transactions – Business transactions between the City and City officials or employees of the primary government are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mark Fink, Volunteer Fire	Snow removal services	\$3,994
Burrington Group, Inc., co-owned by Randy Rattenborg, Volunteer Fire	Engineering	32,785
5K Sports and More, owned by Jeremy DeMoss, Volunteer Fire	Supplies	4,081
DJ Repair, employer of Chad Eschen, City Employee	Repair	1,619
Price Industrial Electric, employer of Jeremy DeMoss, Volunteer Fire	Electrical maintenance	12,730
Conrad Construction, owned by Dennis Conrad, Volunteer Fire	Construction services	2,505
Darris Morris, Employee Parents owns Olive That Deli LLC	Meeting supplies	150

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions with DJ Repair and Olive That Deli, LLC do not appear to represent a conflict of interest since the total transactions were less than \$6,000 during the fiscal year.

In accordance with Chapter 362.5(3)(h) of the Code of Iowa, the above transactions with Mark Fink, Burrington Group, Inc., 5K Sports and More, Price Industrial Electric, and Conrad Construction do not appear to represent a conflict of interest since the transactions were with Volunteer Fire personnel.

City of Manchester

Schedule of Findings

Year ended June 30, 2023

- 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 that 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.

Instances were noted where a summary of all receipts was not published in the newspaper. Some City Council minutes, summary of all receipts, and related claims were not published within fifteen days of the City Council meetings. Chapter 372.13(6) of the Code of Iowa requires a summary of all receipts, council minutes, and all claims be published in the newspaper within fifteen days of the City Council meeting.

The City Council went into closed session at various times during the fiscal year. In some instances, the City Council minutes did not document the vote of each member to go into closed session, as required by Chapter 21.5(2) of the Code of Iowa.

Recommendation - The City should ensure that the City Council minutes, summary of all receipts and related claims are timely published in the newspaper as required by the Code of Iowa. The City should also comply with Chapter 21 of the Code of Iowa in relation to closed sessions.

Response - We will implement these recommendations.

Conclusion - Response acknowledged.

- 2023-H Deposits and Investments – No instances of non-compliance 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 Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.
- 2023-J Unclaimed Property – Chapter 556.11 of the Code of Iowa requires all cities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. The City did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- 2023-K Notice to Bidders – An instance was noted where the City did not meet the notice to bidders requirements on a construction project. Chapter 26.3 of the Code of Iowa requires that the City post a notice to bidders not less than thirteen and not more than forty-five days before the date of filing bids. We noted that for the Shelley Park Redevelopment Project, the City did not meet this Code of Iowa requirement.

Recommendation – The City implement procedures to ensure the Code of Iowa requirements are met in relation to the notice to bidders on construction projects.

City of Manchester

Schedule of Findings

Year ended June 30, 2023

Response – This was an oversight on us. We will implement this recommendation in the future.

Conclusion – Response acknowledged.

2023-L 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. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. Chapter 403.19 of the Code of Iowa requires the date the City Council initially approved the debt be included on the TIF certification.

We noted that the City did not certify to the County Auditor the general obligation bond interest which will be incurred on TIF related debt.

Recommendation – The City should consult TIF legal counsel to determine the disposition of these issues. The City should ensure the TIF debt certification complies with Chapter 403 of the Code of Iowa.

Response – The City will consult TIF legal counsel, make corrections to the TIF certification and ensure the future certifications are in compliance with the Code of Iowa requirements.

Conclusion – Response acknowledged.

2023-M Annual Urban Renewal Report (AURR) – The AURR report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the ending obligation balances as reported on the AURR do not agree to the City's records.

Recommendation – The City should ensure the ending obligation balances reported on the Levy Authority Summary on the AURR agree with the City's records.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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 bond 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

***(Form of Bond Counsel Opinion) – Series 2025A**

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Manchester (the “Issuer”), in Delaware County, State of Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2025A (the “Series 2025A Bonds”) in the amount of \$670,000, dated March 11, 2025, in evidence of the Issuer’s obligation under a certain loan agreement (the “2025A Loan Agreement”), dated March 11, 2025. The Series 2025A Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2025, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2026	\$55,000	____%	2031	\$70,000	____%
2027	\$60,000	____%	2032	\$70,000	____%
2028	\$60,000	____%	2033	\$75,000	____%
2029	\$60,000	____%	2034	\$75,000	____%
2030	\$65,000	____%	2035	\$80,000	____%

Principal of the Series 2025A Bonds maturing in the years 2033 to 2035, inclusive, is subject to optional redemption prior to maturity on June 1, 2032, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Series 2025A Bonds and the 2025A Loan Agreement are valid and legally binding general obligations of the Issuer enforceable in accordance with their terms.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Series 2025A Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Series 2025A Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed on noncorporate taxpayers under the Internal Revenue Code of 1986 (the “Code”). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2025A Bonds.
5. The Series 2025A Bonds are a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that the Series 2025A Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

6. We express no opinion regarding other federal tax consequences arising with respect to the Series 2025A Bonds. We note, however, that interest on the Series 2025A Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code).

The rights of the owners of the Series 2025A Bonds and the enforceability thereof 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of Series 2025A Bond counsel opinion is subject to change pending the results of the sale of the Series 2025A Bonds contemplated herein.**

***(Form of Bond Counsel Opinion) – Series 2025B**

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Manchester (the “Issuer”), in Delaware County, State of Iowa, passed preliminary to the issue by the Issuer of its Taxable General Obligation Corporate Purpose Bonds, Series 2025B (the “Series 2025B Bonds”) in the amount of \$670,000, dated March 11, 2025, in evidence of the Issuer’s obligation under a certain loan agreement (the “2025B Loan Agreement”), dated March 11, 2025. The Series 2025B Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2025, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2026	\$55,000	____%	2031	\$70,000	____%
2027	\$55,000	____%	2032	\$70,000	____%
2028	\$60,000	____%	2033	\$75,000	____%
2029	\$60,000	____%	2034	\$80,000	____%
2030	\$65,000	____%	2035	\$80,000	____%

Principal of the Series 2025B Bonds maturing in the years 2033 and 2035, inclusive, is subject to optional redemption prior to maturity on June 1, 2032, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Series 2025B Bonds and the 2025B Loan Agreement are valid and legally binding general obligations of the Issuer enforceable in accordance with their terms.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Series 2025B Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Series 2025B Bonds are not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986.

We express no opinion regarding other federal tax consequences arising with respect to the Series 2025B Bonds.

The rights of the owners of the Series 2025B Bonds and the enforceability thereof 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of Series 2025B Bond counsel opinion is subject to change pending the results of the sale of the Series 2025B Bonds contemplated herein.**

APPENDIX D

DRAFT CONTINUING DISCLOSURE CERTIFICATE

[form of]

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Manchester, Iowa (the “Issuer”), in connection with the issuance of \$670,000 General Obligation Corporate Purpose Bonds, Series 2025A and \$670,000 Taxable General Obligation Corporate Purpose Bonds, Series 2025B (collectively, the “Bonds”), dated March 11, 2025. The Bonds are being issued pursuant to a resolution of the Issuer approved on February 24, 2025 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

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 Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

“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 either (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 pursuant to the Rule.

“Holders” shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) To the extent such information is customarily prepared by the Issuer and is made publicly available, not later than June 30 (the “Submission Deadline”) of each year following the end of the 2023-2024 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and 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 Report and later than the Submission Deadline 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), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The **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 audited 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 are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) other financial information and operating data regarding the Issuer of the type presented in the final official statement distributed in connection with the primary offering of the Bonds; provided, however, other than information included in its audited financial statements, the Issuer does not customarily prepare or make publicly available, most of the information in the final official statement, and accordingly no financial information or operating data (other than that normally included in the audited financial statements) will be provided by the Issuer in the Annual Report other than the following:

- **DEBT INFORMATION – Debt Limitation; Summary of Outstanding General Obligation Bonded Debt; General Obligation Debt; Statement of Bonded Indebtedness**
- **PROPERTY ASSESSMENT AND TAX INFORMATION – Actual (100%) Valuations for the City; Taxable (“Rollback”) Valuations for the City; Tax Extensions and Collections; Principal Taxpayers; Levy Limits; Property Tax Rates**
- **FINANCIAL INFORMATION**

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 are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. 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 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.

(6) 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 status of the security, or other material events affecting the tax status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14) or (15) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12) or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds 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 Annual Report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Speer Financial, Inc.

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) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

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 Report, 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 audited 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 Report 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 audited 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 Report 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 Report 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 Report 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 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, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: March 11, 2025

CITY OF MANCHESTER, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

SERIES 2025A BONDS OFFICIAL BID FORM

City of Manchester
208 East Main Street
Manchester, Iowa 52057

February 10, 2025
Speer Financial, Inc.
Facsimile: (319) 291-8628

City Council:

For the \$670,000* General Obligation Corporate Purpose Bonds, Series 2025A (the "Series 2025A Bonds"), of the City of Manchester, Delaware 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 \$664,640). The Series 2025A Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Series 2025A Bonds of each designated maturity.

AMOUNTS* AND MATURITIES – JUNE 1

\$55,0002026	_____ %	\$60,0002029	_____ %	\$75,0002033	_____ %
60,0002027	_____ %	65,0002030	_____ %	75,0002034	_____ %
60,0002028	_____ %	70,0002031	_____ %	80,0002035	_____ %
		70,0002032	_____ %		

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

Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____

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

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Series 2025A Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Series 2025A Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Dorsey & Whitney LLP, 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 Series 2025A Bonds with the CUSIP numbers as entered on the Series 2025A Bonds.**

No good faith deposit is required.

Account Manager Information

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

Bidders Option Insurance

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

The foregoing bid was accepted and the Series 2025A Bonds sold by resolution of the City on February 10, 2025, in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

CITY OF MANCHESTER
DELAWARE 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	14,610.28
AVERAGE LIFE	11.239 Years

OFFICIAL TERMS OF OFFERING

\$670,000*
CITY OF MANCHESTER
Delaware County, Iowa

General Obligation Corporate Purpose Bonds, Series 2025A

The City of Manchester, Delaware County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$670,000* General Obligation Corporate Purpose Bonds, Series 2025A (the “Series 2025A Bonds or Tax-Exempt Bonds”), on an all or none basis between 10:00 A.M. and 10:30 A.M., C.S.T., Monday, February 10, 2025. 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 Series 2025A Bonds, on an all or none basis, at City Hall, 208 East Main Street, Manchester, Iowa, before 10:30 A.M., C.S.T., Monday, February 10, 2025. The City will also receive facsimile bids at (319) 291-8628 for the Series 2025A Bonds, on an all or none basis, before 10:30 A.M., C.S.T., Monday, February 10, 2025. 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 Series 2025A Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Series 2025A Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Series 2025A Bonds without constitutional or statutory limitation as to rate or amount.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Series 2025A Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the winning bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$700,000. 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 Series 2025A Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2025A Bonds will be made while maintaining, as closely as possible, the winning bidder’s net compensation, calculated as a percentage of bond principal. The winning bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the winning bidder.

Establishment of Issue Price

- (a) The winning bidder shall assist the City in establishing the issue price of the Series 2025A Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Series 2025A Bonds, 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 Dorsey & Whitney LLP (“Bond Counsel”). All actions to be taken by the City under this Official Terms of Offering to establish the issue price of the Series 2025A Bonds may be taken on behalf of the City by the City’s municipal advisor and any notice or report to be provided to the City may be provided to Speer Financial, Inc., 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 Series 2025A Bonds) will apply to the initial sale of the Series 2025A Bonds (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 Series 2025A Bonds to the bidder who submits a firm offer to purchase the Series 2025A Bonds 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 Series 2025A Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. **The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Series 2025A Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Series 2025A Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Series 2025A Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Series 2025A Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Series 2025A Bonds are awarded.
- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Series 2025A Bonds, the following two paragraphs shall apply:

The City shall treat the first price at which 10% of a maturity of the Series 2025A Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2025A Bonds satisfies the 10% test as of the date and time of the award of the Series 2025A Bonds.

Until the 10% test has been satisfied as to each maturity of the Series 2025A Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Series 2025A Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Series 2025A Bonds of that maturity or until all Series 2025A Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Series 2025A Bonds prior to closing, then the purchaser shall provide the City with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Series 2025A Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Series 2025A Bonds, the following three paragraphs shall apply:

The City may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Series 2025A Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Series 2025A Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2025A Bonds satisfies the 10% test as of the date and time of the award of the Series 2025A Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Series 2025A Bonds, which maturities of the Series 2025A Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Series 2025A Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Series 2025A Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Series 2025A Bonds, that the Underwriters will neither offer nor sell unsold Series 2025A Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2025A Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2025A Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2025A Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Series 2025A Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2025A Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Series 2025A Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Series 2025A Bonds of that maturity or all Series 2025A Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Series 2025A Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Series 2025A Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2025A Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Series 2025A Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Series 2025A Bonds of that maturity or all Series 2025A Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Series 2025A Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Series 2025A Bonds 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 Series 2025A Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025A 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 Series 2025A Bonds to the Public),
 - (iii) a purchaser of any of the Series 2025A Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
 - (iv) “Sale Date” means the date that the Series 2025A Bonds are awarded by the City to the winning bidder.

Bond Details

The Series 2025A Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2025A Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Series 2025A Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2025 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Series 2025A Bonds are dated the date of delivery (expected to be on or about March 11, 2025).

AMOUNTS* AND MATURITIES – JUNE 1

\$55,000	2026	\$60,000	2029	\$75,000	2033
60,000	2027	65,000	2030	75,000	2034
60,000	2028	70,000	2031	80,000	2035
		70,000	2032		

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

The Series 2025A Bonds due June 1, 2026 - 2032, inclusive, are non-callable. The Series 2025A Bonds due June 1, 2033 - 2035, 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 Series 2025A Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Method of Bidding Electronically

Notwithstanding the fact that the City permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the City.

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 Series 2025A Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The “Rules” of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the City’s Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The City is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the City. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628. 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 Series 2025A Bonds

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Series 2025A Bonds and must be for not less than \$664,640.

Award of the Series 2025A Bonds: The Series 2025A Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2025A Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2025A Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Series 2025A Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Series 2025A Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Series 2025A Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Series 2025A Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association (“SIFMA”) will be required to pay SIFMA’s standard charge per Bond.

No Good Faith Deposit and Other Matters

No good faith deposit is required to bid on the Series 2025A Bonds.

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 Series 2025A Bonds on or before the date of delivery of the Series 2025A Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter’s obligation to purchase the Series 2025A Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Series 2025A Bonds.

The Series 2025A Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about March 11, 2025. 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 Series 2025A Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Series 2025A Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Series 2025A Bonds, as that term is defined in the Rule. By awarding the Series 2025A Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Series 2025A Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Series 2025A Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Series 2025A Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Series 2025A Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Series 2025A Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Series 2025A Bonds to the purchaser in New York, New York (or arrange for “FAST” delivery) through the facilities of DTC and will pay for the bond attorney’s opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Series 2025A Bonds: (1) the legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, that the Series 2025A Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Series 2025A Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Series 2025A Bonds; and (3) a no litigation certificate by the City.

The City intends to designate the Series 2025A Bonds as “qualified tax-exempt obligations” pursuant to the small issuer exception provided by Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

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 Series 2025A Bonds. Copies of such Official Statement or additional information may be obtained from Timothy J. Vick, City Manager, City of Manchester, 208 E. Main Street, Manchester, Iowa, 52057 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/ **TIMOTHY J. VICK**
City Manager
CITY OF MANCHESTER
Delaware County, Iowa

EXHIBIT A
EXAMPLE ISSUE PRICE CERTIFICATE

\$670,000
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2025A

Form of ISSUE PRICE CERTIFICATE

(3 or More Bids)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (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 [SHORT NAME OF UNDERWRITER] 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 [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. Defined Terms. For purposes of this Issue Price Certificate:

(a) *Issuer* means the City of Manchester, Iowa.

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) 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).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person 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).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was February 10, 2025.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'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 Closing Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP 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.

[UNDERWRITER]

By: _____

Name: _____

Dated: March 11, 2025

SCHEDULE A
EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

\$670,000
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2025A

Form of ISSUE PRICE CERTIFICATE

(Fewer than 3 Bids)

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“SHORT NAME OF UNDERWRITER”])[the “Representative”][, on behalf of itself and [UNDERWRITER OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. **Initial Offering Price of the Bonds.** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. **First Price at which Sold to the Public.** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, 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 agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) **Holding Period** means 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 (February 17, 2025), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **Issuer** means the City of Manchester, Iowa.

(c) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) 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).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person 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).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was February 10, 2025.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM] 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 Closing Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP 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[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: March 11, 2025

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE
(Attached)

SCHEDULE C

**SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE**

(Attached)

SERIES 2025B BONDS OFFICIAL BID FORM

City of Manchester
 208 East Main Street
 Manchester, Iowa 52057

February 10, 2025
Speer Financial, Inc.
 Facsimile: (319) 291-8628

City Council:

For the \$670,000* Taxable General Obligation Corporate Purpose Bonds, Series 2025B (the "Series 2025B Bonds"), of the City of Manchester, Delaware 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 \$664,640). The Series 2025B Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Series 2025B Bonds of each designated maturity.

AMOUNTS* AND MATURITIES – JUNE 1

\$55,0002026 _____%	\$60,0002029 _____%	\$75,0002033 _____%
55,0002027 _____%	65,0002030 _____%	80,0002034 _____%
60,0002028 _____%	70,0002031 _____%	80,0002035 _____%
	70,0002032 _____%	

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

Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____
Maturities: _____ Term Maturity _____ Maturities: _____ Term Maturity _____

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

The Series 2025B Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Dorsey & Whitney LLP, 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 Series 2025B Bonds with the CUSIP numbers as entered on the Series 2025B Bonds.

No good faith deposit is required.

Account Manager Information

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

Bidders Option Insurance

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

The foregoing bid was accepted and the Series 2025B Bonds sold by resolution of the City on February 10, 2025, in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

CITY OF MANCHESTER
 DELAWARE 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	3,293.67
AVERAGE LIFE	4.916 Years

OFFICIAL TERMS OF OFFERING

\$670,000*

CITY OF NASHUA

Chickasaw and Floyd Counties, Iowa

Taxable General Obligation Corporate Purpose Bonds, Series 2025B

The City of Manchester, Delaware County, Iowa, (the “City”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$670,000* Taxable General Obligation Corporate Purpose Bonds, Series 2025B (the “Series 2025B Bonds or Tax-Exempt Bonds”), on an all or none basis between 10:30 A.M. and 11:00 A.M., C.S.T., Monday, February 10, 2025. 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 Series 2025B Bonds, on an all or none basis, at City Hall, 208 East Main Street, Manchester, Iowa, before 11:00 A.M., C.S.T., Monday, February 10, 2025. The City will also receive facsimile bids at (319) 291-8628 for the Series 2025B Bonds, on an all or none basis, before 11:00 A.M., C.S.T., Monday, February 10, 2025. 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 Series 2025B Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Series 2025B Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Series 2025B Bonds without constitutional or statutory limitation as to rate or amount.

**ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Series 2025B Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the winning bidder. The City may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$250,000. 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 Series 2025B Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Series 2025B Bonds will be made while maintaining, as closely as possible, the winning bidder’s net compensation, calculated as a percentage of bond principal. The winning bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the winning bidder.

Taxable Bond Details

The Series 2025B Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2025B Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Taxable Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Taxable Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Series 2025B Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2025 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Series 2025B Bonds are dated the date of delivery (expected to be on or about March 11, 2025).

AMOUNTS* AND MATURITIES – JUNE 1

\$55,000	2026	\$60,000	2029	\$75,000	2033
55,000	2027	65,000	2030	50,000	2034
60,000	2028	70,000	2031	80,000	2035
		70,000	2032		

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

The Series 2025B Bonds due June 1, 2026 - 2032, inclusive, are non-callable. The Series 2025B Bonds due June 1, 2033 - 2035, 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 Series 2025B Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

Method of Bidding Electronically

Notwithstanding the fact that the City permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the City.

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 Series 2025B Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The "Rules" of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the City's Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The City is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the City. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at (319) 291-8628. 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 Series 2025B Bonds

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Bonds and must be for not less than \$664,640.

Award of the Bonds: The Series 2025B Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2025B Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2025B Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Series 2025B Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the City as determined by the City's Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Series 2025B Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Series 2025B Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Series 2025B Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

No Good Faith Deposit and Other Matters

No good faith deposit is required to bid on the Series 2025B Bonds.

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 Series 2025B Bonds on or before the date of delivery of the Series 2025B Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Series 2025B Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Series 2025B Bonds.

The Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about March 11, 2025. 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 and thereafter the purchaser's interest in and liability for the Series 2025B Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Series 2025B Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Series 2025B Bonds, as that term is defined in the Rule. By awarding the Series 2025B Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the 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 Series 2025B Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Series 2025B Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Series 2025B Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Series 2025B Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Series 2025B Bonds to the purchaser in New York, New York (or arrange for "FAST" delivery) through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Series 2025B Bonds: (1) the legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, that the Series 2025B Bonds are lawful and enforceable obligations of the City in accordance with their terms; and (2) a no litigation certificate by the City.

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 Taxable Bonds. Copies of such Official Statement or additional information may be obtained from Timothy J. Vick, City Manager, City of Manchester, 208 E. Main Street, Manchester, Iowa, 52057 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/ **TIMOTHY J. VICK**
City Manager
CITY OF MANCHESTER
Delaware County, Iowa